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Kyohei Hirano
Izumi Mitsui *Editors*

A Pioneer of Management Research and Education in Japan

Challenges from Kobe University
Business School

 Springer

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Norio Kambayashi · Kyohei Hirano · Izumi Mitsui
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Preface

Business schools in Japan differ significantly from their Western counterparts in origin and development. Kobe University Business School (KUBS), which is the main subject of this publication, was the first business school established in Japan through national, public, and private institutions and is an educational and research institution that forms the foundation for the development of business administration in Japan today. As described in the Introduction, KUBS is a traditional school with a long history and tradition of its predecessor schools.

Since its establishment, KUBS has upheld “open academism,” which implies proceedings with research through mutual cooperation and criticism with the industrial society, educating the results inside and outside the university, and giving to society, as a policy to integrate education and research activities based on the philosophy of “harmony between academic principles and practice.” As a school of learning, a university must be independent and autonomous, but it must also be open to society. Specifically, the university emphasizes collaboration and mutual exchange with industry and aims to integrate "theoretical knowledge" and "practical knowledge. The emphasis on the return of knowledge to society and "practice" is a characteristic of KUBS.

As a research center of business administration in Japan, KUBS promotes cutting-edge research in the fields of management, accounting, and commerce, while at the same time, as an educational center, it has three educational systems: Ph.D. course to foster researchers, MBA course to foster highly specialized professionals in the industrial world, and undergraduate education to foster human resources who will lead society in the future, mainly in the industrial world. The promotion of advanced research leads to the enrichment of education, and we aim to deepen research through education. In undergraduate education, the university offers a special business administration program and an accounting professional development program, thereby enhancing practical educational content for the development of advanced human resources.

In recent years, the university has also continued to expand its global network of overseas universities and cooperation with industry. The school has established international education programs in both the undergraduate and doctoral programs

and has been practicing management education on a global level by promoting double degree programs with overseas universities in the doctoral program. Three research and education centers on small and medium-sized M&A, family business, and human capital management have been established within KUBS based on donations from industry, where joint industry-university research and education is actively conducted.

There is a stone monument on the KUBS campus that reads “Japan’s business administration study was born here.” This book gives a valuable historical record of how the discipline of business administration was born and developed in Japan. Through the footsteps of the development of business administration at Kobe University, we hope that this book will provide clues to understand how the study of business administration has always tried to contribute to society through its knowledge.

This book includes some parts that overlap with the book *Pioneers of Business Administration: Trajectories and Challenges of Kobe University’s Faculty of Business Administration*, published in Japanese from Chuokeizai-sha in 2021, but many parts have been newly written, and this book is basically a new book different from the previous one. The editors hope that this book will convey to readers around the world the history and development of KUBS as the founder of business administration study in Japan.

In writing this publication, we have had the privilege of interviewing senior graduates of KUBS, and they have provided a great deal of help in gathering information. Their real voices, which are difficult to obtain from historical documents and literature alone, are used throughout this book. Although we refrain from naming them by name, we would like to express our sincere gratitude to all those who took time out of their busy schedules to offer their sincere cooperation.

In addition, many people and organizations both inside and outside KUBS have provided invaluable support for the publication of this publication. We would like to express our sincere gratitude to Chuokeizai-sha, the publisher of the abovementioned book that inspired this publication. We would also like to thank Ms. Miho Koike and Ms. Yoko Ikegami of the KUBS Research Grant Office for their dedicated support in collecting and organizing materials, taking photographs, proofreading, and other tasks. We would also like to thank Mr. Rokuro Matsumura, a Kobe University graduate, for his sincere cooperation in reproducing the sketches. We would like to express our sincere gratitude to all these people and organizations.

Kobe, Japan
Kobe, Japan
Amagasaki, Japan
January 2023

Norio Kambayashi
Kyohei Hirano
Izumi Mitsui

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Chapter 1

Introduction: The Development of KUBS and the History of Business Administration in Japan



Norio Kambayashi

1.1 The Creator of the Study of Business Administration

As of 2020, there are more than 80 faculties that include the name “business administration” or “management studies” in their names at universities across Japan, and more than 110 universities, including courses/departments, are offering business administration or management education to university students.

Since the 1990s, along with the wave of university reforms in Japan, such as the so-called liberal arts reforms, there was a period of time when faculties and departments were actively established that included keywords such as business administration, business, and management. However, how many people know that the first School of Business Administration in Japan was established at Kobe University?

The fact that the School of Business Administration began at Kobe University is a well-known fact to researchers who make their living in business administration. For a long time, the doctorate in business administration was a degree that only Kobe University could confer, and the number of faculty members who have graduated from Kobe University’s Graduate School of Business Administration and are now employed as university faculty members and teaching business administration is far greater than that of those from other universities. This has become semi-common knowledge for academics.

Unfortunately, however, this fact is not well known to the public. For example, few current students of Kobe University’s Faculty of Business Administration come to the university knowing that the Faculty of Business Administration originated

The description in this chapter is based on the prologue to *Pioneers of Business Administration: the Trajectory and Challenges of Kobe University’s Faculty of Business Administration* (Chuokeizai-sha, 2021), written in Japanese, with some additions and corrections to conform to the purpose of this book.

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from Kobe University. Most of them only learn about it after they hear about it at the orientation after entering the university every year. In the “Student Handbook” distributed at the time of admission, the glorious history and traditions of KUBS are explained in the form of a chronological table in the name of the dean, but most of the students do not read it with interest.

1.2 Declining Presence of the Long-established Faculty

It is not only students. Until the 1980s, KUBS was recognized by the industrial world as a brand that was no less prestigious than graduates of former imperial universities such as the University of Tokyo and Kyoto University, and many of them went on to work for large, well-known companies. Many students have been employed by large and prestigious companies. However, as is well known, there has been a noticeable decline in this momentum in recent years.

In the rankings of universities published every year, Kobe University used to rank high in categories such as “strong in employment” or “has many executives of listed companies.” However, recently, it has been rare to find the name of KUBS. In short, the fact that KUBS has a long history and tradition and has led the academic and business worlds as a long-established leader in business administration is not well known to the general public these days, and its presence in society is diminishing.

This situation must not be ignored. We would like to make the history and traditions of KUBS more widely known to as many people in society as possible and to people around the world and how they have come to be what they are today. It is with this in mind that this book was planned.

The details of the history of KUBS in each period are given in the following chapters, and this introduction will briefly introduce why the Kobe Higher Commercial School, the predecessor of KUBS, was established in Kobe and how the academic discipline of business administration was born in Japan (Photo 1.1).

1.3 Establishment of Imperial University and Human Resource Development

It dates back to the late nineteenth century, when Japan was taking steps toward modernization after the Meiji Restoration. In those days, academic education was provided at “universities.” The University of Tokyo, Japan’s first university, was established in 1877 and renamed Imperial University in accordance with the Imperial University Ordinance of 1886, followed by the establishment of imperial universities in Kyoto, Tohoku, Kyushu, Hokkaido, Osaka, and Nagoya. These were what we now call the seven former imperial universities (nine if we include Gyeongseong, now Seoul, and Taipei, which were located outside of Japan).

Photo 1.1 Monument marking the birthplace of business administration erected in a corner of the forecourt of the Rokkodai Main Building. *Source* Kambayashi et al., 2020, p. 3



These imperial universities actively trained the human resources required for the development of a wealthy nation, strong military, and industrial development. They trained military personnel, state bureaucrats, doctors, teachers, and engineers. The training of state bureaucrats was essential to strengthen the national governing structure, and doctors were needed to prevent the spread of contagious diseases and epidemics. Teachers were needed to raise the level of education of the people, and engineers in civil engineering, architecture, machinery, electricity, and other fields were recognized as indispensable for the economic development of the country. Until the establishment of Imperial University, the training of human resources in these fields had been carried out by its predecessors and by schools affiliated with government offices, but these human resource training programs were now integrated through the higher education institution of the university, which was responsible for academic studies.

At the time of its founding, the University of Tokyo began with five faculties: law, medicine, engineering, letters, and science, which corresponded to the training of state bureaucrats and legal experts, doctors, engineers, and teachers (arts and sciences), respectively.

However, in the development of human resource development at these imperial universities, the emergence of commerce and economics, which were essential for the development of a wealthy nation, strong military, and industrial development, cannot be seen in the form of a coherent faculty. The Department of Economics was established in 1908 as an independent department from the Department of Political Science in the Faculty of Law at the University of Tokyo, the Department of Commerce was established in 1909, and the Department of Economics was established as a faculty in 1919. In other words, it can be seen that the development of commerce and economics at the University of Tokyo lagged behind that of other academic fields.

This is because the disparity in status between samurai, farmers, artisans, and merchants during the Edo period did not disappear immediately after the Meiji period,

and the prejudice that commerce was vulgar still remained in Japanese society at that time, and commercial activities were still in the process of development and foreign trade was not so active (Tachibanaki, 2012, pp. 6–7).

In any case, the training of personnel for commerce and economic activities was not a subject to be educated in universities at that time and was positioned as a lower-level area.

1.4 Training of Commercial Personnel

However, this does not mean that commerce and economics were completely ignored by the government of the time. Although they were not *academic* disciplines, their social necessity was recognized, and human resources were being trained at other institutions that were not universities. The first such institution was the Institute of Commercial Law (the predecessor of Hitotsubashi University), which was established in 1875.

The institute was a private school founded by the first Minister of Education Arinori Mori (1847–1889). It was established as a small school with approximately 30 students, and with the aim of training merchants who could deal justly with foreign merchants, subjects such as bookkeeping, English, arithmetic, and geography were taught, and later subjects such as commercial law, commodities science, and economics were added (Tachibanaki, 2012, p. 12).

Although the details are omitted, the institute was later transferred to Tokyo Prefecture in 1876 and became a public school, followed by the government-run Tokyo Commercial School in 1884, which was reorganized into the Higher Commercial School in 1887. The purpose of establishing a new “higher” commercial school, a level higher than the national commercial schools, was to train people to become commercial school teachers and to foster commercial people with higher skills and knowledge than commercial school graduates. This led to the establishment of Japan’s first government-run higher commercial school (later to become Tokyo Higher Commercial School and Hitotsubashi University).

The establishment of this higher commercial school (hereafter referred to as *kosho*) was successful in producing many merchants and business people who contributed to the development of the Japanese economy. However, the expansion of trade with other countries and the dramatic growth of the Japanese economy from the late 1880s to the early 1900s made the number of people active in the commercial field increasingly necessary. Therefore, the cabinet of the time Aritomo Yamagata (1838–1922) planned to establish a second *kosho* outside of Tokyo. Kobe and Osaka were the candidate sites.

1.5 From Merchant Training to University Education

In fact, the government had already decided to establish a second *kosho* in Kobe. At the time, the government's plan was to locate it in Kobe, which boasted Japan's largest foreign trade port and was home to trading companies and customs offices. However, Osaka, a city of merchants that had flourished as a center of commerce since the Edo period, came forward and enthusiastically lobbied for the establishment of a second high commissioner.

Osaka had been the center of commerce since the Edo period and had already established the Osaka Commercial School, which was to be the parent of *kosho*, so it was natural that the school should be located in Osaka. Members of the House of Representatives elected from Osaka submitted a proposal to the Diet, and a fierce battle ensued between Kobe and Osaka to invite the school to Osaka.

Kobe and Osaka fought fiercely over the establishment of the 2nd *kosho*, but as a result, Kobe won the vote in the Imperial Diet in 1900 by only one vote, 71 for Kobe and 70 for Osaka. It was decided that the second *kosho* would be established in Kobe. Unsatisfied with this government decision, Osaka decided that if the state would not recognize it, they would create their own, and the following year, 1901, they established their own municipal Osaka Kosho. The establishment of Osaka Kosho did not take long, since the Osaka Commercial School, which had already been established, could be upgraded to a *kosho*. Kobe was later than Osaka, and in 1902, the government-run Kobe Kosho was established. Thus, three *koshos* were established in Tokyo, Osaka, and Kobe. These were the predecessors of today's Hitotsubashi University, Osaka Metropolitan University, and Kobe University.

The education at Kobe Kosho will be described in Chapter 2, but in summary, its characteristic feature was to provide thorough business-oriented and practical education based on the concept of Tetsuya Mizushima (1864–1928), the first principal of the school, to distinguish it from the Tokyo Kosho, which had preceded it. This was also of great significance when the university was later promoted to university status and became the new Kobe University. Thereafter, *kosho* schools were established one after another in Nagasaki, Yamaguchi, Otaru, and other areas in addition to Osaka and Kobe (Fig. 1.1), and the training of merchants, which was necessary for the development of a wealthy nation and strong military and for the development of industry, was expanded throughout Japan.

Japan had just won the Sino-Japanese War (1894) and the Russo-Japanese War (1904) in quick succession, and in addition to politics and diplomacy, the country was also making remarkable progress on the economic front. With the expectation that the role of businesspersons supporting the economic world would become even more important in the future, there was a growing awareness of the need to prepare commercial education at a higher level, and a movement to elevate Tokyo Kosho to a university status began to develop. Tokyo Kosho became Tokyo University of Commerce in 1920, Kobe Kosho became Kobe University of Commerce in 1924, and Osaka Kosho became Osaka City University of Commerce in 1928. However,

1. Tokyo (1887, Hitotsubashi University)
2. Osaka (1901, Osaka Metropolitan University)
3. Kobe (1902, Kobe University)
4. Nagasaki (1905, Nagasaki University)
5. Yamaguchi (1905, Yamaguchi University)
6. Otaru (1910, Otaru University of Commerce)
7. Taiwan (1919, Taiwan University)
8. Nagoya (1920, Nagoya University)
9. Fukushima (1921, Fukushima University)
10. Oita (1921, Oita University)
11. Gyeongseong (1922, Seoul National University)
12. Hikone (1922, Shiga University)
13. Wakayama (1922, Wakayama University)
14. Yokohama (1923, Yokohama National University)
15. Takamatsu (1923, Kagawa University)
16. Takaoka (1924, University of Toyama)

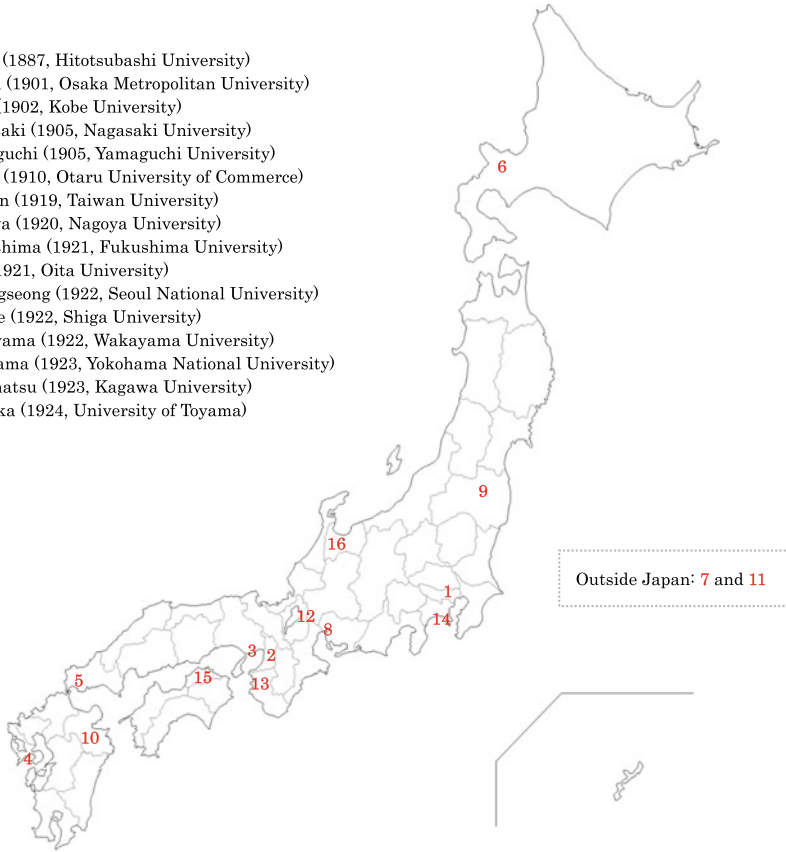


Fig. 1.1 Establishment of higher commercial schools. *Note* Year of establishment and current university name in brackets. *Source* Jointly prepared by Kyohei Hirano and the author

due to the Great Kanto Earthquake in 1923 and the subsequent economic recession, the Kobe University of Commerce had to wait until 1929 to actually open its doors.

In any case, the three commercial universities in addition to the seven former imperial universities were now officially recognized by the government as institutions of academic research and education. The fact that commerce, a field that had been regarded as one of the lowest ranks, was now an academic field that was at least apparently on par with the former imperial universities was particularly significant for Kobe, which had taken a course that emphasized business and practical education.

1.6 Kobe and Research in Business Administration

When Kobe Kosho was upgraded to Kobe University of Commerce, the number of courses in economics, law, and business administration increased in addition to traditional commerce courses, including bookkeeping and accounting, which will be discussed in detail in Chapter 2.

One of the reasons for the increase in economics courses is that the development of economics in Europe was remarkable from the late nineteenth century to the early twentieth century, just at the time when young Japanese researchers were also studying in Europe and trying to import it to Japan. The Tokyo University of Commerce had been offering only a limited number of law-related courses, with the exception of commercial law, and Kobe University of Commerce, wishing to emphasize its differences from the Tokyo University of Commerce, began to offer a large number of law-related courses (Tachibanaki, 2012, p. 129).

One of the major features of Kobe University of Commerce was the introduction of new business administration courses, as we will see in Chapter 2 (note that business administration here was a field that also included accounting). The pioneer who tried to introduce it to Kobe University of Commerce was Hirai Yasutaro (1896–1970).

The details of the business administration introduced by Hirai are described in detail in Chapter 3. Hirai studied under Teijiro Ueda (1879–1940), who had just returned from Germany, where he had studied abroad, and who was contemplating his own “commercial management studies,” breaking away from the old school of commerce. After that, Hirai went to Germany to study under Heinrich Nicklisch and Julius August Fritz Schmidt, which was a turning point for him, and after returning to Japan in 1925, he started teaching “business administration” courses (general management theory, management operations theory, etc.) instead of commercial and industrial management and accounting, which he had taught at Kobe Commercial University. He published many works on business administration, including “Management Literature Commentary” (Hirai, 1932).

In 1926, Hirai was strongly involved in the establishment of the Japan Academy of Business Administration, the first academic society in Japan dedicated to business administration, to establish business administration as an academic discipline. After the war, when the new Kobe University was established, Hirai strongly advocated the establishment of the Faculty of Business Administration as a new independent department, not under the Faculty of Economics, and this was achieved, as will be discussed in Chapter 4. The structure of courses offered by KUBS today is not so different from the system that Hirai initiated and developed.

It is no exaggeration to say that it was Hirai who laid the most important foundation for KUBS, and it is also Hirai’s great contribution to the widespread of the academic field of business administration in Japan.

1.7 The Academic Nature of Business Administration

Kobe University of Commerce has always emphasized practical learning, but now that it is recognized as a university, it must improve its academic standards as well as its practical learning. It is no good at all if the content is the same as that of a commercial school; only the signboard has been replaced by a university. In fact, this point appears to have been a concern. Tasaki Shinji (1872–1954), the first president of Kobe University of Commerce, stated in his address at the entrance ceremony that a university is essentially a place of academic research. While emphasizing practical learning, he also stressed the need to pursue university-like scholarship and “pursue the search for truth” (Amano, 2003, p. 59).

However, this academic nature is difficult to define. In particular, how can the academic nature of business administration, which is more closely related to actual business than other disciplines, be secured? Since the birth of the discipline of business administration, successive generations of business administration scholars have been troubled by this question.

Academic knowledge is systematic knowledge of a specific subject. It is not a collection of disparate pieces of knowledge but a coherent system of logic that must run through the knowledge. The development of a series of theories and methods of approach will further advance the discipline and make it highly specialized and systematized. Unlike practice, academia does not aim to be immediately useful. The ideal form of study is to confirm causal relationships and laws among elements related to a phenomenon and to attempt to formulate such relationships and laws with a long-term perspective of at least 10 to 20 years in mind.

In the case of business administration, other disciplines have harshly criticized it, saying that it is merely a way to make money, and to respond to such criticism, it was initially intended to be a branch of economics (business economics or managerial economics). For example, in Germany, which had a great influence on the development of business administration in Japan, commercial science taught in commercial universities at the beginning of the twentieth century centered on the imparting of practical commercial knowledge and lacked theorization and systematization as a discipline, so early German scholars made efforts to develop and elaborate various concepts of the private economy. Therefore, early German scholars made repeated efforts to develop and elaborate various concepts related to private economics.

Around the same time, a large number of works on corporate management were imported to Japan, mainly by practitioners, including the introduction of the American corporate management situation and the translation of Frederic W. Taylor’s works on scientific management, which began to be introduced in Japan. American business administration generally emerged from the field of management practice and had a management theory character that attempted to respond to the practical demands of that practice.

Thus, Japanese business administration was established and has been established to this day through a mixture of two streams: German business administration, which attempted to somehow secure an academic nature from the commercial studies of



Photo 1.2 Rikkodai Campus, located halfway up Mt Rokko

the time, which, in the worst case, merely summarized commercial knowledge, and American business administration, which is rooted in corporate management practice and has a pragmatic conception that seeks to use whatever is available to solve problems. The Japanese business administration was established through a mixture of these two streams and has continued to the present day. This is the reason why Japanese business administration is sometimes described as having “German bones and American flesh” (Ogasawara, 2013, p. 4) (Photo 1.2).

1.8 Today’s Business Administration in Japan

In fact, the academic nature of business administration has not developed significantly since its establishment more than 100 years after the birth of business administration. First, the subject of study is ambiguous. There are two positions: one is to limit the study to companies, and the other is to study the management of organizations in general more broadly. Basically, German management scholars take the former position, while American management scholars take the latter.

In terms of research methods, although there was a time when methods specific to business administration were sought, today’s conference presentations in management societies are composed of a wide variety of backgrounds, such as psychology, economics, sociology, information science, and engineering, and no definitive methodological approach has been established. There is no fixed methodological approach. There are studies that attempt to bridge academia and practice, but without careful theoretical armament and organization, such bridging does not work well and tends to end up falling somewhere in between.

In KUBS, the academic backgrounds of the research staff are diverse, and naturally, the media, journals, and research styles in which the research results are published are also diverse. KUBS is, at best, a faculty with diversity and flexibility, but on the reverse side, the academic field of business administration itself is still underdeveloped and, coupled with its practical orientation, remains insufficiently systematized in the discipline.

1.9 About This Book

As described above, this book attempts to describe KUBS, the first business administration department in Japan, starting with the establishment of a business administration course in the prewar period of the high commercial school, the establishment of the School of Business Administration in the new university system, and the subsequent enhancement and development of business administration education, together with the historical characteristics of each period and the circumstances leading to the present. In particular, it emphasizes that Kobe Kosho was influenced by both German business economics and American management theory, that the beginnings of Japan's own "business administration," which sublimated both, were seen in Kobe Kosho, and that "business administration" in the context of Japanese industrial development since the early twentieth century has been developed in KUBS. This book also seeks to verify the existence of a Kobe Kosho-type research and education system that was distinct from that of the former imperial universities.

The following part of the book consists of two parts: Part 1: History of KUBS (Chapters 2–8) and Part 2: Research Divisions (Chapters 9–11). Part 1 is a general history of KUBS as a whole, while Part 2 is a course history of the broad field of business administration (business administration in the narrow sense, accounting, and commerce), which has existed since the school was established.

By reading through this book, readers will be able to understand how KUBS originated and how it has developed up to the present day.

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Part I
History of KUBS



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Chapter 2

History of Modern Business Education in Japan



Yoshiyuki Takeuchi

2.1 Issues in the History of Modern Business Education in Japan

This chapter provides an overview of the establishment and development of modern business education in Japan. In this chapter, “modern” refers to the period after 1867, when the feudal Edo shogunate collapsed and the Meiji government came into existence.

Although there are many studies on the history of modern business education in Japan, most are limited to certain topics and/or events. Studies on the whole history of modern business education include Miyoshi (1985, 2012) from the educationalist perspective and Sano (1925) and Kataoka (1990) from the management scholar perspective. Nishizawa (2011) discusses business education during prewar period by focusing primarily on the Tokyo University of commerce, which played a central role in higher commercial education.

In this section, I summarize the issues in the history of modern business education. Even before the modern era, commercial education and merchant education were provided to live-in servants in “merchant houses” as an apprenticeship system in each merchant family. However, with the collapse of the national isolation policy at the end of the Edo period (1603–1868) and the start of foreign trade, the modernization of commerce became an urgent necessity.

The modernization of commerce, which can be described as the Westernization of commerce, or the introduction of Western systems, focused on three points. The first was trade, including maritime commerce, insurance, and trade finance. The second was financial system, including the introduction of a banking system and the creation of financial markets, such as stock markets. The third was the general commercial system, including the codification of commercial practices, such as the

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Commercial Law, the introduction of double-entry bookkeeping, and the introduction of the joint-stock company system.

Such knowledge of commercial modernization was disseminated to an extent through published books. However, those in charge of the Meiji government planned to train people through school education and to engage and disseminate it themselves. This was where modern business education in Japan began.

In this chapter, I present the following five issues when examining modern business education in Japan from a historical perspective. First, who is the target group of modern business education? Is it self-employed people, employees (workers), managers, or executives? By clarifying this question, we can find out which group of people the government wanted to expand the education. The second question is which country's education was adopted as a model.

The remaining issues relate to modern business education at the higher education level. Third, is whether business education as higher education should be positioned at the top of business schools or as a field of university education? This issue relates to Japan's modern school system. The fourth question concerns the model of higher business education in Japan. The Tokyo Higher Commercial School (Tokyo HCS, later Tokyo University of Commerce and Hitotsubashi University) was the forerunner of higher business education in Japan. However, is this the only model, or were there multiple models? The fifth question relates to an international comparison. In Japan, the establishment period of HCSs took place in the period from 1887—when the Tokyo HCS was established—to 1924—when the Takaoka HCS was established—playing a fundamental role in modern business education. This was nearly the same period as the establishment of business schools in the United States. The question is why there were similarities and differences in educational content and orientation between European and American business schools and what differences emerged in their subsequent development?

The remainder of this chapter is organized as follows. Section 2.2 provides an overview of commercial education during the establishment of the modern school system in Japan. Section 2.3 describes the higher-level education on commerce up to World War II. Section 2.4 presents a brief explanation of the establishment of the Japan Association for the Study of Business Administration, the first national-level academic society on commerce and management studies. Section 2.5 provides an overview of business education after World War II. Finally, Sect. 2.6 provides the conclusion and further discussion.

Photo 2.1 Arinori Mori
(Provided National Diet
Library)



2.2 Commerce Education in the Period When the School System was Established

2.2.1 *Early Turmoil*

The starting point of modern business education in Japan is said to have been with the Shoho Koshu-jo (the Institute for Business Training¹), established by Arinori Mori (Photo 2.1) in 1875 as a private school in Ginza, Tokyo.² In 1872, when Mori was stationed in the United States as a minister, he sent letters to American politicians and scholars asking for their opinions on Japan's education policy.³

Mori was highly interested in educational policy. He had originally planned to establish a government school for commercial education but failed and established a private school instead (Tanaka, 1974b).

¹ It seems that official English translations of Shoho Koshu-jo are not unified. Some are translated to "Commercial Training School."

² In 1872, before the establishment of the Institute, Alexander Allen Shand began teaching book-keeping and other subjects at the Ginkogaku-kyoku (Banking School Bureau) at Shihei-ryo (the Banknote Board) (from 1877, the Banking School of the Ministry of Finance). However, this education was provided for the training of bank employees after the establishment of the national banking system, so it cannot be described as business education for the public (Tanaka, 1974a).

³ Mori (1873) compiled these letters.

As a teacher at the Institute for Business Training, Mori invited William Cogswell Whitney,⁴ who ran one of the Bryant, Stratton, and Whitney Business Colleges in the United States (Newark, NJ). Following the curriculum of Whitney's Business College, the courses offered at the institute were mainly business oriented, such as business arithmetic, bookkeeping, Spencerian handwriting, and economics, among others, and all classes were conducted in English⁵ (Terasawa, 1987).

The management of the Institute for Business Training was transferred from Mori to the Chamber of the City of Tokyo and then to the Tokyo Prefectural Government in May 1876. The initial training period was one-and-a-half years, but this was extended to two years in October 1876, and those who were at least 15 years old were able to enroll.

The Education Order of 1879 legally established the Institute for Business Training as a technical school, and in 1880, the term of study was extended to three years. In 1881, the rules and regulations of the institute were substantially amended to allow students over the age of 13 to attend, and the term of study was extended from three to five years, of which the first three years were taught in Japanese and the last two in English.

Following the establishment of the Institute for Business Training in Tokyo, business training institutes were established in Kobe (1878), Osaka (1880), and other Japanese cities. The difference between these institutions and that in Tokyo was that they were taught only in Japanese. The instructors were related to the Keio Gijuku,⁶ where Yukichi Fukuzawa had taught double-entry bookkeeping by the book that he translated to Japanese.

In 1884, the General Rule for Commercial Schools came into effect, legally institutionalizing commercial schools for the first time. Under this rule, commercial schools were divided into two types: Type 1, which trained those who were engaged in commerce, and Type 2, which trained those who handled commerce. Type 1 was open to those 13 years or older and lasted for two years, while Type 2 was open to those 16 years or older and lasted for three years. Essentially, Type 1 corresponded to secondary education and Type 2 to higher education.

Under this general rule, institutes for business training established outside of Tokyo were converted to Type 1 commercial schools. In March 1884, the management and control of the Institute for Business Training in Tokyo was transferred from the Tokyo Prefectural Government to the Ministry of Agriculture and Commerce, and its name was changed to the Tokyo Commercial School. Around the same time, the Tokyo School of Foreign Language established an affiliated commercial school for the training of consuls. In September 1885, these three schools merged to form the (new) Tokyo Commercial School.

According to Nomura (2017), in establishing the affiliated commercial school of the Tokyo School of Foreign Language, J. J. M. van Stappen (1852–1915), a graduate

⁴ Whitney was fired in 1878 due to differences in educational policy.

⁵ Bryant et al. (1861, 1872), and Wayland (1853) were used for its textbook.

⁶ A private educational institution established in 1868 by Yukichi Fukuzawa. Fukuzawa introduced and taught Western scholarship, including economics there. Later it developed into Keio University.

Photo 2.2 Main entrance of the Higher Commercial School



of the Belgian Institut Supérieur de Commerce d'Anvers in Antwerp, was invited as a professor. He was also entrusted with the design of the school's curriculum. The educational content of the (new) Tokyo Commercial School was to change from the style of the American Business College to that of the Belgian Institut Supérieur de Commerce.

In 1887, the school was renamed the Higher Commercial School (HCS), and the period of study was changed to four years, one year for the preparatory course and three years for the main (regular) course (Photo 2.2).

In the field of general education, the Middle School Order and Imperial University Order were promulgated in 1886, and the institutionalization of secondary and higher education began. In 1894, the High School Order, which expanded education linking Middle Schools and the Imperial University, was promulgated.

Vocational education at the secondary level, such as agriculture and commerce, which had been institutionalized by separate laws and regulations for each field, was organized by the Vocational Education Order of 1899, establishing a dual-track educational system of general and vocational education. In 1903, the Technical School Order could establish a vocational higher education institution. Thus, the Tokyo HCS⁷ established its role as a higher vocational school in commercial education.

2.2.2 Collegiate Commerce Education

In 1875, the Ministry of Education established the Foreign Student Exchange Program, which sent professors not only from the Imperial University but also from higher vocational schools and high schools to study at overseas universities in an

⁷ The name "Higher Commercial School" was changed to the "Tokyo Higher Commercial School" when Kobe Higher Commercial School was established in 1902.

effort to absorb and introduce cutting-edge academics abroad. By 1898, 178 professors had been dispatched to study abroad. As the school system expanded, the size of this program increased rapidly from 1899, and until 1913, an average of about 39 teachers were sent abroad annually for 15 years. It appears that the HCS professors actively conducted research on the commercial education system at the higher education level in their study abroad countries. Two examples are discussed here.

The first is a report entitled, “Koto Shogyo Kyoiku-ron” (“Theories on the higher education of commerce”) published by the HCS in 1898 (Ehrenberg, 1898). Kenzo Koyama, the school’s principal, requested Professor Tokuzo Fukuda, who was studying at the University of Munich under the Ministry of Education’s foreign student exchange program, to conduct a report on the situation of commercial education in Germany. Fukuda made an abridged translation of Ehrenberg’s (1897) report.

The second example is a report entitled “Ou-bei shogyo kyoiku no gaikyo” (“Overview of commercial education in Europe and the United States”) published by the Higher Education Bureau of the Ministry of Education in 1899 (Monbu-sho, 1899). This was an abridged translation of the report on commercial education by the Technical Education Board of London County Council (TED-LCC, 1899) by Professor Hajime Seki of the HCS, who was studying in Belgium under the Ministry of Education’s foreign student program. (Nishizawa, 2008)

The trends in commercial education at the higher education level were of interest not only to Japan but also to the educational and industrial sectors in the United States and the United Kingdom. In the United States, the Committee on Schools of Finance and Economy of the American Bankers’ Association commissioned Professor Edmund James of the Wharton School of the University of Pennsylvania to compile a report (James, 1893). The aforementioned report (TED-LCC, 1899) in the United Kingdom is also one such piece of evidence.

In 1897, the Tokyo HCS established a one-year professional course, which was extended to two years in 1899. In 1901, the rules and regulations for the professional course were revised and its graduates were given the title of “Bachelor of Commerce” because the study period from the preparatory course, to the regular course and then the professional course was now six years, equivalent to the number of years required to graduate from an Imperial University. Thus, the graduates of the professional course were of the same rank as those of the Imperial University.

In 1901, when the title of Bachelor of Commerce was granted to graduates of the professional course, six professors at the Tokyo HCS who were abroad gathered in Berlin to discuss the pros and cons of establishing a commercial educational institution of a higher level than a HCS. Their discussion was summarized in a written opinion explaining the necessity of establishing a commercial college (known as the “Berlin Declaration”).

There was disdain for commerce within the government at the time, which was of the strong opinion that the higher vocational school level was sufficient for commercial education. However, the environment surrounding Imperial University graduates began to change around 1910. Table 2.1 summarizes the number of students enrolled at the College of Law, Tokyo Imperial University, and the College of Law, Kyoto

Imperial University. As shown in Table 2.1, the number of students enrolled in the College of Law accounted for approximately 50% of the total student body of the Tokyo Imperial University. Even though Japan was taking shape as a modern state, it became difficult to absorb all these students as judicial and administrative officials after graduation. Table 2.2 shows the employment destinations of the College of Law graduates at the Tokyo Imperial University. The 1897 graduates were mostly government officials, but by 1907, the numbers of government officials and businesspeople were almost equal, and by 1916, the numbers of government officials and businesspeople were reversed.

Under these circumstances, the Department of Economics was first established at the Tokyo Imperial University College of Law in 1908, followed by the Department of Commerce in 1909. The Ministry of Education decided to abolish the professional course at the Tokyo HCS. Professors and students of the Tokyo HCS protested this decision, leading to an uproar that resulted in the expulsion of 1300 students from the school (the Shin-yu Incident). With the mediation of Eiichi Shibusawa⁸ and other business leaders, the abolition of the department was withdrawn, and the uproar ended.

It should be noted here that research and education in economics were conducted at the (Tokyo) Imperial University before the establishment of the Department of Economics in 1908. In fact, the Department of Philosophy, Politics, and Economics was established in the Faculty of Letters in 1879 at the University of Tokyo before it became the Imperial University, and the Department of Politics and Economics was independent from that department in 1881. After the Department of Politics and Economics was transferred from the Faculty of Letters to the Faculty of Law in 1885, the name of the department was changed to the Department of Politics; thus, it only appears that research and education in economics were not conducted at first glance. However, commercial education was not addressed at all at the Imperial University until the establishment of the Department of Commerce in 1909.

The University Order promulgated in 1918 permitted the establishment of universities other than Imperial Universities. In principle, universities were required to have multiple faculties; however, as an exception, a single faculty member could be established as a university if necessary. Under this exception, Tokyo HCS was upgraded to Tokyo University of Commerce in 1920. Following Tokyo HCS, Kobe HCS was promoted to Kobe University of Commerce in 1929. Other higher vocational schools that were promoted to universities were Higher Technical Schools (Tokyo and Osaka) and Medical Schools (Okayama, Niigata, Kanazawa, Nagasaki, and Chiba).

As demonstrated, there were two types of commercial education offered as university education, one originating from the Imperial University and the other from Tokyo HCS (professional course); however, there is a big difference between the two. Sano (1925) lists four different characteristics of the Department of Commerce

⁸ Eiichi Shibusawa (1840–1931) was an industrialist and is known as “the father of modern Japanese capitalism.” As a leading figure in the business world, he had served as a council member of the (Tokyo) HCS for 1884–1920.

Table 2.1 The number of students at the College of Law, Imperial Universities

	1906	1907	1908	1909	1910	1911	1912	1917
Tokyo Imperial University (undergraduates)	3768	4130	4299	4306	4437	4502	4645	4401
College of Law	1655	1898	2068	2106	2242	2303	2364	1994
Dept. of Law	1049	1174	1216	1243	1274	1295	1328	1160
Dept. of Politics	606	724	712	642	689	678	695	530
Dept. of Economics			140	195	244	282	281	140
Dept. of Commerce				26	35	48	60	164
Share of Law Student	43.9%	46.0%	48.1%	48.9%	50.5%	51.2%	50.9%	45.3%
Kyoto Imperial University (undergraduates)	1545	1528	1336	1329	1503	1121	1342	1852
College of Law	449	340	244	176	299	339	519	898
Dept. of Law		22	41	62	147	169	265	460
Dept. of Politics		13	33	46	126	163	250	52
Dept. of Political Economy								386
Share of Law Student	29.1%	22.3%	18.3%	13.2%	19.9%	30.2%	38.7%	48.5%

Source Calendar of Tokyo Imperial University, Calendar of Kyoto Imperial University

Table 2.2 Employment destination of graduates at the college of law, Tokyo Imperial University

Department	1897				1907				1916				
	Law	Politics	Total		Law	Politics	Total		Law	Politics	Economics	Commerce	Total
Officer	10	8	18		37	25	62		33	28	3	1	65
Administrative officer	8	0	8		8	0	8		49	1	1	0	51
Judicial officer	18	8	26		45	25	70		82	29	4	1	116
Officer Total (A)													
Private	2	2	4		13	8	21		19	16	7	1	43
Government company	5	5	10		21	25	46		88	61	35	7	191
Private company	3	0	3		3	0	3		17	0	0	0	17
Lawyer	0	0	0		0	0	0		0	0	2	0	2
Others	10	7	17		37	33	70		124	77	44	8	253
Private Total (B)													
Teachers and Professors (C)	1	4	5		1	0	1		1	0	0	1	2
Unknown (D)	7	4	11		6	3	9		10	5	1	1	17
Total of (A) to (D)	36	23	59		89	61	150		217	111	49	11	388
Total Graduates	43	24	67		103	69	172		262	123	55	16	456

Source Table 1 and 2 of Kitagaki (2004)

in the Faculty of Economics of Tokyo Imperial University and Tokyo University of Commerce. The first is the presence or absence of preparatory education on commerce. Tokyo University of Commerce provides students with preliminary knowledge on commerce in the preparatory course that is necessary for the study of specialized subjects in the main (regular) course, so that they can immediately study the specialized subjects of the main (regular) course. However, students at Tokyo Imperial University must study preliminary knowledge on commerce simultaneously because the high schools from which they graduated did not provide commerce subjects. Second, Tokyo Imperial University did not adopt the seminar system adopted by Tokyo University of Commerce. Third, while Tokyo University of Commerce emphasized seminars, seminars were merely elective subjects at Tokyo Imperial University. Fourth, Tokyo Imperial University emphasized compulsory subjects, while Tokyo University of Commerce emphasized elective subjects.

In addition to Sano's (1925) argument, there appears to be a difference in academic views between the Imperial University and the University of Commerce. While the Imperial University's perspective on commerce was that of the state and government, the perspective on commerce at the University of Commerce was strongly characterized as being from that of the private sector. In addition, the Imperial University had a strong attitude that theory comes first, and application comes later; however, the Commercial University tended to consider phenomena and application first, followed by theory.

To varying degrees, these two differences seem to persist to this day.

2.3 Characteristics of the Higher Education of Commerce Before 1945

2.3.1 *Curriculum*

What kind of education was provided at HCSs, which were positioned as the business schools of higher educational institutions? Unlike elementary, junior high, and high schools, which had an official curriculum named "Kyoju Yomoku," there was no official curriculum for vocational schools until around 1940. In the case of commercial education, although subjects at commercial schools at the secondary education level were stipulated in commercial school regulations, there was no official curriculum that stipulated the educational content of each subject. The only exception was the official curriculum for the subject of bookkeeping in Class A commercial schools, established in 1910 (Kudo, 2014).

Regarding HCSs, the subjects and curricula of the Tokyo HCS and Kobe HCS, which were established earlier, became the de facto models for the HCSs that were established later. It should be noted, however, that the two schools in Tokyo and Kobe had a four-year system with one year of preparatory courses and three years of main (regular) courses, whereas the HCSs established later had a three-year system

with only three years of regular courses. Let us consider the outline of the educational content in Kunimatsu (1929), who conducted a survey on HCSs' curriculum. Table 2.3 shows the structure of class hours by subject group in the four-year system of Tokyo and Kobe HCSs. The first feature is that the foreign language (English, second foreign language) group accounts for approximately 30% of the total. This is understood as evidence that the school was quite conscious of training students to be responsible for foreign trade.⁹ The percentage of the total number of hours of the commerce (business administration) and commercial practice subject groups combined was approximately 35% initially, but has decreased year over year, accounting for less than 30% since 1920.¹⁰ The percentage of other subject groups was lower for the economics group (approximately 15%) and the law group (approximately 10%).

Table 2.4 shows the number of teaching hours and the percentage of each subject group in the three-year national HCSs. Some variation among the schools can be seen. The ratio of the commercial studies (business administration) group and the commercial practice group combined from the total is on average approximately 30%, which is nearly the same as that of the four-year HCSs. However, the breakdown is the opposite of that of the four-year HCSs, which shows that the weight of the commercial studies (business administration) group is higher than that of the commercial practice group. It is too early to interpret this fact as a neglect of practical orientation. This is because some three-year HCSs have positioned subjects included in the commercial practice group, such as cost accounting and commercial practice, as elective rather than compulsory subjects. The weighting of the economics and law subject groups was approximately the same.

It is noteworthy that the seminar system noted in Sect. 2.2 as one of the features of the Tokyo University of Commerce was also established as a compulsory or elective subject under the name "research guidance" in the three-year HCS system and was implemented only partially.

In 1941, when Japan entered the wartime regime, a standard curriculum for HCSs was established. The curriculum was divided into three departments: commerce, trade, and management, with a common curriculum for all departments and a curriculum specific to each department. This led to the differentiation of education according to the subjects in question.

⁹ The percentage of foreign languages in the total hours of instruction in high school, where students of the same age study in general education, varies from 30 to 50%, depending on the time period. It appears that HCSs were also aware of the need to train the ability to read foreign language literature.

¹⁰ Bookkeeping and other subjects are included in this group.

Table 2.3 Number of class hours by subject type and its ratio for Tokyo HCS and Kobe HCS (4-year system)

	Tokyo HCS				Kobe HCS					
	The Rule of 1896		The Rule of 1903		The Rule of 1916		At the Establishment		Current (at 1927)	
	hrs/week	%	hrs/week	%	hrs/week	%	hrs/week	%	hrs/week	%
Commerce and management (A)	13	10.2	12	9.5	14	11.6	23	18.0	12	9.0
Practice of commerce (B)	32	25.0	25	19.7	19	15.7	22	17.1	27	20.5
(A)+(B)	45	35.2	37	29.2	33	27.3	45	35.1	39	29.6
Economics	17	13.3	20	15.7	18	14.9	20	15.6	23	17.4
Law	10	7.8	15	11.8	18	14.9	14	10.9	14	10.6
English	27	21.1	27	21.3	24	19.8	28	21.9	24	18.2
Second foreign language	12	9.4	12	9.5	10	8.3	10	7.8		
Moral and gymnastics	11	8.6	10	7.9	13	10.7	11	8.6	13	9.8
Electives									15	11.4
Others	6	4.7	5	3.9	5	4.1			4	3.0
Class hours per year	32.0		31.7		30.3		32.0		31.3	

Source: Kunimatsu (1929)

Table 2.4 Number of class hours by subject type and its ratio for HCSs (3-year system)

	Average of 11 HCSs	
	hrs/week	%
Commerce and management (A)	18.5	18.1
Practice of commerce (B)	12.6	12.3
(A)+(B)	31.1	30.4
Economics	14.8	14.4
Law	9.6	9.4
English	22.7	22.2
Second foreign language	7.7	7.5
Moral and gymnastics	9.9	9.7
Electives	3.8	3.7
Others	2.6	2.5
Class hours per year	34.0	

Source: Kunimatsu (1929)

2.3.2 *Was the Tokyo HCS Model Dominant for the Higher Education of Commerce?*

In 1920, the Tokyo HCS was promoted to the Tokyo University of Commerce, and in 1928, the Kobe HCS was promoted to the Kobe University of Commerce. Were these two schools the only HCS models?

Indeed, the fact that many graduates of these two universities and the professional course of the Tokyo HCS were employed as teachers at the national HCSs established in various parts of Japan suggests the strength of their influence. As mentioned in Sect. 2.2, after 1885, the educational model of the Tokyo HCS shifted to the Belgian model, but professors who studied abroad under the Ministry of Education's foreign student exchange program became inclined toward the German model. This led to the Berlin Declaration, which proposed the establishment of a German-style commercial university.

However, another trend also existed. While the first principals of Kobe HCS and Nagasaki HCS were appointed from the professors of Tokyo HCS, the first principal of Otaru HCS, established in 1911, and Nagoya HCS, established in 1920, was Ryosei Watanabe, an ethicist with a Ph.D. degree from Cornell University in the United States. While still a professor at the Tokyo Higher Normal School, Watanabe served as the principal of the Tokyo School of Music from 1899 to 1902, and from 1902 to 1909, he was an advisor on education to the Viceroy of Zhili in the Qing Dynasty. He was an educator who had nothing to do with commercial education. Based on the idea that "our school is a commerce society, not a preparation for commerce society," inspired by John Dewey's "School is Life, Not a Preparation for Life," he introduced Otaru HCS's own original subjects, while referring to existing HCSs. There were three subjects: commercial practice, enterprise practice, and product experiment. Specifically, under the corporate practice subject, a soap factory was established, and students learned factory management, cost accounting, and efficiency improvement based on scientific management methods in the process of soap production. It was very early in Japanese school education that the scientific management method was taught through practice rather than through lectures alone. Nagoya HCS followed the educational policy of Otaru HCS, also establishing a subject in mathematical statistics and psychology and introducing the case method of teaching. This meant that there was a movement to adopt the latest academic and educational trends in the United States and United Kingdom, rather than focusing solely on Germany. The following statement expresses Watanabe's attitude toward higher commercial school education:

The recent movement to elevate technical schools to universities is, in my opinion, not an elevation but a transformation. ...The original mission of the university is to consider theory as the main and application as the secondary. ...The role of a technical school is to consider theory with a focus on application. ...As a national educational institution, we need universities that mainly produce scholars, but we also need technical schools that produce practitioners. (Watanabe, 1929, pp. 2–3)

This statement may be taken as a reflection of the Tokyo University of Commerce, which was promoted to a university and became more theoretical in nature, but it also clearly shows the two forms of higher education in commercial education.

2.3.3 Comparison Between the Tokyo HCS and Kobe HCS

Both the Tokyo and Kobe HCSs were later upgraded to universities, but what were the differences between them? Until 1895, the Tokyo HCS stated that the purpose of its establishment was “to provide higher education in domestic and foreign commerce and to train those who in the future will handle public and private commerce and accounting, and those who will become teachers and managers of commercial schools” (Article 1 of the Higher Commercial School Regulations). The school also established a one-year professional course for graduates of the main (regular) course to provide education for “those who intend to study various commercial specialties and those who intend to engage in consular duties” (Article 1 of the Professional Course Regulations). In 1896, the professional course was expanded to two years of study, and the consular education was removed from its purpose. This shows that Tokyo HCS aimed to be the pinnacle of commercial education and research as higher education and was conscious of that role. In 1902, Kobe HCS (Photo 2.3) opened, but unlike Tokyo HCS it did not have a professional course. Graduates of Kobe HCS who wished to study further were required to enter the professional course at Tokyo HCS.

The differences between the educational curricula of the Tokyo and Kobe HCSs have already been discussed in Sect. 2.3.1; thus, they are omitted here.

What was more differentiated from the educational curriculum was the distribution of enrollees’ alma mater and that of the graduates’ places of employment. Tokyo HCS required students to have an academic ability equivalent to middle school graduation as a qualification for admission to the preparatory course, and no special consideration was given to graduates of commercial schools, which were vocational schools.



Photo 2.3 Kobe Higher Commercial School in 1910

Thus, most students who enrolled at Tokyo HCS were middle school graduates. In contrast, from its establishment, Kobe HCS divided its preparatory course program into two sections: one for middle school graduates and the other for graduates of Class A commercial schools. It provided education in commercial subjects, such as bookkeeping and commercial arithmetic, which middle school graduates lacked, and in general education subjects, such as mathematics, physics, and chemistry, which commercial school graduates lacked. In addition, about one-third of the students admitted to the school were graduates of Class A commercial schools.¹¹ This system is said to be a result of the emphasis on practical education by Tetsuya Mizushima, the first principal of Kobe HCS. This educational model, which considered the Class A commercial school graduates, was adopted by Nagasaki HCS, Yamaguchi HCS, and three-year HCSs established thereafter.¹²

Next, we compare the distribution of graduates' employment destinations. Table 2.5 shows the distribution of employment destinations of Tokyo HCS graduates (regular course only) from its establishment up to 1916. The most common employment destination was trading companies (13.7%). Banks were the next most common at 10.6%, and shops and shipping companies followed at 6.9% and 6.0%, respectively. A total of 4.9% were employed by government officials, 4.1% by private businesses, and 3.6% by commercial school teachers. Notably, 2.9% became naval accountants.

Table 2.6 shows the distribution of employment destinations of Kobe HCS graduates from its establishment to 1916. The largest number of graduates were employed by trading companies (24.7%), followed by banks (12.7%), and manufacturing companies (10.9%). Private businesses accounted for 8.1%, shipping 6.5%, and schoolteachers 4.8%.

Tables 2.5 and 2.6 demonstrate that an overwhelming majority of the graduates of Kobe HCS were employed in trading companies, and the share of those who ran their own businesses was twice that of the graduates of Tokyo HCS. Although direct comparisons cannot be made because of the different classifications, it is noteworthy that about 10% of the graduates of Kobe HCS were employed by manufacturing companies. Conversely, only 1.6% of graduates from Kobe HCS were government officials, while one-third of Tokyo HCS graduates became government officials.

Next, let us examine employment destinations on a company basis. Table 2.7 shows the distribution of Tokyo HCS graduates in 1917 and 1918. Evidently, 21.3% of all graduates were employed by one company, Mitsui & Co. Suzuki Shoten, followed by Mitsubishi Trading Co., with a combined share of 31.7% for the top three firms. The top five banks were Sumitomo Bank, Mitsubishi Bank, Bank of Taiwan, Yokohama Specie Bank, and Nippon Kangyo Bank, with a combined share of 9.3%. In the shipping industry, N.Y.K. Line, O.S.K. Lines, and Yamashita Steamship Company

¹¹ The total number of students enrolled in the program for graduates of Class A commercial schools from 1903 to 1928 was 1764, accounting for 32.4% of the total number of 5438.

¹² The percentage of Class A commercial school graduates in three-year HCSs was approximately 25–30%, with the exception of Nagoya HCS, where the percentage of Class A commercial school graduates was nearly 45%.

Table 2.5 Employment destination of graduates at Tokyo HCS (–1916)

Type of place of employment	Regular course	Share (%)
Company (Trading)	485	13.7
Company (Railway)	58	1.6
Company (Shipping)	211	6.0
Company (Insurance)	72	2.0
Company (Others)	684	19.4
Bank	372	10.5
Exchanges, Merchandise Display	4	0.1
Shops and Stores	244	6.9
Officer (Foreign Affair)	11	0.3
Officer (Naval Accountants)	102	2.9
Officer (Customs)	7	0.2
Officer (Railroad)	39	1.1
Officer (Others)	15	0.4
Public Body	8	0.2
Imperial University	1	0.0
Commercial Schools	128	3.6
Other Technical Schools	4	0.1
Middle School	1	0.0
Self-employed (Private Business)	145	4.1
Study Abroad	1	0.0
Military Service	21	0.6
Unknown	568	16.1
Professional Course of Tokyo HCS	101	2.9
Died	250	7.1
Total	3532	100.0

Source Calendar of Tokyo HCS (1916)

accounted for 6.3%. Table 2.7 also shows that many graduates were employed by zaibatsu (conglomerate) companies, such as Mitsui and Mitsubishi, and 10.8% of graduates went on to the professional course.

Table 2.8 shows the distribution of Kobe HCS graduates in 1917 and 1918. Similar to Tokyo HCS, Mitsui & Co. was the most common employer, accounting for 16.7% of all graduates. Many graduates found employment at trading companies from Kansai, such as Suzuki Shoten (13.1%) in Kobe, Itochu, and Shibakawa Shoten in Osaka. In the banking sector, many of graduates were employed by Sumitomo Bank, which originated in the Kansai region. In addition, 9.3% of the students were employed by Yamashita Steamship Company and other shipping companies. Table 2.8 shows that the share of students employed by the Mitsubishi companies is lower than that of Tokyo HCS students, and the share of students employed by

Table 2.6 Employment destination of graduates at Kobe HCS (1907–1916)

Type of place of employment	Numbers	Share (%)
Employee of Companies and Stores	860	74.1
Bank	150	12.9
Trading	287	24.7
Railroad	30	2.6
Shipping	76	6.5
Insurance	29	2.5
Production	127	10.9
Mining	36	3.1
Warehousing	14	1.2
Other Industries	111	9.6
Self-employed (Private Business)	94	8.1
Officers	18	1.6
School Teachers and Professors	56	4.8
Technical Schools	11	0.9
Other Schools	45	3.9
Military Service	6	0.5
Others	127	10.9
Further Education (Professional course of Tokyo HCS)	47	4.0
Unknown	39	3.4
Died	41	3.5
Total	1161	100.0

Source Calendar of Kobe HCS (1916)

banks was also smaller. There is also a tendency for students to be employed by Kansai-affiliated companies, as well as by textile trading companies, and spinning companies. Notably, 5.7% of graduates from Kobe HCS went on to study in the professional course at Tokyo HCS.

2.4 Establishment of an Academic Society on Commerce and Management Studies

After 1918, when the University Order came into effect, private universities—which had been institutionally classified into technical schools—were officially recognized as universities. In 1920, when the Tokyo University of Commerce was established, six private universities in Tokyo (Keio University, Waseda University, Chuo University, Meiji University, Hosei University, and Nihon University) and five private universities (Rikkyo University and Senshu University in Tokyo, Kansai University, Doshisha

Table 2.7 Employment destination of graduates at Tokyo HCS (1917 and 1918)

Company	1917	1918	Total	Share (%)
MITSUMI & CO., Ltd	57	50	107	21.3
Suzuki Shoten	13	14	27	5.4
Mitsubishi Trading Co., Ltd	14	11	25	5.0
Mogi General Partnership Company	5	10	15	3.0
Furukawa Shoji Corporation	4	5	9	1.8
Okura & Co. (Trading), Ltd	4	0	4	0.8
The Sumitomo Bank, Ltd	9	9	18	3.6
The Mitsubishi Bank, Ltd	5	10	15	3.0
The Bank of Taiwan	8	1	9	1.8
Yokohama Specie Bank	4	1	5	1.0
Nippon Kangyo Bank	2	0	2	0.4
N.Y.K. LINE	12	8	20	4.0
O.S.K. LINES	4	4	8	1.6
Yamashita Steam-Ship Company	2	2	4	0.8
Mitsubishi Shipbuilding & Engineering Co., Ltd	2	4	6	1.2
Mitsui Mining Co., Ltd	2	2	4	0.8
Mitsubishi Mining Co., Ltd	1	2	3	0.6
Mitsubishi Goshi Kaisha (LPC)	4	5	9	1.8
Sumitomo General Head Office	4	2	6	1.2
Self-employed (Private Business)	8	1	9	1.8
military service	0	26	26	5.2
Professional course of Tokyo HCS	12	23	35	7.0
Others	47	28	75	14.9
Unknown	27	34	61	12.2
Total	250	252	502	100.0

Source Calendar of Tokyo HCB (1917, 1919)

University, and Ritsumeikan University in the Kansai area) were authorized as universities in 1922. It should be noted that most of these private universities had departments of commerce or economics (including political economy) and were responsible for commercial education as higher education.

It was also around this time that scientific management methods, introduced from the United States in the 1910s, became popular as business management techniques. However, as Hirano and Takeuchi (2022) highlight, the introduction and education of scientific management methods in school education were limited, and workplace education and training by promotional organizations, such as the Japan Federation of Efficiency, were mainstream. In addition, consultants specializing in scientific management methods, called “efficiency engineers,” emerged.

Table 2.8 Employment destination of graduates at Kobe HCS (1917 and 1918)

Company	1917	1918	Total	Share (%)
MITSUMI & CO., Ltd	18	18	36	13.1
Suzuki Shoten	11	17	28	10.2
Shibakawa Shoten	10	2	12	4.4
Itochu General Partnership Company	1	10	11	4.0
Mogi General Partnership Company	6	5	11	4.0
Nagase Shoten	4	2	6	2.2
Kuhara Shoji Corporation	3	2	5	1.8
Mitsubishi Trading Co., Ltd	0	5	5	1.8
Gosho CO.,LTD	4	0	4	1.5
Morimura Brothers	2	0	2	0.7
Nozaki Shoten	0	3	3	1.1
Furukawa Shoji Corporation	0	2	2	0.7
The Sumitomo Bank, Ltd	3	7	10	3.6
Kobe-Kawasaki Bank	0	2	2	0.7
Yamashita Steam-Ship Company	5	6	11	4.0
Taiyo Kaiun	4	0	4	1.5
Oriental Steam-Ship Company	3	0	3	1.1
O.S.K. LINES	2	0	2	0.7
Nihon Kisen	0	2	2	0.7
Dainippon Spinners	3	0	3	1.1
Mitsubishi Goshi Kaisha (LPC)	3	2	5	1.8
Kuhara Kogyo Corporation	3	4	7	2.5
Self-employed (Private Business)	6	4	10	3.6
Professional course of Tokyo HCS	12	17	29	10.5
Others	38	21	59	21.5
Unknown	1	2	3	1.1
Total	142	133	275	100.0

Source Calendar of Kobe HCS (1917, 1918)

With a number of academic experts (faculty members at higher education institutions) and practitioners specializing in commercial and industrial business management, Nihon Keiei Gakkai (the Japan Society for the Study of Business Administration, JSSBA¹³) was established in 1926 as a nationwide academic organization for the study of commerce and management. The five executive directors were Teijiro Ueda, Yojiro Masuchi (Tokyo University of Commerce), Torao Nakanishi (Tokyo

¹³ Currently, the English name of it has changed to the Japan Academy of Business Administration (JABA).

Imperial University), Yasutaro Hirai (Kobe HCS), and Fukumatsu Muramoto (Osaka HCS).

According to the membership list from January 1927, published in the first volume of the *Annals of the JSSBA* (JSSBA, 1927), there were 342 members. Most of the members were faculty members of university departments of economics and commerce, as well as HCSs. In addition, there were 12 professors from higher technical schools and sericultural colleges who were involved in scientific management methods, as well as efficiency engineers. It should be noted that there were 109 practitioner members. Two of the companies with the largest number of members were Noda Soy Sauce,¹⁴ with seven members, and Toho Electric Power Company,¹⁵ with eight members.

At the third annual meeting of the JSSBA held in October 1928, “Commercial Education System” was taken up as a topic theme, and the results of a questionnaire survey of various individuals, including corporate executives, regarding the curriculum in HCSs and the commercial education curriculum in universities were reported. According to the *Report of the Survey on Higher Commercial Schools* (Kunimatsu, 1929), the response rate for the questionnaire survey was very low, at 7.51%. However, because similar surveys are nearly nonexistent, the results of the survey can be considered to reflect certain facts. Of particular interest in Kunimatsu’s (1929) report was the question on teaching methods. In addition to the textbook and lecture note method, the case method was listed as one of the three options in the question, “Select the appropriate method of teaching,” indicating that the case method was well recognized as a teaching method at the time. Regarding responses, 16.90% of respondents supported the textbook only method, while those who supported the case method only was 10.33% because of a lack of support from the educator group. However, the overall percentage of respondents who supported the case method, including combined use, totaled 64.79%, which is in line with the 69.48% of respondents who supported the textbook method, including combined use. From these results, it may be concluded that the importance and usefulness of the case method in commercial education was recognized in the late 1920s, but based on the subsequent history of the method, it has failed to gain significant status as a teaching method.

2.5 Business Education after World War II

After World War II, American business management methods were introduced and implemented directly in Japanese companies by the General Headquarters of the Supreme Commander for the Allied Powers (GHQ/SCAP), which occupied and indirectly governed Japan. It is interesting to note that business management techniques

¹⁴ Now Kikkoman.

¹⁵ This was one of the five major electric power companies at the time.

were introduced and implemented through different channels for senior, middle, and front-line management.

First, a business management course for top executives of telecommunications equipment manufacturers was held in Tokyo and Osaka in 1949 by the Civil Communication Section (CCS), which was concerned about the high rate of defective products and the high costs incurred by Japanese telecommunications equipment manufacturers. The seminar was subsequently organized by the Federation of Japan Electric Communication Industrial Associations (FJECIA), and the English texts of the CCS management seminar were translated and published in Japanese (FJECIA, 1952a, b).

The Japanese government committed itself to the dissemination of business management methods for middle- to lower-level management personnel with educational materials provided by the GHQ/SCAP. First, Training Within Industry (TWI) for front-line managers was disseminated by the Ministry of Labor at the end of 1949. This promoted the rationalization and democratization of the workplace. For details, see Robinson and Schroeder (1993).

For middle management, the Management Training Program (MTP) was created based on the supervisor training system developed by the US Far East Air Force (USFEAF), and the Ministry of International Trade and Industry (MITI) began promoting the program around 1950. The MTP was based on Henri Fayol's Five Functions of Management, which was later revised several times, including the addition of George Elton Mayo's Theory of Human Relations (Oyamada et al., 1997, pp. 36–38).

Education and training for the TWI and MTP were subsequently transferred to and implemented by promotion organizations. Thus, the introduction and implementation of US business management methods were dominated by the trend from vocational education as school education to workplace education and training.

What was the relationship between these activities and academic scholars of business administration? The catalog of the National Diet Library shows no books published by academic scholars on business administration other than "American Business Administration," published in 1948 by Eiichi Furukawa, a professor at the Tokyo University of Commerce, and "Research on American Business Administration," edited by Tokyo University of Commerce's Industrial Efficiency Research Institute (Tokyo Shoka Daigaku Sangyo Noritsu Kenkyu-sho, 1948).¹⁶

Regarding business administration and commerce education at universities under the new education system after 1949, the Subcommittee on Standards for Business Administration Faculties (1951–1953) of the Japan University Accreditation Association (JUAA) seems to have played a major role in establishing the standard curriculum. Its chairman, Kichiro Sasaki (Meiji University), continued to be involved

¹⁶ One of the few research books on American management and business administration prior to 1948 was the Research Group on the Study of Business Administration (1936), written by management and accounting scholars such as Keiji Baba (Tokyo Imperial University), Kiyoshi Kurosawa (Chuo University), Kiraku Kobayashi (Kobe University of Commerce), Kichiro Sasaki (Meiji University), Yasubei Hasegawa (Waseda University), Eijiro Ikeda (Waseda University), Tsunejiro Nakamura (Fukushima Higher Commercial School), and Rokuro Yamabe (Nagasaki Higher Commercial School).

Table 2.9 Standard curriculum for undergraduate specialized education courses

Report of the Research Committee on Business and Economics Education, JUAA (1955)^a	Notes on the Standard for Establishment of Economics related Faculty, MoE (1958)^b
Basic Class Subjects for Faculty of Business Administration	Required Class Subjects for Department of Business Administration
Business Administration	Business Administration
Business History	Corporate Finance Theory
Management Theory	Labor Management Theory
Corporate Finance Theory	General Business History
Labor Management	Management Theory
Principle of Bookkeeping	Principle of Bookkeeping
Accounting Theory	Principle of Accounting
Cost Accounting	Cost Accounting
Other Required Class Subjects	Corporate morphology
Economic Theory	Other Required Class Subjects
Recommended Class Subjects	Seminar
Industrial Sociology	Foreign Books Reading on Business and Economics
Industrial Psychology	
Mathematics for Accounting and Finance	

Source (a) Sasaki (1959); (b) Monbu-sho (1961)

in revising the standard curriculum. Sasaki (1959) indicated the establishment of the courses shown in Table 2.9 as the standard curriculum for undergraduate specialized education courses. The JUAA's standard curriculum for specialized education subjects also influenced the required course subjects in the Ministry of Education's Standards for the Establishment of Universities and continued to do so until deregulation through the revision of the Standards for the Establishment of Universities in 1991.

2.6 Conclusion

2.6.1 Summary of Issues for Discussion

In the previous sections, we reviewed the history of business administration education in Japan, and the five issues presented in Sect. 2.1 can be summarized as follows.

The first issue is the target group of modern business education. Clearly, the target group has changed over time. At the beginning of modern business education, the target group was assumed to be small-scale self-employed workers and employees

of shops and companies. However, as the school system was established, education for the self-employed and mere servants (workers) was separated from education for servants (workers) belonging to the managerial class. This can be clearly seen in the transition of the purpose of establishment in the regulations of each national HCS.

The second issue is which country's education was used as a model. Initially, the education model was based on American commercial education, but as the target group shifted to businesspersons who would be involved in future trade practices, cadets for management positions in companies, and consuls, the Belgian commercial education model was adopted. In addition, through the collection of information from students in the Ministry of Education's foreign exchange program, it was found that the German model of commercial education, including the German commercial college system, attracted attention. As many teachers of universities and higher commercial schools went to Germany to study as foreign students, the German model of commercial education became mainstream.

Yojiro Masuchi once stated "the bones of our management economics today are German, the meat of it is American, and we have gradually built up our research on that foundation" (Yamamoto, 1976, p. 9). This statement is often understood to mean that Japanese business administration was greatly influenced by Germany before the World War II and by the United States afterward. However, this understanding is not necessarily correct, given the fact that there were five or six Japanese and foreign professors who graduated from the School of Commerce, Accounts, and Finance at NYU and the School of Commerce at Birmingham University and Manchester University on the faculty roster of the HCSs around 1910. Moreover, it should be considered that after World War II business management methods were introduced by GHQ/SCAP; however, this did not occur through university education but in the form of on-the-job education and training at companies.

The third issue is whether business education as higher education should be positioned at the top of vocational schools or as a field of university education. I have shown that there was a group of teachers at Tokyo HCS who wanted to position it as a field of university education. However, it is also true that there were professors, such as Ryusei Watanabe, who emphasized the role of the higher vocational school, considering theory from the field of business application. Although the latter approach served a certain function under the dual-track educational system of regular schools and vocational schools, under the single-track postwar educational system centered on regular education, both seem to have been mixed together, and there was less awareness of a clear difference.

The fourth issue is the model of higher business education in Japan. This study showed that Tokyo HCS (later Tokyo University of Commerce and Hitotsubashi University) was undoubtedly one of the most powerful models. However, it was also confirmed that other models existed, such as Kobe HCS, which systematically accepted commercial school graduates (for secondary vocational education), and Nagoya HCS, which emphasized practices such as scientific management methods.

Finally, I consider the fifth issue: international comparison. As already mentioned, the formation period of modern business education in Japan is almost equal to that of commercial and business education in the United States and European countries.

Even with a delay of a few years in the introduction of management economics from Germany, scientific management methods from the United States, and the focus on the case method, it is fair to say that research and educational efforts emerged approximately at the same time. If there were differences, what were the causes?

One possible cause is differences in culture, practices, and systems. For example, one of the reasons the case method has attracted attention in Japan, but has not spread as widely as in the United States, is that there are few companies that serve as informants to provide cases. It has been pointed out that the reason behind this is the existence of a culture in Japan in which companies are reluctant to release information to the outside world.

Another cause may be the degree of market and firm development. Management theory proceeds with preconditions about the shape of the market and the enterprise. If the preconditions are not fulfilled, the theory may not be established, or if it is established, it may need to be revised.

Therefore, I hypothesize in this study that these factors may have caused modern business education and management education in Japan to take a different evolutionary path from those in the West. In the next section, I consider the advantages of Japanese business education in the twenty-first century.

2.6.2 Japanese Business Education in the Twenty-First Century

As discussed in Sect. 2.5, postwar business education in Japan consisted of two elements: workplace education/training by companies and basic education by universities. The role of universities was then reduced to providing education to acquire basic knowledge that does not interfere with in-house education and training.

However, since 1990, the progress of globalization and declining economic growth have led to a decline in corporate performance (rate of return), and there has been less cost and time spent on in-company education. Therefore, universities are attracting increasing attention as educational institutions for career advancement. In other words, it is a revival of the training-practice function that existed in prewar HCSs. The recent attention given to MBA courses at Japanese universities by businesspersons is considered to be one piece of evidence for this.

Regarding business education at Japanese universities, Japan has a significant asset of hundreds of years of educational experience, which is no less than that of Europe and the United States. In addition, Japan has two advantages: the successful experience of Japanese companies that have grown to become multinationals and the fact that it belongs to a culture different from that of the West. These two advantages are key to Japanese business education in terms of international competition. Therefore, there are two expectations and challenges for us. The first is to not boast about success stories but to analyze and interpret them in a fair way with a cool head. The second is to consider the cultural basis of business, but to not rely too easily

on cultural specificity in our analysis and interpretation. As long as we are aware of these aspects, business education in Japanese universities will be able to attain a certain position in the world.

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Chapter 3

A Captain Pioneering the New Academic Field of Business Administration in Japan: Yasutaro Hirai



Nobuchika Kaido

3.1 Establishment of Kobe Higher Commercial School

With the Meiji Restoration in 1868, Japan became a capitalist country, and the economy grew steadily. As a result, the industrial world needed people with more advanced commercial education, and higher commercial schools were established throughout the country to provide specialized education. In 1887, Japan's first government-run higher commercial school was established in Tokyo. In 1902, the second higher commercial school was established in Kobe, which was called the Kobe Higher Commercial School. At the same time, they changed the name of the higher commercial school in Tokyo from the simple name of Higher Commercial School to Tokyo Higher Commercial School.

Tetsuya Mizushima, a professor at Tokyo Higher Commercial School, was appointed as the first principal of Kobe Higher Commercial School. Since Kobe Higher Commercial School was located near the Port of Kobe, a center of foreign trade, Mizushima aimed to foster individuals who could engage in foreign trade as well as large-scale commercial management. His aim led Kobe Higher Commercial School to focus on the relationship between theory and practice. Its education and research emphasized not only theoretical analysis but also practical applications. Kobe Higher Commercial School later evolved into the Kobe University of Commerce, which was established in 1929, and then into the Kobe University of Economics and the present Kobe University (Photo 3.1).

The Kobe University of Commerce offered courses in business administration, such as the general theory of business administration, theory of management operations, theory of labor management, and theory of financial management. They were preparing the ground for the development of the School of Business Administration (Yamamoto, 1977, p. 93). The person who laid the foundation of business administration in Kobe was Yasutaro Hirai. By revisiting Hirai's work, this chapter shows

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Photo 3.1 Tetsuya Mizushima, the first headmaster of Kobe Higher Commercial School. *Source* The Kobe University Archives



how he introduced German business administration into Japanese academia and pioneered the new academic field of “Business Administration” in Japan. It will become clear how he unified academic and practical business administration into a coherent framework.

3.2 Yasutaro Hirai and the Creation of Business Administration

3.2.1 Career

Yasutaro Hirai was born on October 15, 1896, in Kobe, Japan. He was the eldest son of Yasubei and Fusako Hirai. His father, Yasubei, was the manager of Ise Spinning Co, a cotton-spinning company located in Yokkaichi back then. After graduating from the First Kobe Junior Higher School in Hyogo Prefecture, Hirai entered the Kobe Higher Commercial School and graduated from the school in 1918. The title of his graduation thesis was “A Study of ‘Pacioli.’” After graduation, he went on to study at the Tokyo Higher Commercial School. He studied under Teijiuro Ueda and graduated in 1920. In May of the same year, he was appointed as a lecturer at his alma mater, where he was in charge of research and guidance on the management of commerce and industry. Hirai’s appointment marked the beginning of business administration education in Kobe. In 1923, Hirai became a professor at Kobe Higher Commercial School. In 1929, Kobe Higher Commercial School became the Kobe

Photo 3.2 Hirai when he was a student at Kobe Higher Commercial School in 1917. *Source* Management Gruppe, editorial board [ed.] (1960)



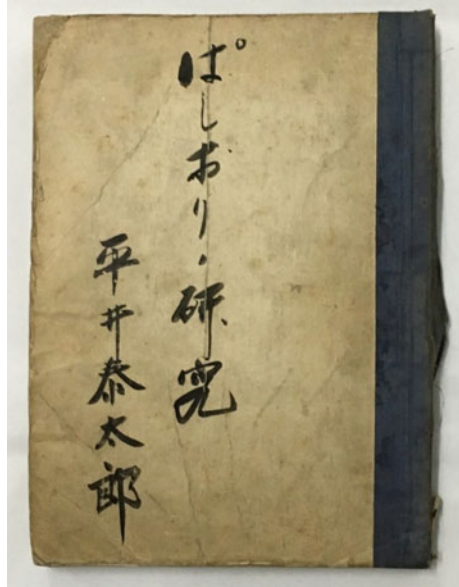
University of Commerce as a result of a campaign to elevate it to university status. Hirai became an assistant professor at the Kobe University of Commerce in the same year and a professor in 1931 (Photo 3.2).

3.2.2 *Study Abroad*

Under the leadership of Tetsuya Mizushima, the first principal of the school, Kobe Higher Commercial School sent core faculty members to Europe and the United States to prepare for future development. One of them was Hirai, who left for Europe in February 1922, when he was 25 years old. He mainly stayed in Germany during his visit to Europe, which spanned slightly more than three years. The primary purpose of his visit was to learn about the form of education and research in business administration that was rapidly developing as an emerging discipline at universities in Europe and the United States. Another goal was to prepare for teaching business administration at his alma mater after returning to Japan.

In the first half of his stay in Germany, he studied under Nicklisch, H. at the Berlin University of Commerce. In the second half, he moved to the University of Frankfurt, where he immersed himself in the study of business administration under Schmidt, F. He then returned to Japan in 1925 after a short period of research in England and

Photo 3.3 Hirai's graduation thesis, "A Study of Pacioli" provided by KUBS



the United States. The Berlin University of Commerce building, where Hirai studied, was located on Spandauerstrasse 1 near Museum Island, in the center of the financial world of the time. The building miraculously survived the bombing of World War II and is designated as a cultural asset. It is one of the oldest buildings in Berlin and is currently used as the economics department of Humboldt University (Photo 3.3).

3.2.3 *The Emergence of Business Administration*

With the establishment of higher commercial schools and universities of commerce, business administration was born as a core subject in Japan. In 1909, Teijiro Ueda started a course on "Management of Commerce and Industry" at the Tokyo Higher Commercial School, which became the starting point of business administration education in Japan. As in Germany, the formation of business administration in Japan began with making commercial science a rigorous scientific field. Until then, old commercial science was a general term for several commercial studies, which consisted of general and individual theories of commerce such as buying and selling, banking, insurance, transportation, warehousing, and exchanges. It was merely an exhaustive collection of practical knowledge related to commerce. Ueda's goal was to transform the old commercial science into real science, a systematic one. In doing so, Ueda regarded commerce as an economic phenomenon and therefore placed economics as the basis for modern business administration. The era was shifting from a commercial-centered one to an industrial-centered one. Given this shift, Ueda

included industrial management as a subject of his research, through which he quickly became aware of problems surrounding industrial management.

Similar to the development in Germany, discussions were deepened in Japan on how to establish business administration as an academic field. The formal development of business administration finally started in the 1920s, the Showa era. Students of Ueda, Yojiro Masuchi at the Tokyo Higher Commercial School, and Hirai at the Kobe Higher Commercial School made efforts to establish business administration and developed their discipline based on German business administration. Masuchi published “Introduction to Business Administration (Business Economics)” in 1926. Masuchi introduced German business administration in this book and paved the way for the independence of business administration in Japan. Masuchi, while following Ueda’s “Management of Commerce and Industry,” published works in almost all fields, including theory of corporate form, theory of joint-stock companies, theory of wages, theory of industrial management, theory of financial management, and general theory of commerce. He laid the foundation for the content of business administration. On the other hand, Hirai deepened the ideas of German business administration and worked further to form a unique business administration in Japan. Hirai’s business administration was extremely expansive, encompassing all areas of management. Hirai also took a great interest in accounting. He incorporated accounting as an important area of business administration, inheriting the tradition of German business administration. The direction of business administration pursued by Hirai differed in some way from Masuchi’s in this respect (Yoshida, 1992, pp. 51–52).

One of the differences between Masuchi’s and Hirai’s theories is that Masuchi used “Business Economics” as the name of the discipline, whereas Hirai used “Business Administration.” Business Economics is a translation of “Betriebswirtschaftlehre,” which meant Business Administration in Germany. In contrast, Hirai pursued the independence of business administration by developing his own ideas. While Masuchi mainly studied the production side with economic efficiency as his guiding principle, Hirai did not limit his focus to production but included consumption, household economy, and public economy in the scope of business administration. The two scholars were distinct from each other in their theories and personalities (Yamamoto, 1977, pp. 51–52, 63–65).

3.2.4 The Establishment of the Japan Academy of Business Administration

As business administration research became increasingly active, there was a movement to create a nationwide organization for joint research in business administration, which led to the establishment of the Japan Academy of Business Administration in 1926. Soon after Hirai returned to Japan, he attended a meeting to discuss the establishment of the academy, which was held in July 1926. Other attendees included Zen-ichi Takitani and Kinji Tanaka from Kobe Higher Commercial School. There

was a fierce debate over the name of the academy, whether it should be called the Japan Academy of Business Administration or the Japan Academy of Commerce. As a result of the vote, they decided to call the academy the Japan Academy of Business Administration. The first conference was held in Tokyo in November 1926 under the chairmanship of Teiji Ueda (Yamamoto, 1977, p. 32). At that time in Germany, the era of commerce had already become obsolete, and the time had come to enter the era of business administration. For Hirai, who had spent more than three years in Germany, the outdated debate over the name of the academy at the conference must have been a big surprise (Masuda, 2012, p. 6).

While the name of the academy was the Japan Academy of Business Administration, the purpose of the academy was “research and dissemination of the study of commerce and business administration.” One of the unique characteristics of the academy was that it started out with the name “business administration” with the two fields, “commerce and business administration” listed in this order. In 1950, at the Conference of the Japan Academy of Business Administration in Oita, they revised the regulations of the academy, and the purpose of the academy was changed from “research and dissemination of the study of commerce and business administration” to “research and dissemination of the study of business administration and commerce,” reversing the order of commerce and business administration (Yoshida, 1992, pp. 46, 56). As of 2022, the academy’s regulation still states “Article 1: This academy shall be called the Japan Academy of Business Administration,” and “Article 2: The purpose of the academy is research and dissemination of the study of business administration and commerce.” We can read the background and history of the founding of the Japan Academy of Business Administration there.

3.3 System of Hirai’s Business Administration

3.3.1 *Introduction of German Business Administration and “Quellenbuch der Betriebswirtschaftslehre (Sourcebook of Business Administration)”*

Let us now look specifically at the content of Hirai’s business administration. Having studied in Germany at a young age, Hirai’s business administration followed the thinking of German business administration. First, he established business administration by modifying the old commercial science to meet the needs of the times (Hirai, 1932a, pp. 5–10, 101). Second, he included accounting as an important subfield in business administration. Third, he thoroughly investigated what should be the subject of business administration. Fourth, he modeled individual corporate activities within the movement of the entire economy. In other words, we can see the influence of German business administration in the fact that Hirai considered the business administration, which is a “part” of the national economy, as a “whole” in itself (Hirai, 1932a, pp. 133 and below, 247 and below, 283 and below).

In prewar Germany, where Hirai studied, Nicklisch and Schmidt, who were representative researchers, established business administration based on economics and accounting. They clarified what management was in relation to the national economy. This approach was a unique feature of the German business administration that could not be seen in the United Kingdom or the United States at that time.

In 1925, while studying in Germany, Hirai published “*Quellenbuch der Betriebswirtschaftslehre, Ausgewählte deutsche Abhandlungen, Berlin 1925*” (Sourcebook of Business Administration) with help from Issac, a student of F. Schmidt. Hirai completed the work when he was 28 years old, only two and a half years after he arrived in Germany. This book is his most significant achievement during his study in Germany. It collected the essences of various books on German business administration of the time and was a comprehensive reference book on business administration.

In the “Introduction” to the book, Hirai described what motivated him to edit the “*Quellenbuch der Betriebswirtschaftslehre (Sourcebook of Business Administration)*.” He realized that the German business administration community had not yet clearly defined business administration or sorted out its academic characteristics. This led him to provide an overview of the German business administration’s past and present status and determine the direction of its development. It is remarkable that a young researcher from Japan understood and clarified the character of the German business administration (Masuda, 2012, p. 6; Yoshida, 1992, p. 88).

Hirai tried to tackle problems in all business administration fields with the system of business administration presented in this book in mind. In this sense, “*Quellenbuch der Betriebswirtschaftslehre (Sourcebook of Business Administration)*” became the basis for building his business administration framework. It was the starting point for Hirai’s business administration. Looking at Hirai’s vast body of work, it is surprising that a single researcher could have taken such a wide range of research fields into consideration and continued to study them throughout life. He did not limit his research to a single field but approached problems in all fields of business administration. We can see the ambitious figure of Hirai. While dealing with German business administration, Hirai’s business administration concept had already sprouted and was growing. Hirai was also the only foreign member of the German Academy of Business Administration.

He published many articles on Japan in German journals. Most of them are about the establishment and development of higher commercial schools and the status of business administration research in Japan. Hirai believed international academic exchange was essential for the development of business administration, and he expressed his belief through his work. In this way, Hirai paved the way for international exchanges of academic activities from early on. Hirai’s activities in Germany truly represent a bridge between Germany and Japan.

3.3.2 *Hirai's "Introduction to Business Administration"*

Hirai's goal was to build a Japanese business administration by himself. Hirai remarks, "I could never believe that I had found the business administration I was seeking through German business administration alone" (Hirai, 1932a, p. 51). To achieve this goal, Hirai conducted further research on various sources from Japan and abroad, organized them, and used them to construct a new business administration. The result of his efforts was "Commentary on the Literature of Business Administration" (1932). We can see Hirai's superhuman efforts to construct a new business administration in his writings: one written in German ("Quellenbuch der Betriebswirtschaftslehre") and the other written in Japanese ("Commentary on the Literature of Business Administration").

In parallel with this work, Hirai produced a series of books. They were also part of his efforts to establish his business administration. Hirai later explained this process in the introduction to his 1935 book "General Theory of Business Administration," as follows. "While I was thinking of writing a general theory, one of my ideas became "Common Sense in Business Administration" (1932), and the materials I collected became "Industrial Rationalization Catalog" (1932). He also recalls that when he began to explain the literature, he created "Commentary on the Literature of Business Administration," and the first part of the book, "Introduction to Business Administration" (1932), was born. Hirai's brain was truly a fountain of ideas on business administration, and his business administration had infinite possibilities.

Today, we view "Introduction to Business Administration" as a book that summarizes the essence of Hirai's business administration. This book shows the origin of the thoughts and content of his business administration. Although the book's title says it is an "introduction," it is not a usual "introductory book" written for beginners. It was an extremely advanced technical book that clarified Hirai's basic views on the nature of business administration.

3.3.3 *Commercial Science and Business Administration*

In "Introduction to Business Administration," Hirai begins by discussing the difference between commercial science and business administration. According to Masuda (2012), commercial science was destined to disappear in Germany, and business administration was establishing itself as a central discipline even though the name "university of commerce" still existed. In Japan, on the other hand, commercial science, along with the emerging business administration, still occupied a central position in the commerce departments of higher commercial schools, universities of commerce, and imperial universities. This status forced Hirai to rethink the significance of the existence of commercial science in Japan (Masuda, 2012, p. 8).

According to Hirai, even seven years after the conference to establish the Japan Academy of Business Administration, Japanese commercial science stuck to its

conventional academic style (Hirai, 1932a, p. 24). Hirai believed that if commercial science could have meaning in its existence as an academic discipline and as a teaching subject, it must be pulled out of its comfort zone and forced to reform itself. Hirai reflected this view in “Introduction to Business Administration.”

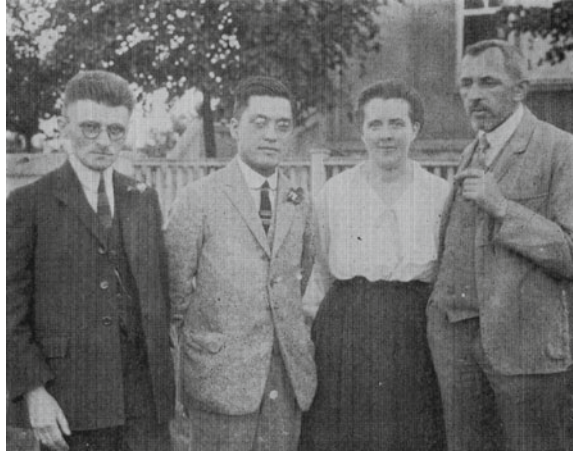
3.3.4 Individual Economy as an Object of Business Administration

Then, what does Hirai think of the research object of business administration? Hirai specifically defines the individual economy as the research object of business administration (Hirai, 1932a, p. 186). What does the individual economy mean here? Hirai considers the individual economy as an entity that engages in economic activities with a specific purpose, has a unified will and plan, and has an accounting and budget. Therefore, the common characteristics of individual economies are “conformity to purpose,” “conformity to plan,” and “conformity to calculation.” The economic unit defined in this way is business administration. The individual economy that meets these requirements includes the production economy, consumption economy, households, and public economy. They are all research objects of business administration.

Given his way of defining research objects, Hirai criticized theories that limit research objects only to a profit-making economy. Defining the research objects this way would exclude public enterprises, public organizations, and the national economy from the object of business administration. Hirai also asked whether large corporations were acting solely on profit. While understanding their profit-seeking aspect, Hirai took a close look at the large corporations’ social aspect and noted that their goal was not limited to making profits. Hirai pointed out that corporations had already gone beyond the scope of a single company and are becoming social or public entities. Hirai called this phenomenon the “publicization of the corporation” and the “socialization of the corporation.” At that time, Hirai had already clearly grasped the characteristics of the modern stock company.

Hirai also criticized production economy theory. According to production economy theory, the subject of business administration does not include the public economy (public enterprises, public organizations, the state, etc.), the foundation economy (hospitals, schools, religious organizations, etc.), and the household economy, which does not engage in production. Hirai argued that the consumption economy was also a subject of business administration. He also argued that the household economy must also be encompassed in the subject of business administration, not to mention the public economy and foundation economy. The household economy here includes the economic activities of ordinary households and those of armies, factories, and schools. These household economies have an economic unit, form an organization, and plan under a unified will to achieve their objectives. They

Photo 3.4 Hirai (second from left) and Dr Isaac (far left) at the home of Prof Schmidt (far right), outside Frankfurt, 1924. *Source* The Association for the Memorial of Dr. Yasutaro Hirai (ed.) (1974)



also aim to control the balance between income and expenditure appropriately (Hirai, 1932a, p. 26; Masuda, 2012, p. 11).

The object of Hirai's business administration, the individual economy, expanded to include the profit-making economy, public economy, household economy, consumption economy, and even the national economy. The distinctive feature of Hirai's business administration is that it takes all types of management as its research object and conceives of business administration as a theory of individual economy.

Hirai's definition of the object of business administration is based on the organism view that the individual economy is a "part" of the national economy. Nevertheless, at the same time, it is a "whole" in itself (Hirai, 1932a, p. 260). Economics treats the individual as a part of the whole, but business administration does not consider the individual part of the whole. Instead, it considers the individual as a whole. This view is the key characteristic of business administration distinct from economics. This is why it is possible to consider the individual economy that consists of planning, purpose, and calculation from the viewpoint of business administration. Here, we can see the influence of Nicklisch and Schmidt, who tried to grasp the individual and the whole from an organismic perspective (Photo 3.4).

3.3.5 The Purpose of the Individual Economy

What is the purpose of the individual economy? Hirai says that "economic efficiency" is the purpose of the individual economy. Here, "economic efficiency" means "the degree to which the economy is suitable for its purpose" (Hirai, 1932a, p. 229). Therefore, each individual economy acts rationally in the circumstances of the moment.

Masuda says that Nicklisch influenced Hirai's theory of economic efficiency. Nicklisch's theory of economic efficiency was derived from his theory of the management community, in which management is a community consisting of capital and labor. Nicklisch's theory of the management community commands the maintenance of management itself and its members.

According to Masuda, the economic efficiency that Hirai is referring to ultimately aims to maintain management itself. One cannot maintain management without achieving economic purposes and vice versa (Masuda, 2012, p. 12). Hirai's successor, Kiichi Ichihara, inherited Hirai's concept of economic efficiency and maintenance of management and developed a theoretical framework for them.

3.3.6 Hirai's Achievements: Systematization of Courses, A Compilation of the "Dictionary of Business Administration," and Establishment of the Doctor of Business Administration

Hirai's business administration centered around core subjects, history of management theories and general theory of business administration, and individual subjects, theory of corporate form, theory of financial management, and theory of labor management. It also covered the theory of management operations and the theory of management calculation. The business administration courses at Kobe University of Commerce and later at Kobe University were structured mostly based on Hirai's business administration concept. Their course organization became a prototype of business administration education in Japan.

Another notable achievement of Hirai was editing and publishing the "Dictionary of Business Administration" (1952). With 350 authors and 1275 pages of text, it was the first full-fledged business administration dictionary in Japan. This dictionary covers the fields of business administration, commerce, and accounting as well as adjacent areas such as economics, sociology, psychology, and law. The compilation of the "Dictionary of Business Administration" also reflected Hirai's vision of business administration. Hirai was also the first person in Japan to create the degree of Doctor of Business Administration and earned it himself in 1951. Hirai often made fun of this fact. His dissertation title was "A Study of Control Management and Improvement of Trading Organization for Excellent Production and Appropriate Distribution." This paper was published in the same year with another title, "The Undercurrent of Economic Control" by Toyo Keizai Shimposha. In his dissertation, Hirai criticized economic control in the wartime and postwar periods from the perspective of business administration. It also investigated why economic control failed.

3.4 Theory and Practice in Business Administration

3.4.1 *Pragmatism in Business Administration*

Business administration started with higher commercial schools and universities of commerce based on practical needs. Since its inception, the relationship between theory and practice has been a fundamental methodological problem. In his 1927 article, Hirai named the practical tendency in business administration “pragmatism” and pointed out that it played an essential role in creating business administration. Here, “pragmatism” is a general term for claims such as “practical,” “pragmatic,” and “application-oriented” (Hirai, 1927, p. 33).

Using an analogy, Hirai argues that studying a physical phenomenon in a vacuum is not enough, and one should study the phenomenon in a realistic setting. He thinks it is crucial to study reality without preconditions. According to him, the researcher should understand the flow of capital, for example, as well as the methods of book-keeping and accounting. He notes that it is important to sort out practical problems from a theoretical viewpoint and analyze them rigorously. Neither studying theories nor explaining common practices is enough.

Hirai claims one cannot understand business administration without understanding pragmatism. He thought its overwhelming impact on business administration was not always beneficial. Nonetheless, he also noted that it had forced the field to mature. Hirai’s orientation toward pragmatism is linked to his focus on management mechanization in the 1940s. Hirai received a free loan of a complete set of punch-card systems from IBM. He opened the Management Calculation Laboratory in 1941 and the Management Accounting Training Institute in 1944. He trained technicians in management mechanization at the Management Accounting Training Institute, which was succeeded by the Research Institute for Economics and Business Administration in the postwar period.

3.4.2 *Publication of “Industrial Rationalization Catalog” and Training Students*

Hirai also studied the problem of industrial rationalization, which was an urgent issue between the two world wars. His analysis was based on a detailed and meticulous collection of materials and resulted in the publication of the “Industrial Rationalization Catalog” with over 800 pages. This large book collected outcomes from studies conducted by Hirai’s students at the Business Administration Laboratory over a long period with support from the industry, the Ministry of Commerce and Industry, Hyogo Prefecture, and other administrative agencies (Hirai, 1932b, legend pp. 2–3).

Many of Hirai’s students became pioneering researchers in business administration and accounting. They include Katsuji Yamashita (general theory of accounting),

Yoshiro Toda (theory of bookkeeping), Yasutaro Tamba (theory of financial management), Minoru Beika (theory of management location), Tadakatsu Inoue (business history), Kiichi Ichihara (general theory of business administration, history of German business administration), and Akio Mori (theory of financial management). They taught and conducted research at their alma mater for a long time before and after the war and pioneered their specialized fields. Hirai's laboratory fostered many excellent researchers in various areas. The Kobe University of Commerce and Kobe University became the center of business administration in Japan. We can see the breadth of Hirai's business administration from the diverse research fields of the researchers Hirai fostered.

3.5 Succession and Development of Hirai's Business Administration

3.5.1 Ichihara's Theory of Economic Efficiency

Kiichi Ichihara, a student of Hirai, further developed research on German business administration, which Hirai pioneered. Ichihara identified the characteristics of German business administration in the work of Nicklisch and aimed to revitalize Nicklisch's business administration, which had attracted little attention in Germany at the time. He published his ambitious work "German Business Administration" in 1954 at the age of 33. With the publication of this book, Ichihara built a solid foundation for German business administration research in the postwar period. At that time, Ichihara inherited the concept of economic efficiency and the theory of management maintenance from Hirai. Ichihara criticizes the normative aspects of Nicklisch's concept of economic efficiency and re-examines Nicklisch's theory from the perspective of management maintenance. Ichihara then elucidated postwar codetermination based on Nicklisch's two-class model that defined management as a community consisting of capital and labor. Ichihara developed his theory of the management community based on Hirai's theory of management maintenance. We will discuss Ichihara's business administration in Chapter 5, but let us first discuss Ichihara's concept of economic efficiency, management maintenance theory, and management community theory. Doing so will reveal how Ichihara inherited and developed Hirai's business administration.

Ichihara emphasizes the importance of Nicklisch's theory of economic efficiency (Ichihara, 1954, p. 205). Ichihara argues that economic efficiency must be the central concept of business administration. He inherited this perspective from Hirai. While Hirai did not directly link his concept of economic efficiency with Nicklisch, Ichihara emphasized Nicklisch's concept of economic efficiency (*Wirtschaftlichkeit*) in developing his theory. This economic efficiency is the principle for selecting what is essential from others.

Photo 3.5 Ichihara driving his car. *source* Kiichi Ichihara Memorial Commemorative Project Association (1981), *Reminiscences*, Moriyama Shoten (in Japanese)



Nicklisch's concept of economic efficiency is, unlike general conceptual rules, his original creation. As already mentioned, Nicklisch treats management as a community composed of capital and labor. Therefore, any expenditure on external procurement is a cost. However, compensation for labor is understood as part of management outcomes (Ertrag), not as a cost. Economic efficiency requires the production process to generate the highest possible value or outcome. It also requires the distribution process to distribute outputs fairly (Ichihara, 1954, pp. 122–123) (Photo 3.5).

3.5.2 Ichihara's Theory of Management Maintenance

Ichihara does not fully agree with Nicklisch's economic efficiency. Ichihara viewed the normative nature of Nicklisch's economic efficiency as problematic when applied to the distribution process. Nicklisch discusses what should be a proper distribution of outcomes among corporate members based on economic efficiency. The proper distribution is determined based on the concept of justice, which inevitably faces ethical judgments. Business administration then takes on the character of normative science. Ichihara criticizes this point. He notes that economic efficiency cannot be considered a criterion for ethically fair distribution. Ichihara argues that we should take the perspective of management. In this respect, Ichihara inherited Hirai's theory of management maintenance. In other words, Ichihara links economic efficiency to the maintenance of management itself.

Ichihara gave the following analogy by viewing management as growing a tree. It is difficult to determine the exact contribution of each element that makes a tree grow. Nevertheless, when considering compensation, it is possible to focus on how

much each contributed to the maintenance and development of the tree. Ichihara interprets Nicklisch's principle of distribution from the standpoint of management maintenance. In other words, the maintenance of each input is the criterion. Ichihara argues that "A fair wage should be interpreted in connection with the maintenance of labor force. Compensation to the owner of capital must be considered in relation to the maintenance of the capital provision itself" (Ichihara, 1954, p. 145).

Ichihara's concept of output is similar to Lehmann's concept of value-added. According to Ichihara, Nicklisch tries to define the scope of value-added by the scope of its recipients. However, Lehmann discusses value-added only in the context of production. The sum of newly generated income is the value-added, and to whom it belongs is another matter. Ichihara states, "Instead of following Nicklisch, we should treat Lehmann's definition of value-added as management's output" (Ichihara, 1954, p. 162).

3.5.3 *Codetermination and Theory of the Management Community*

Ichihara further analyzed individual problems of the postwar period, including codetermination, in "Essays in Business Administration" (1975). He did so by considering what Nicklisch would have said if he had been there. Although more than 60 years have passed since the publication of Ichihara's masterpiece, "German Business Administration," his business administration is still relevant to understanding modern German management. In 1951, the Montan Co-Determination Act was passed, which applied to the coal and steel industry, and in 1976, the Co-Determination Act was passed. Since then, the codetermination system has been in place for more than 70 years. Furthermore, the European company SE, a joint-stock company at the EU level, has also achieved employee participation in management. One can see the idea that labor and capital are cooperative behind the European management model.

How did Ichihara view codetermination in his business administration? Ichihara highly valued the Montan Co-Determination Law and stated as follows. From Nicklisch's point of view, codetermination with equal rights shared by labor and capital is an ideal management system. The fact that it is implemented is of great significance for the theory of the management community. If Nicklisch had been alive, he would have expressed his views on this issue. Ichihara stated that he wanted to consider the trend of the codetermination issue based on Nicklisch's position (Ichihara, 1975, pp. 63–64).

According to Ichihara (1975), the acquisition of the right to codetermination has been a long-cherished dream of German labor unions since the Weimar period. They even decided to go on a general strike after the war to obtain it. Ichihara notes that labor unions' efforts established this system. He also emphasized the fact that German labor unions had the idea of integration, and he attempted to clarify the problem of codetermination from this perspective (Ichihara, 1975, pp. 65, 78).

According to Ichihara (1975), the idea of codetermination builds on a two-class model of capital and labor. The supervisory board members of a firm represent only capital and labor. There is no seat for anyone representing consumers, local communities, or the nation. Integration, therefore, is the integration of capital and labor. This integration must not be the integration of labor into capital. That would make the premise of equal rights for labor and capital disappear. Labor must not be a mere means to capital, and capital must not be a mere means to labor. Ichihara points out that both capital and labor must be considered as means as well as ends (Ichihara, 1975, pp. 82–83).

3.5.4 Management Outcomes as the Purpose of the Enterprise

Here, Ichihara discusses codetermination in relation to the purpose of the enterprise. If we think of codetermination based on the idea that the purpose of the enterprise is profit or capital profitability, then labor is a means to capital. This is because capital profitability is an economic calculation based on the interest of capital and not of labor. Ichihara argues that one can relate Nicklisch's theory of management outcomes to a way of thinking that integrates capital and labor. According to Nicklisch, a cost is an expenditure required to achieve an objective. The definition of the cost depends on how you define and view the objective. From the perspective of capital, the objective is to make profits. Therefore, profit is not part of the cost. Since wages and salaries are necessary expenditures to make profits, they are costs. The lower the cost is, the more desirable the profits are. In contrast, the objective of labor is to make earnings. Therefore, from that point of view, profit is part of the cost (Ichihara, 1975, p. 83).

What is its cost if we think of an enterprise as an integrated form of capital and labor? His definition includes neither the share of capital nor the share of labor. This is because both capital and labor are members of the management. According to Nicklisch, a cost is an expenditure on anything supplied from outside the enterprise. It is Nicklisch's narrowly defined cost. Consider subtracting costs from revenue. If we subtract the costs of goods sold, we are left with a profit, but if we subtract costs in Nicklisch's sense, we are left with more than the profit. This amount is referred to as management outcomes (Ichihara, 1975, pp. 83–84).

According to Ichihara, the concept of management outcomes has significance in modern times. The management outcomes are the source of the capital and labor shares. The larger it is, the more advantageous it is for both parties, and in this sense, management outcomes can be a pillar of integration theory. By setting management outcomes as the purpose of the enterprise, labor and capital can cooperate in the production process. Ichihara also values the concept of management outcomes assuming equal rights between labor and capital (Ichihara, 1975, p. 84).

As already mentioned, it has been almost half a century since the Co-Determination Act of 1976 was passed. Employee participation in management has

also been realized in the European company SE, a joint-stock company at the EU level. In a social market economy, the idea of a cooperative enterprise model of labor and capital exists. The modern significance of Ichihara's business administration lies in that he was the first to pay attention to the German management philosophy in the 1950s, when labor-management conflicts were intensifying in Japan, and to clarify the modern significance of Nicklisch's theory.

The 1950s was a time of intensifying class struggle in Japan. Although the industrial and labor sectors were beginning to move away from a hostile stance toward cooperation and dialog, the industrial relations of the time were still far away from the idea of labor and capital cooperation and their equal rights. This era led to the Nissan labor struggle in 1953 and the Mitsui Miike struggle in 1959. Undoubtedly, people received Ichihara's business administration with a certain degree of surprise and freshness back then.

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Chapter 4

The Road to KUBS: The Ages of Kobe University of Commerce



Kyohei Hirano and Yasuhiro Shimizu

4.1 Elevation to Kobe University of Commerce

Following the Tokyo Higher Commercial School, which was promoted to university status in 1920, Kobe Higher Commercial School also took the initiative to achieve university status, with the aim of improving education and research activities. Kobe Higher Commercial School was promoted to university status by the Imperial Diet in March 1923, but due to the impact of the Great Kanto Earthquake and the financial crisis, its opening, which was scheduled for 1927, was postponed, and it was decided that the school would become a university without establishing preparatory courses and affiliated specialized divisions.

Generally, in addition to the route of entering university through high school, there were other routes equivalent to a high school program, such as 3-year preparatory courses at public universities and government universities and 2-year preparatory courses at private universities; these provided an internal entrance route. Furthermore, although it was not necessarily assumed that students would go on to university, there was a specialized division that provided specialized education centered on practical sciences; this was as an organization affiliated with the university based on the Vocational School Ordinance rather than the University Ordinance, and it also provided an internal entrance route. As shown in Fig. 4.1, the Tokyo University of Commerce and the Osaka University of Commerce, which were promoted to university status earlier, had newly established preparatory courses and reorganized the former Higher Commercial Schools into affiliated specialized divisions (3-year system), creating an internal entrance route where students could complete their preliminary education

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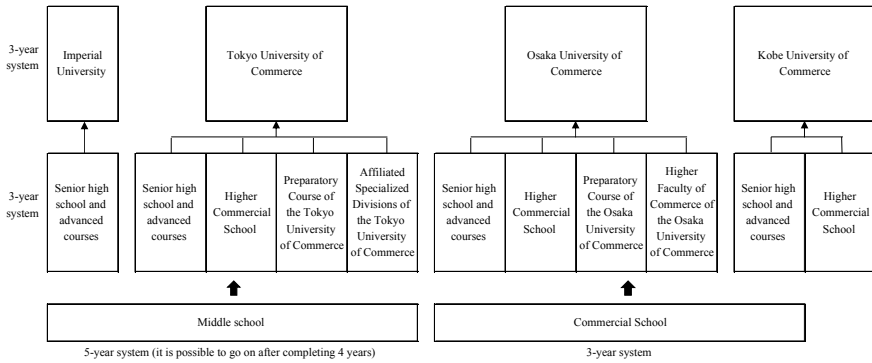


Fig. 4.1 The route to go on to Sanshōdai (the Three Commerce Universities) in 1930

before entering university. Kobe Higher Commercial School was promoted to university status on April 1, 1929, and when it opened as Kobe University of Commerce, it lacked an internal entrance route. This is when the *Sanshōdai* (the Three Commerce Universities) appeared.

Regarding internal entrance to Kobe University of Commerce, after the decision to integrate Himeji Normal School and Mikage Normal School in 1936, half of the Mikage Normal School building was borrowed to house a preparatory course that officially opened in April 1940. For the affiliated specialized division, which was another route, the former Kobe Higher Commercial School became the Affiliated Specialized Division of Commercial Science after promotion to university status, but this was a temporary measure until the enrolled students graduated, and the university was fully established after the war. However, this also only survived for a short period due to the transition to the new university system.

Regarding the direction of academic research with an emphasis on practical sciences, Shinji Tazaki, the first president of Kobe University of Commerce, said that faculty members' task was to "make [the institution] the head temple of commercial science," while students' and graduates' responsibility was to "make it the source of the commercial spirit," and the collective efforts and fellowship of all the people on campus were "to make the group seem like a village school" (Kobe University of Commerce, 1934). This communal atmosphere featured the "application of scientific principles" emphasized since the era of the Kobe Higher Commercial School, and educational and research activities were actively promoted based on the guiding principle of "harmony between theory and reality." To meet the demands of the new era of commercial development, Kobe University of Commerce decided to engage in full-scale research and education in business administration, in addition to conventional commercial science and economics. However, at the time, the field of business administration was being formed in Europe and the United States and was regarded as an academic discipline that had not yet been established in Japan. Hence, business administration faculty translated and introduced foreign literature, examined business administration academic systems, and conducted research on the actual management

Photo 4.1 Cover of the booklet of lecture outlines of the Kobe Higher Commercial School and the Kobe Commercial University



of Japanese companies, with the aim of establishing business administration as an academic discipline domestically.

One of the outcomes of the practical science orientation was Yasutarō Hirai's *Industrial Rationalization Catalog*, published in 1932. The book's preface reads: "The Business Administration Laboratory of the Kobe University of Commerce strove to collect a variety of works and materials related to business administration, and made efforts to investigate the actual conditions in general industries in Japan and abroad, and to record case studies" (Hirai, 1932, p. 1). Indeed, during the Showa Depression, when industrial rationalization was called for, Hirai mobilized his seminar students to conduct large-scale field research. Under Hirai's leadership, they explored business administration academic systems and pursued academic theories based on German business economics while also conducting field research to broadly approach the actual business situation. In addition to desk research, they were involved in the practice of business administration in a way that responded to the needs of the times (Photos 4.1 and 4.2).

4.2 Expansion of Business Administration-Related Subjects

Business administration education at Kobe Higher Commercial School began with one course called Business Administration, which Hirai taught. After the school became a university in 1929, the roster of business administration-related subjects expanded, along with economics and commercial studies, and systematization of business administration subjects was attempted. According to *The Outline of Lectures* of 1931, there were only two business administration-related subjects, namely, General Theory of Business Administration and Business Operation Theory, which Hirai taught. However, *The Outline of Lectures* of 1933 shows that Labor Management Theory and Financial Management Theory were added to business

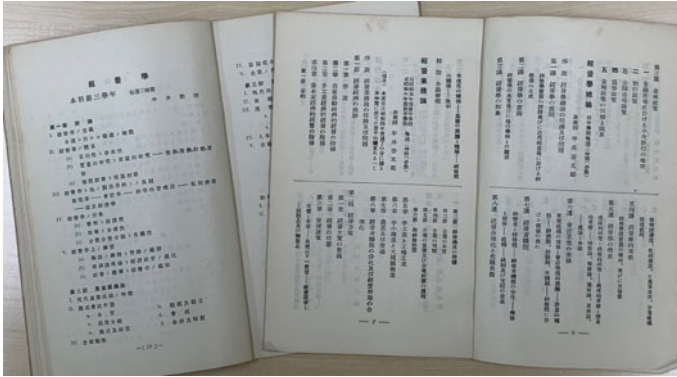


Photo 4.2 Description of the section on business administration in the booklet of lecture outlines of Kobe Higher Commercial School and Kobe University of Commerce

administration-related subject offerings, striking a good structural balance with economics, commercial science, and accounting subjects within the department of business administration. The business administration-related subjects were based on the business administration academic system Hirai conceived; Business Operation Theory, Financial Management Theory, and Labor Management Theory were arranged as theories in General Theory of Business Administration. From the time of the Kobe University of Commerce to the Kobe University Business School under the new system, the lecture system and course organization for business administration took shape according to Hirai's concept (Kobe University Centennial History Editorial Committee, 2002, p. 357).

The subjects Hirai taught, namely, General Theory of Business Administration and Business Operation Theory, covered a wide range of areas with an awareness of Western business administration as well as trends in Japan and included plenty of discussion points related to new and realistic problems. These were compulsory subjects. Lectures in the General Theory of Business Administration were structured based on the concept of business administration, as individual economics generally target individual economies. The first order was awareness of the problem of understanding management as an organizational body and capturing various management actions. Second, it was emphasized that business administration differs from other fields; this was accomplished through explanations of its significance, targets, and methodologies. Additionally, from the viewpoint of business administration's policy-theory nature, the ultimate goal is to maintain the management body; hence, lectures reflected the theme of differentiation of management functions for that purpose.

On the other hand, in Business Operation Theory, all transport relationships among management, which have conventionally been regarded as transactional acts, were assembled as business operations, and lectures espoused the business administration perspective. The lectures covered various phenomena related to a range of transactional acts, such as handicraft manufacturing and mass production, as well as profitability, organization, mechanization, and capital raising in a capitalist economy.

Moreover, commercial finance, stock exchange, and commodity distribution were also positioned as part of management’s operational activities.

Financial Management Theory was taught by Kenji Hayashi, an accountant, and Labor Management Theory was taught by Yoshimoto Kobayashi, who formerly taught the history of economic theory before switching to business administration. These subjects were electives. Kobayashi formerly taught at Wakayama Higher Commercial School before joining Kobe University of Commerce in 1931. He became a pillar in business administration studies in Kobe, along with Hirai. Hirai extended invitations to excellent professionals, even those whose academic background differed from his own, and he dedicated much careful thought to expanding and revitalizing business administration research and education. Regarding electives, Kobe University of Commerce presented ten study models, including economics, business administration, trade, shipping, finance, insurance, industrial management, markets, accounting, and commercial administration, so that students could choose subjects according to their interests and desired career path. The course model for management studies is shown in Fig. 4.2. Interestingly, there exists a course model for industrial management created in response to the increasing importance of industry in the Japanese economy and the rapid progress in heavy chemical industrialization.

Compulsory subjects		Optional subjects	
Subject name	Class hours	Subject name	Class hours
Economic Principles	3	Reading Foreign Books	2
Commercial Policy	2	History of Economics *	2
Finance	2	Economic Philosophy	2
Economic History	2	Economic Policy	2
Introduction to Commerce	2	Industrial Policy	2
Financial Theory	2	Social Policy	2
General Theory of Business Administration	1	Economic Statistics *	2
Management Theory	2	Business Theory *	2
Bookkeeping	3	International Finance Theory	2
Accounting	2	Market Theory *	2
Commercial Mathematics	2	Stock Exchange Theory	1
Statistics	2	Commodity Exchange Theory	1
Constitutional Law	2	Labor Management theory *	2
Civil Code (General Provisions)	2	Financial Management theory *	2
Civil Code (Property Rights)	1	Trade Management Theory	2
Civil Code (Obligations)	4	Bank Management Theory	2
Commercial Code (General Provisions)	2	Trust Business Theory	1
Commercial Code (Companies)	2	Traffic Theory	2
Commercial Code (Bills)	1	Insurance Theory	2
Economic Geography (Part 1)	2	Principles of Bookkeeping and Bookkeeping Method	2
Commerce Science (English)	2	Cost Accounting *	2
		Audit Theory *	1
		Bankruptcy Law and Composition Act	2
		Introduction to Engineering	2
		Industrial Psychology *	2
		1 of either French or German	6

Fig. 4.2 Course Registration model for business administration. *Note* Subjects marked with an asterisk should be selected with priority, and “class hours” indicate weekly class hours in one academic year. *Source* Kobe University of Commerce (Ed.). (1934). Outline of Kobe University of Commerce, December 1934. Kobe University of Commerce, pp. 6–12

4.3 Renaming as Kobe University of Economics and Establishing the Department of Business Administration

After finalizing the long-awaited promotion to university status, business administration research and education began to develop in earnest at Kobe University of Commerce. However, during the war period, economic and commercial educational institutions faced a harsh environment, specifically pressure to convert to science and engineering schools, which were expected to contribute to the military. Other pressures included early graduation of enrolled students, the departure of students to the front following the suspension of conscription, and a reduced student body. As the war intensified, students were sometimes sent to war zones or to work in factories or undertake various types of civil engineering work as part of the mobilization of labor services. Faculty members had to accompany them, creating a major obstacle to education.

Fortunately, Kobe University of Commerce was never converted into a science and engineering school; however, the name was changed from Kobe University of Commerce to Kobe University of Economics in October 1944, partly because the military authorities disliked the word “commerce.” Moreover, the Department of Business Administration was established; this entailed expanding and reorganizing the existing Department of Commerce, along with the Department of Economics, the Department of Economics and Public Administration, and the Department of Greater East Asian Economics. Kobe University of Economics’ Department of Business Administration was the first of its kind at a Japanese government university, and the university became an educational institution that could award bachelor’s degrees and doctorates in business administration.¹ The successful institutionalization of the Department of Business Administration, which existed in a practical sense, can be viewed in two ways. One is that while avoiding the terms “commerce” and “commercial studies,” rather than insisting on retaining the name “Department of Commerce,” the department’s name was changed to “Department of Business Administration” to fend off pressure from the military, just as the University’s name was changed to exclude “commerce” in favor of “economics.” The other view is that Hirai, who was trying to expand the concept of business administration to a national scale in a controlled wartime economy, exploited the military’s dislike of the term “commerce” to promote the utility and progressiveness of business administration studies, which he convinced them to accept (Shimamoto, 2022, pp. 71–72). Around this time, business administration research and education had progressed, and commercial studies research had been divided into economics and business administration research. It

¹ When Osaka University of Commerce gained university status in 1928, course offerings in trade, finance, business administration, and municipal administration were established, and in the 1931 revision of academic regulations, these were specified as departments, but each was offered as a major to be selected in the second year (Osaka University of Commerce’s 60-Year History Compilation Committee [1944, pp. 324, 376]).

First academic year		Second academic year		Third academic year	
Subject name	Number of credits	Subject name	Number of credits	Subject name	Number of credits
Imperial Economics	1	Finance	1	Trading Policy	1.5
Economic Principles	1	Japanese Industrial Theory	1	Financial Management Theory	1
Management	1.5	Financial Economics	1	Business Management Theory	1
Accounting	1	Supply Theory	1	Bookkeeping Theory and Method	1
Introduction to Engineering	1	Labor Management Theory	1	Commercial Law, Part II	1
Constitutional Law	1	Cost Accounting	1	Economic Law	1
Civil Code, Part I	1	Civil Code, Part II	1.5		
Reading Foreign Books	1	Commercial Law, Part I	1		

Fig. 4.3 Academic year’s distribution of compulsory subjects when establishing the Department of Business Administration. *Source* “Faculty Regulations of Kobe University of Economics,” Records of the Former of the Faculty Council, Kobe University of Economics, 1944

seems that growing awareness and understanding of business administration within the university contributed to this.

When the Department of Business Administration was established, the business administration-related subjects were Business Administration, Financial Management Theory, Labor Management Theory, Management Control Theory, Comparative Management Theory, and Business Inspection Theory, but there came a time when Labor Management Theory was renamed from *Rōmu* to *Kinrō*, although in English it is the same Labor, and Management Control Theory was renamed Production Management Theory. Perusal of the subject numbers stipulated in the academic regulations, specifically the 400s the tier to which the business administration-related subjects belonged, shows accounting-related subjects such as Accounting, Cost Accounting, Government Accounting, Bookkeeping Theory, and Bookkeeping Organization, as well as other *Kei-Roku* (record-keeping) related subjects such as Mechanical Record-Keeping Theory, Introduction to Engineering, Mechanical Engineering, and Electrical Engineering, which will be described later. The compulsory subjects and academic year distribution for the Department of Business Administration are shown in Fig. 4.3. For the course names during this period, there was a tendency toward decreased use of “commercial science” and “commerce.”

4.4 The Management and Recording-Keeping Training School as a Practical Development in Business Administration

The referenced period represented tough times for economic and commercial educational institutions, but Hirai’s research and educational efforts in business administration as a practical science were realized on a larger scale. Specifically, undertaking management mechanization research and education during the war period was extremely challenging and ambitious.

During his stay in the United States from 1937 to 1938, Hirai recognized the computing power and operational speed of the punch card systems manufactured

by International Business Machines (IBM) and thought of working on management mechanization with the aim of streamlining clerical work. He obtained an IBM punch card system on free loan, and in May 1941, the Management Calculation Laboratory was established at Kobe University of Commerce, and research on management mechanization began. Hirai believed that administrative work and accounting also needed to be streamlined due to the increase in administrative work during the war and the rapid expansion of munitions production. He therefore appealed to the Ministry of Munitions and the Ministry of Education, saying, “We are limited to mechanization when there is a shortage of military strength, industrial promotion, and manpower” (Hirai, 1954, p. 108). In April 1944, with the aim of contributing to improving the efficiency of administrative work that supports economic control and increased military production, the Management and Record-Keeping Training School (offering a regular 1-year course and an advanced 1-year course) was established, and training of technicians responsible for management mechanization began. Hirai, who was the director of the training school, coined the term *Kei-Roku* (record-keeping) by combining the words *Kei-San* (calculation) and *Ki-Roku* (recording). In August of the same year, the Management Calculation Laboratory was elevated to the status of a research institute named the Management Mechanization Institute with the function of supporting the training school’s educational activities.

This training school is one of the few economics and commerce educational institutions established during the war. It offered two courses: a regular course for university and vocational school graduates and another regular course for graduates of secondary schools with a 4-year study term (a boys division and a girls division) within a coeducational system. For its establishment and operation, the training school received support from, among others, the Army and the Navy, the Aviation Manufacturers Association, and Kanegafuchi Jitsugyō (formerly Kanegafuchi Spinning), which had also undertaken the manufacture of mechanical calculators. The training school offered courses in management, record-keeping, technology, and practical training and aimed to synthesize everything from business administration, accounting, and management mechanization to basic engineering knowledge and machine operation. The school intended to be interdisciplinary (Beika, 1994, p. 7). Since research on management mechanization was nascent, this intention was not fully realized; however, Kobe University of Commerce faculty, including Minoru Beika, who was one of Hirai’s disciples, as well as former employees of Japan Watson Punch Card System, a Japan-based subsidiary of IBM Corporation, and engineers in charge of management mechanization at Tachikawa Aircrafts, among others who later played a major role in promoting management mechanization and computerization, gathered and gave lectures. Additionally, the training school not only taught academic theory via classroom lectures but also made efforts to ensure that students had opportunities to observe and engage in practical work via on-site tours and practical training. The training school received high praise from the business world for fusing academic theory and practice in its educational achievements, and some of the school’s graduates went on to work on management mechanization at their places of employment (Hirano & Fujita, 2020, pp. 49–50) (Photo 4.3).

Photo 4.3 Management mechanization exhibition room. Historically valuable accounting machines and other equipment are on display

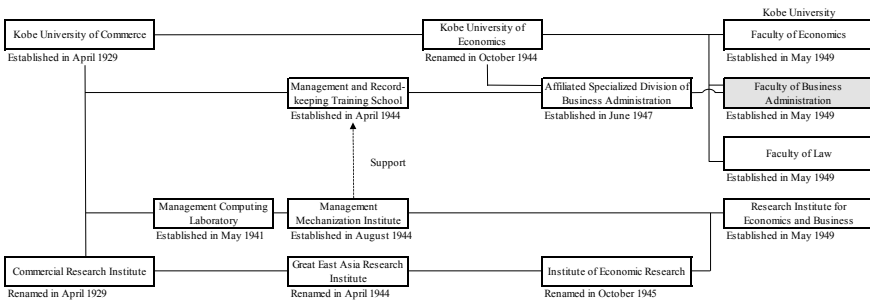


Fig. 4.4 Lineage of the three faculties of Kobe University and the Institute of Economics and Business Administration

When the Management Calculation Laboratory was established in May 1941, given Hirai’s statement that “Postwar Japan will inevitably mechanize its business affairs, and I would like the university to play a leading role at that time;”² the aim was not to establish and develop business administration simply as a pursuit of academic theory but rather to meet the needs of the times while incorporating practical approaches to business administration. As shown in Fig. 4.4, Hirai recalled that “At the basis of this institute, we eventually established the Specialized Division of Business Administration, and in a triple jump, we obtained the first and, thus far, the only national undergraduate and graduate schools of business administration in Japan” (Hirai, 1954, p. 108). It was also important because it led to the establishment of the Business School.

² “Mechanized units for voucher organization as well,” *Osaka Mainichi Shimbun*, Evening Edition, May 16, 1941 [in Japanese].

4.5 Establishment of the Affiliated Specialized Division of Business Administration and the Second Faculty

After the end of the war, Kobe University of Economics did not revert to its original name, and the Department of Economics and the Department of Business Administration were integrated. An attempt was made to resume activities by quickly restoring prewar research and education. However, resuming lectures was difficult due to building repairs and students' livelihood security issues. Additionally, the issue of confiscation of university facilities by the Occupation Forces arose, and although the Occupation Forces only eventually confiscated the auditorium, tennis court, and swimming pool, faculty had to devote their energy to this negotiation. Higher education institutions, including Kobe University of Economics, were seeking to resume their research and educational activities in the difficult times after Japan's defeat in the war, but the major problem they all faced was how to respond to educational system reform.

In December 1946, the General Headquarters (GHQ) of the Supreme Commander for the Allied Powers issued a statement concerning high schools, vocational schools, and preparatory courses. The policy divided the affected institutions into three types: those that would be immediately promoted to university status, those that would be promoted to university status in 3–5 years, and those that would become high schools under the new system. Kobe University of Economics considered how to respond to this. At the time, the university had been conducting business administration research and education in its Department of Business Administration, which was established in October 1944, and in the Affiliated Specialized Division of Business Administration, which had already largely created the conditions for the establishment of the forthcoming Business School (Kobe University Centennial History Editorial Committee, 2005, p. 338). The Affiliated Specialized Division of Business Administration was established as equivalent to the former Kobe Higher Commercial School in August 1946, taking the Management and Record-Keeping Training School, which promptly resumed management mechanization education after Japan's defeat in the war, as a seedbed.

The specialized division offered a 1-year advanced course, in addition to a 3-year regular course. Alongside regular course graduates, students from vocational schools of economics, commerce, and industry throughout the country were also accepted. This was characteristic of the specialized division, along with the coeducational system inherited from the training school (Hirai, 1954, p. 106). The preparatory process for the specialized division's establishment shows that specific emphasis was placed on shifting to business administration-centered education in the regular course, alongside continued advocacy of management mechanization.³ Business administration-related subjects included Business Administration, Labor Management Theory, Production Management Theory, Financial Management Theory, Business Operation Theory, and Business Practice. Subjects related to accounting and

³ "Minutes of the Preparatory Committee for the Establishment of the Affiliated Specialized School of Business Administration," Kobe University of Economics, May 25, 1946 [in Japanese].

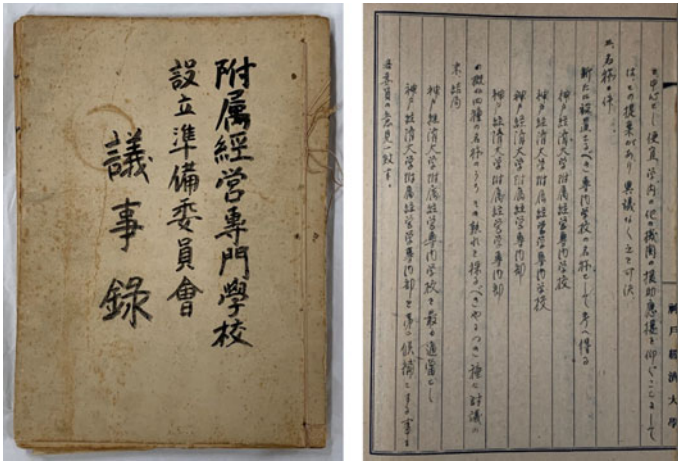


Photo 4.4 Cover of “Agenda of the Preparatory Committee for the Establishment of the Affiliated Management College” (left) and record of the sections where the name was considered

record-keeping included accounting, cost accounting theory, management statistics, record-keeping organization theory, mechanical record-keeping theory, and mechanical record-keeping practice. There were also engineering-related subjects. Offerings in economics and law subjects, however, were insufficient (Kobe University Centennial History Editorial Committee, 2002, p. 264) (Photo 4.4).

From the outset, it was assumed that the specialized division would be progressively dissolved, along with the preparatory course, and that it would become a faculty; it was therefore decided that “Although the personnel affairs in the specialized division were unfinished, they should be considered as ‘personnel affairs for new undergraduate departments’ rather than ‘personnel affairs for the specialized division that would disappear.’”⁴ When the Business School was created, Profs. Tatsuo Takenaka and Otojirō Kubota and associate Profs. Yoshirō Toda and Itarō Irie were transferred from the specialized division. In April 1953, efforts were made to increase the number of faculty members to complete the formation of the Business School; at that time, approximately a quarter of the faculty members were professors in the specialized division, and these faculty played a major role, along with the faculty of Kobe University of Economics. The specialized division was abolished in March 1951; all students had graduated, with the first class in March 1949 producing 417 graduates. In 1949, 96 graduates entered Kobe University under the new system, and 79 entered the Business School (Kobe University Centennial History Editorial Committee, 2005, pp. 343–345). Practical education under the umbrella of management mechanization had been carried out since the time of Kobe University of Commerce and handed down to the specialized division, but it ended without being passed on to undergraduate education.

⁴ “Records of the Former Faculty Council,” Kobe University of Economics, February 5, 1947 [in Japanese].

Following the establishment of the specialized division, in April 1947, Kobe University of Economics became the first government university to open a second undergraduate (3-year) program comprising evening courses, thereby providing opportunities for working people to receive a university education. The second faculty was divided into the Department of Economics and the Department of Business Administration, and the admission requirement was being a high school graduate, a university preparatory course graduate, or a vocational school regular course graduate. It attracted the support of young people who were motivated to attend school even while struggling to make a living under difficult economic circumstances after Japan's defeat in the war. The second faculty was succeeded by the second course offered by the Faculty of Economics and the Business School after the inauguration of Kobe University under the new system (Kobe University Centennial History Editorial Committee, 2002, pp. 262–263). The postwar Kobe University of Economics, which established a specialized division and a second faculty, projected a strong image of practicality and readiness to work in the business world (Okabe, 2017, p. 122).

4.6 The Business School's Position in Education System Reform

The GHQ and the Ministry of Education's basic policy on the reorganization of national universities was one university per prefecture. Kobe University of Economics, which was the core university in Hyogo Prefecture, was considering a 2-faculty plan consisting of economics and business administration; a 4-faculty plan including law and letters, with the aim of becoming a comprehensive university; a merger with Osaka Imperial University, which only had medicine and engineering faculties; and a proposal to merge the public schools in Hyogo Prefecture. However, due to problems with the treatment of law professors and the positioning of preparatory courses and specialized divisions, Kobe University of Economics unilaterally adopted a plan aimed at establishing a comprehensive university in the humanities and social sciences by newly establishing the Faculty of Law and the Faculty of Letters independently. Regarding the treatment of the Business School, at the Faculty Council, the University's Plenary Council, and the Education System Reform Committee, which were the forums for expressing opinions and making decisions, questions were asked about the nature and content of the academic discipline of business administration, as well as its maturity as an academic discipline. Discussions ensued between those who promoted and those who defended the independence of the Business School, as well as those who were passive and skeptical about it.

At the Education System Reform Committee, a subcommittee was formed with members from the preparatory course, the specialized division, and the second faculty, and toward creating a comprehensive university for humanities and social sciences, they considered a 4-faculty plan that would make the Business School

independent and a 3-faculty plan that would subsume the Business School within the Faculty of Economics. At a meeting of the Education System Reform Committee on December 4, 1947, the proposal for four faculties received nine members' tentative approval, while five members voted for three faculties, and one member abstained. However, on December 10, the Faculty Council, the final decisive authority, began reconsidering a merger with Osaka University (renamed in September 1947; formerly Osaka Imperial University), and a majority put the decision on hold.

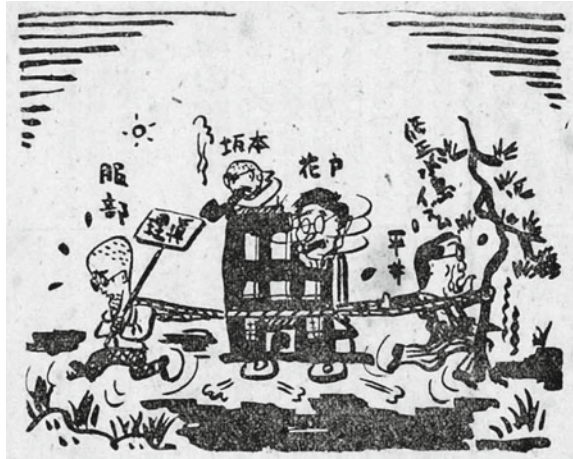
While a merger with Osaka University was being explored, Kobe University of Economics needed to solidify its policy as a comprehensive university in the humanities and social sciences so that negotiations would not be disadvantageous; the treatment of the Business School, which raised concerns for Osaka University, became a problem.⁵ On January 19, 1948, at the University's Plenary Council, which was akin to a university-wide public hearing, the proposal for four faculties was approved with 37 votes (32 votes were cast for the 3-faculty arrangement, and there were two blank votes). The proposal for four faculties was passed by an overwhelming majority at the Faculty Council on January 21. Consequently, under the new system, Kobe University was divided into four faculties: economics, business administration, law, and letters (Photo 4.5).

In the discussions held during this time, one point of discussion was the new university's direction. Practical science has been valued as a tradition since Kobe Higher Commercial School received criticism from preparatory course professors aiming for a university centered on liberal arts in the new era. Naturally, the independence of the Faculty of Business Administration was also a target, although some strongly opposed it. Eijirō Hattori, head of the preparatory course and a leading figure in the field, made the following remarks.

I believe the idea of being the main temple of commercial science and the source of the spirit of commerce has naturally been abandoned. However, commercialism is still ongoing even after the war. The concept of being the main temple of commercial science interferes with the ideal form that our university should adopt in the future, and the concept of a village school spirit is exclusive [...] We must move from conventional, overly vocational education toward educating citizens so that they can freely exercise their judgment [...] Since the development

⁵ The Hanshin University concept of merging Osaka University's medicine and engineering majors with Kobe University of Economics' social sciences, which was a possibility for creating one of Japan's leading comprehensive universities, could have been realized if, in an equal merger, Kobe University of Economics had taken charge of the four faculties including the humanities or at least the three faculties of economics, business administration, and law. However, Osaka University was independently promoting the establishment of a new Faculty of Law and Letters, including a Department of Economics, and gradually began to insist that the personnel of the Faculty of Economics and the Faculty of Law not be left to Kobe University of Economics, but that, in the future, the campus would be located in Osaka and the name of the university would be changed to Osaka University. Kobe University of Economics perceived Osaka University's motive for merging as not being because of recognition of Kobe University of Economics as a comprehensive university specializing in the humanities and social sciences but rather to absorb Kobe University of Economics in order to establish a new Faculty of Economics; on this basis, negotiations were terminated in April 1948 (Kobe University Centennial History Editorial Committee, 2010, pp. 55–67).

Photo 4.5 A satirical drawing of Hirai and the conflict, published in issue 16 of the *Kobe Keizai Daigaku Shimbun* (10 December 1947) (provided by the University Archives, Kobe University)



of this university has been established along with Japanese capitalism and imperialism, this path is not our path.⁶

Kobe University of Economics and the faculty of the specialized division refuted such claims. Kinji Tanaka, who later became a professor in the Faculty of Economics and in the Faculty of Business Administration, insisted that “Rather than creating a brand-new university, we will create a social sciences university based on Kobe University of Economics,” and Tatsuo Takenaka, who moved from the specialized division to the Faculty of Business Administration, also insisted that “The real challenge is to create a better university based on Kobe University of Economics. Therefore, I see no reason to throw away the good things of the past.”⁷ Economics and business administration faculty believed that the university should not only cultivate general education but also provide specialized education in each faculty, and they pondered fashioning a distinguishing characteristic for the university under the new system based on respect for traditional practical science.

Apart from debating whether to accept business administration as an academic discipline, another point of discussion was how to approach the relationship under the common understanding that economics is the basis of business administration. On this point, as well as regarding the independence of the Faculty of Business Administration, there were differences of opinion among economics and business administration faculty. One opinion was the idea of the large-scale Faculty of Economics, premised upon the reasoning that given the level of development of business administration, an independent Faculty of Business Administration would be premature, rendering its subsumption within the Faculty of Economics preferable. Another opinion was

⁶ “Minutes of the Educational System Reform Committee Meeting (1),” Kobe University of Economics, November 26, 1947 [in Japanese].

⁷ “Minutes of the Educational System Reform Committee Meeting (1),” Kobe University of Economics, November 26, 1947 [in Japanese].

that, while recognizing the fact that economics is the basic science underlying business administration, if the Faculty of Business Administration were to be placed within the Faculty of Economics, it would be relegated to a sideline position, thereby necessitating an independent Faculty of Business Administration in the interest of continued development of the field of business administration.

Such contrasting opinions were also seen among faculty who would later join the Faculty of Business Administration. Among these, Keitarō Fukuda, who devoted himself to the development of commercial science as a field of economics, made the following statement in the anti-independence camp.

There was no objection to the development of business administration, but there was a problem in making the Faculty of Business Administration independent as a means of doing so. Economics and business administration should be inseparable, and the development of the former naturally coincides with the development of the latter. In terms of research differentiation, it is better to do it in a large-economics manner. The two parties should work even more closely together. From a pedagogical viewpoint, the progress of research and the feelings of researchers are inseparable, and I think it would be better to first enter economics in general and then enter business administration in a more specialized way. Therefore, if there is a Faculty of Economics, then faculties of commerce, household management, etc., are unnecessary, or vice versa. It is useless to combine both in a comprehensive university.⁸

Conversely, in the pro-independence camp, Hirai, who appealed for recognition of the uniqueness of business administration, responded as follows.

I Acknowledgements that business administration is based on economics, but there are some aspects where economics as a foundation is insufficient for business administration. I think it is appropriate to establish a faculty to compensate for this deficiency. Government management studies and national management studies should be developed as business administration detached from commercialism, and the studies can be promoted if there is a single faculty. In terms of integration, the Faculty of Business Administration is not only a part of the Faculty of Economics but is also subject to the Faculty of Law and the Faculty of Letters, so it is necessary to have a university-wide standpoint. Therefore, we have to think of it as a faculty; otherwise, we will not be able to achieve our goal and clarify the respective positions.⁹

Hirai relied not only on German economics and business administration as before but also put forward that business administration is not solely reliant on economics, while looking ahead to the development of business administration in the United States, as evidenced in the following statement.

In the American business administration, research is based on five fundamentals, including psychological, technical, and economical [aspects]. In other words, not only negotiations with economics but also negotiations with law, technology, psychology, etc., occurred, and they went beyond the area of the Faculty of Economics. Moreover, this should not be cluttered, and the need for synthesis must be considered.¹⁰

⁸ “Minutes of the Educational System Reform Committee Meeting (1),” Kobe University of Economics, January 19, 1948 [in Japanese].

⁹ “Minutes of the Educational System Reform Committee Meeting (1),” Kobe University of Economics, January 19, 1948 [in Japanese].

¹⁰ “Minutes of the Educational System Reform Committee Meeting (1),” Kobe University of Economics, December 4, 1947 [in Japanese].

Students perceived the difference between Fukuda's and Hirai's views on the position and character of business administration as a confrontation between commercial science and business administration, since each represented the position of commercial studies and business administration, respectively. However, faculty members' remarks in this discussion show that many shared a commitment to developing business administration and were seriously considering measures for that purpose.

4.7 Toward the Birth of KUBS Under the New Education System

Kobe University of Economics appears to have settled on the 4-faculty proposal on its own, but on May 6, 1948, the Ministry of Education, with its basic policy of one university per prefecture, requested the establishment of Hyogo University comprising economics, humanities, engineering, and liberal arts faculties through integration of the government-run vocational schools, normal schools, and high schools in Hyogo Prefecture. Kobe University of Economics deferred the issue of integration and insisted on the four faculties that had already been decided. On the other hand, the Ministry of Education emphasized the necessity of integration while recognizing the independence of the Faculty of Law and the name Kobe University. Kobe University of Economics expressed disapproval of the integration of normal schools, which were considered to have lower levels of research and education than vocational schools and high schools. Much internal and external negotiation ensued regarding integration in hopes of realizing the proposal for the four faculties. Eventually, the Ministry of Education approved the establishment of the Business School.

With the prospect of realizing the four faculties, at the Faculty Council on June 12, 1948, Hyogo Normal School, Hyogo Youth Normal School, Kobe Technical College, and Himeji High School merged, and it was decided that the new Kobe University would comprise six faculties: economics, business administration, law, letters, engineering, and education. On June 25, the Ministry of Education approved the six faculties on the condition that the Faculty of Letters be changed to the Faculty of Humanities and Sciences. The goal of the new Kobe University was to become an A-level university (a university with graduate schools), which raised the issue of the level and nature of research and education at various schools to be integrated. To raise the research and education standards to those, the old-system university had embodied, the humanities and science, education, and engineering faculties welcomed many faculty members from outside the university, and the Faculty of Law, which split off from the old university, also sought a small number of professors and many assistant professors from outside the university. However, the Faculty of Economics and the Faculty of Business Administration, which had a long tradition dating back to the Higher Commercial School, were not considered problematic, and Kobe University

of Economics faculty came to play a central role. A policy of hiring them as assistants and training them internally was adopted.

As a *Sanshōdai* (the Three Commerce Universities), Tokyo University of Commerce, which was renamed Tokyo Sangyo University during the war, made a fresh start as Hitotsubashi University, comprising the Faculty of Economics, the Faculty of Commerce, and the Faculty of Law and Social Sciences, with a focus on social sciences. Hitotsubashi University continued to contribute to the development of business administration, but its Department of Business Administration, based on the tradition of commercial science, was not established until April 1975. Additionally, Osaka University of Commerce became Osaka City University, a comprehensive university based in Osaka comprising faculties of economics, commerce, law and letters, science and technology, and household management.

A quick look at trends at other universities shows that in April 1953, Meiji University, a private university, followed Kobe University in establishing its Faculty of Business Administration separately from its Department of Commerce, and as of 1959, private universities around the country established business administration faculties; as for national universities, Yokohama National University established the second Faculty of Business Administration in June 1967. For departments of business administration, these were combined with the economics department in the economics faculty when the new national universities in Fukushima, Shiga, Yamaguchi, and Oita were established in May 1949 because faculty members were well organized and conditions were more relaxed than in other faculties. Moreover, at the former Imperial University, there was an initiative to explore the establishment of a Department of Business Administration at Kyoto University from approximately 1954, and its establishment within the Faculty of Economics was approved in April 1959. In April 1962, the University of Tokyo renamed the Department of Commerce, which had a history of more than half a century, the Department of Business Administration. Even among private universities, business administration departments were established at several universities, including the Department of Business Administration at Rikkyo University School of Economics, which was approved in February 1949. This trend began in earnest in the 1950s (Yamamoto, 1977, pp. 99–102).

4.8 Traditions of Kobe University Business School

Currently, Kobe University does not use the expression “practical sciences,” but the institution retains the founding philosophy of “harmony between theory and reality.” The practical sciences have been emphasized since the institution’s foundation. Since promotion to university status, the goal has not been theory-driven disciplines but rather disciplines backed by practice. Under such circumstances, business administration began to develop, and it has been put into practice in a form that responds to the demands of the times. Although business administration was criticized by the preparatory course as being the same as practical science, as Hirai said, “I’m always

working on business administration issues from a local context” (Keiei Gruppe Editorial Department, 1960, p. 47); hence, business administration cannot be separated from actual economic and management activities, to which it should be beneficial. It could not remain a discipline that merely accumulates practical knowledge, as was once the case with commercial science. Achieving “harmony between theory and reality” is a major issue in business administration, and it is also the mission the Kobe University Business School adopted under the new system.

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Chapter 5

Establishing the Kobe-Style of Management Studies: Three Big Captains



Norio Kambayashi  and Takuji Hara

5.1 Japan's First Faculty of Business Administration

With the postwar reform of the school system, Kobe University was newly established in 1949 by merging Kobe University of Economics, Himeji High School, Kobe College of Technology, Hyogo Normal School, and other schools.

At the time of its establishment, six faculties were authorized by the Ministry of Education to be established: the Faculty of Humanities and Science, the Faculty of Education, the Faculty of Law, the Faculty of Economics, the Faculty of Business Administration, and the Faculty of Engineering. Central among these faculties were the three faculties of Law, Economics and Business Administration, which had a long tradition since Kobe Higher Commercial School. The Faculty of Business Administration was recognized as the most legitimate and core faculty at Kobe University.

The Faculty of Business Administration (hereafter shown KUBS), the first of its kind in Japan, was born at Kobe University. It consists of two departments, the Department of Business Administration and the Department of Commerce. As described in this chapter, there was a proposal to place the Department of Business Administration within the Faculty of Economics (the “Large Faculty of Economics” conception), but after some twists and turns, KUBS was finally established as an independent faculty (Photo 5.1).

Some humanities professors strongly criticized the new university, saying that practical studies such as business administration were not suited to a university pursuing academism and should be wiped out with the start of the new university

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Photo 5.1 Susumu Kaido speaking at the inaugural lecture of Kobe University, 1956. Provided by Nobuchika Kaido



system. However, the proponents' opinion prevailed, and KUBS was able to start for the time being through an internal resolution.

Despite the criticisms, the establishment of the nation's first business administration faculty was due in large part to Yasutaro Hirai's efforts and his credibility. The predecessor, Kobe University of Economics, had already founded the nation's first Department of Business Administration in 1944 thanks to the efforts of Hirai and his colleagues. Later, in addition to the department, the affiliated Business Accounting Institute was established in 1944. The institute was reorganized to the affiliated Professional Training School of Business Administration in 1947. The Kobe University of Economics was widely recognized as a major research center in Japan in the field of business administration, which was emerging in Germany and the U.S. at the time.

In addition, Hirai argued that it was odd to call all the various fields including management, accounting, finance, transportation, and insurance "commerce," as Hitotsubashi University did, and that they should rather be grouped under the common denominator of "business administration (or management); *Kei-ei* in Japanese" and viewed in a unified manner (Hirai, 1954, p. 108; Yamamoto, 1977, p. 98). In fact, it is noteworthy that in the course organizing plan just prior to the establishment of KUBS, courses in the field of commerce, renamed to those added the word "management" such as commercial management, bank management, trade management, transportation management, and insurance management (Kobe University Centennial History Editorial Committee, 2005, p. 339). In light of these points, it is appropriate to say that Japan's first Faculty of Business Administration was born under Hirai's leadership (Photo 5.2).



Photo 5.2 Group photograph of the Business Administration Laboratory in front of the entrance to the Rokkodai Main Building. Front row center: Hirai (1954). *Source* Keiei Gruppe (1958)

5.2 Early Formation of the KUBS

5.2.1 Course Structure and Education in KUBS

The basic unit of research and education in KUBS was an organization called a *Kouza*, that is, a chair. The Chair was composed of a professor, an associate professor, a lecturer, and an assistant professor, organized as a hierarchy. At that time, the operating budget of faculties of national universities was allocated based on the number of chairs. Therefore, the faculty with many chairs were rich as a result.

Table 5.1 shows the lineup of courses in KUBS in 1953, four years after the establishment and the year of its completion in its early stage.

According to Table 5.1, KUBS at that time consisted of six courses related to business administration, four courses related to accounting, and six courses related to commerce, for a total of 16 courses. The real number of faculty members then was 28 (13 professors, 6 associate professors, 3 lecturers, and 6 assistant professors). Considering that KUBS today (in 2020) has approximately 60 faculty members, it is fair to say that the size of the faculty was approximately half of today's size in terms of numbers.

As indicated in the note to Table 5.1, during the four years from 1949, immediately after the opening of the university, various chairs related to business administration were newly established, such as corporate forms, management finance, and business statistics, indicating that the university intended to enhance its courses in the field of business administration. In addition, although not shown in the table, research departments such as business mechanization and business accounting were

Table 5.1 Chairs in KUBS (April 1953) (Unit: persons)

Chair title	Professor		Associate professor		Lecturer		Assistant professor		Total	
	Quota	Name	Quota	Name	Quota	Name	Quota	Name	Number of chair capacity	Actual number of staff
Management I	1	Yasutaro Hirai	1	Kiichi Ichihara	1	-	1	Akio Mori	4	3
Management II	1	Yoshimoto Koboyashi	1	-	-	Susumu Kaido	-	-	2	2
Corporate Forms*	1	Tatsuo Takenaka	1	Kuniyoshi Urabe	-	-	-	-	2	2
Management Finance*	1	Yasutaro Tamba	1	-	-	-	-	-	2	1
Industrial Management	-	-	1	Noboru Inaba	1	-	-	-	2	1
Business Statistics*	1	-	1	-	1	Kazuhisa Adachi	-	-	3	1
Bookkeeping	1	Yoshiro Toda	1	Toshiro Otsuka	-	-	-	-	2	2
Accounting I	1	Katsuji Yamashita	1	-	-	-	1	Hisashi Tamabata, Masa'atsu Takada	3	3
Accounting II	1	Otojiro Kubota	1	-	-	-	-	-	2	1
Cost Accounting	1	-	1	Kazuo Mizoguchi	-	-	-	-	2	1
Commerce	1	Keitaro Fukuda	1	Yukichi Arakawa	-	-	1	Hideo Hirata	3	3

(continued)

Table 5.1 (continued)

Chair title	Professor		Associate professor		Lecturer		Assistant professor		Total	
	Quota	Name	Quota	Name	Quota	Name	Quota	Name	Number of chair capacity	Actual number of staff
Trade Theory*	1	Itaro Irie	1		-	Takuji Ishii	-	-	3	2
Theory of Financial Institutions	1	Kinji Tanaka	1		-		-	-	2	1
Transportation Theory	1	Torasaburo Nomura	1		-		-	Ichiro Akiyama	2	2
Maritime Transport Theory*	1	Hiroshi Suguro	1		-		-	-	2	1
Insurance theory	1	Saburo Shirasugi	1		-		-	Kazuya Mizushima	2	2
Total	15	13	16	6	4	3	3	6	38	28

Note * indicates chairs that were added by April 1953, not at the time the faculty established (May 1949). Commerce I and Commerce II were integrated into Commerce at the time of the establishment of the university

Source Kobe University Centennial History Editorial Committee (2005, p. 345), * marks author's additions

established at the Research Institute of Economics and Business Administration, and Tadakatsu Inoue (business history) and Minoru Beika (business location theory) were appointed as associate professors at this time. The research and education system of management studies at Kobe University rapidly expanded in several years immediately following the opening of the university.

Furthermore, in the area of commerce, it is noteworthy that some members of the Faculty of Economics supported KUBS as becoming adjunct professors. Kinji Tanaka, a professor of the Faculty of Economics, was concurrently the Chair of Financial Institutions Studies at KUBS until 1955. Although not mentioned in Table 5.1, Shigeru Fujii (1908–2000), a professor of the Faculty of Economics, was concurrently the Second Chair of Commerce at the time of the establishment of KUBS in 1949. Both Tanaka and Fujii were in charge of research guidance (seminars) in KUBS, along with research guidance in the Faculty of Economics. After Tanaka's retirement, Hiroshi Shinjo (1902–1978), who also belonged to the Faculty of Economics, was appointed as a professor of Financial Institutions Studies in KUBS and was in charge of research guidance in KUBS as well as in the Faculty of Economics (Kobe University Centennial History Editorial Committee, 2005, p. 344).

This cooperation with the Faculty of Economics is interesting because it is interpreted as a response to the criticism within the university at the time of the establishment of KUBS that management studies were too strongly oriented toward practice to be taught at the university. At the time, there was a strong general belief that economics formed part of the theoretical basis of management studies. Therefore, it is understood that the cooperation was a countermeasure to the criticism by establishing KUBS with researchers majoring in economics as one of the major disciplines of management studies.

In education other than research guidance, students of KUBS were required to take a wide range of courses offered by other faculties beyond KUBS. For example, "Economic Principles I" and "Economic Principles II" offered by the Faculty of Economics were compulsory courses for the students of KUBS, and several other courses offered by the Faculty of Economics and the Faculty of Law were set as elective compulsory courses. This was a feature that was rarely seen in other universities.

Such a curriculum that transcended the boundaries of faculties suggests that "business administration" (or "management studies") was regarded as an academic discipline with uniqueness as an applied science and that it was considered beneficial for KUBS to establish a cooperative relationship with other faculties based on various disciplines of more theoretical orientation.

5.2.2 Appointment of the Faculty Members

What kind of route was taken to recruit new faculty members by KUBS? Table 5.2 shows the backgrounds of the members of KUBS as of April 1953.

This table shows that before the appointment to KUBS, nine faculty members came from Kobe University of Economics, seven from the affiliated Professional Training School of Business Administration at Kobe University of Economics, one from the Second Faculty of Economics at Kobe University of Economics, and 11 were newly hired from various institutions. It can be seen that not only academics from Kobe University of Economics but also those who belonged to the affiliated Professional Training School of Business Administration played a major role in the establishment of KUBS and that several young assistant professors were appointed from outside institutions.

This suggests that before the opening of the new Kobe University, research and education in business administration had already been vigorously conducted at the Department of Business Administration of Kobe University of Economics and affiliated Professional Training School of Business Administration, which led to the approval of the name of KUBS, the first of its kind in Japan. In 1946, there were 1,801 applicants for admission to the affiliated Professional Training School of Business Administration (its admission quota was 200) (Kobe University Centennial History Editorial Committee, 2005, pp. 337–338). This is noteworthy, as it clearly shows the growing social demand for abilities in business administration in Japan at that time.

Therefore, although KUBS at the new Kobe University was the first named KUBS in Japan, the basis of its establishment had already been fulfilled to a considerable

Table 5.2 Career backgrounds of members of KUBS (April 1953) (Unit: persons)

Former working places	Professor	Associate professor	Lecturer	Assistant professor	Total amount
Kobe University of Economics	6	2	1	0	9
Kobe University of Economics' affiliated Professional Training School of Business Administration	4	2	1	0	7
Kobe University of Economics' Second Faculty	1	0	0	0	1
Others (newly appointed)	1	3	2	5	11
Total	12	7	4	5	28

Source Kobe University Centennial History Editorial Committee (2005, p. 345)

Photo 5.3 Mr. and Mrs Hirai with (back row, from left) Tadakatsu Inoue, Kiichi Ichihara and Akio Mori (1953). *Source* Kiichi Ichihara Memorial Commemoration Society (1981)



extent by then. Thus, although it sounded fresh inside and outside the university as a faculty name, it was not received as something so outlandish (Photo 5.3).

5.3 Development Process of KUBS

5.3.1 *Development of the Basic Framework for Research and Education in Management*

The initial course system of KUBS was changed from time to time in response to the needs of the times. However, it can be said that the early course system shown in Table 5.1 was already equipped with the structure that forms the basis of today's research and education at KUBS.

Table 5.3 shows the chair titles in 1953, 1992, and 2020 to illustrate how the courses established in the early years have changed since then. Notably, the chair titles here do not necessarily correspond to the names of the courses offered to students. For example, the name of the course offered by the chair of Labor Management was for a long time “Management and Labor Theory” (see also Chapter 9).

The year 1992 was the last year in which the course system was adopted in KUBS, and from the following year onward, the macrochair system was applied at the request of the Ministry of Education. After the incorporation of national universities in 2004, the “micro” chair system officially disappeared from the Standards for Establishment of Universities. However, from the viewpoint of continuity in faculty personnel and education in each field, KUBS has changed the term “chair” to “unit” (meaning “organizational unit for research and education”) and continues to operate the same

Table 5.3 Changes in chair titles and units in KUBS

Chair titles as of April 1953	Chair titles as of April 1992	Year of Chair additions and its name changes	Unit name as of April 2020
–	(Fundamentals of Management Studies)	Established in 1984	Human Network
Management I	Management Strategy*	Changed its name to General Theory of Management in 1964 and to Management Strategy in 1991	Management Strategy
Management II	Labor Management	Name changed to Labor Management in 1964	Human Resource Management
Corporate Forms	Business Administration	Name changed to Business Administration in 1973	Business Administration
–	Public Enterprise Management	Established in 1963	Business and Government Relations
Management Finance	Management Finance		Corporate Finance
Industrial Management	Industrial Management		Production Network
Business Statistics	Business Statistics		Business Statistics
–	Managerial Mathematics	Established in 1970	Decision Analysis
–	Information Management	Established in 1986	Management Information
–	–		Business History
–	–		Strategic Management [†]
–	(Fundamentals of Accounting)	Established in 1984	Accounting Information
Bookkeeping	Bookkeeping		Bookkeeping and Accounting History
Accounting I	General Accounting	Name changed to General Accounting in 1964	Financial Accounting
Accounting II	Auditing	Name changed to Auditing in 1964	Audit System
Cost Accounting	Cost Accounting		Cost Management
–	Management Accounting	Established in 1966	Management Accounting System

(continued)

Table 5.3 (continued)

Chair titles as of April 1953	Chair titles as of April 1992	Year of Chair additions and its name changes	Unit name as of April 2020
–	Tax Accounting	Established in 1960	Tax Accounting
–	International Accounting	Established in 1975	International Accounting
–	–		Social and Environmental Accounting [†]
–	(Fundamentals of Commerce)	Established in 1978, renamed Fundamentals of Market Systems in 1993	Market and Economic Analysis
Commerce	Marketing	Name changed to Marketing in 1964	Marketing
–	Distribution System	Established in 1978	Distribution System
–	Market Management	Established in 1989	Marketing Management
–	Corporate Environment*	Established in 1991	–
–	–		Customer Relationship Management [†]
–	Securities Market Theory	Established as Commerce II in 1957, renamed Securities Market Theory in 1964	Financial System
–	Securities Theory	Established in 1961	Securities Market
Trade Theory	Trade Theory		International Trade
Theory of Financial Institutions	Theory of Financial Institutions		Financial Institutions
Transportation Theory	Transportation Theory		Transportation Theory
Maritime Transport Theory	International Transportation Theory	Name changed to International Transportation Theory in 1988	Logistics Systems
Insurance Theory	Insurance Theory		Risk Management

Note *as of April 1992 indicates independent chairs; () indicates course names; [†]as of April 2020 indicates newly established units after the abolition of the chair system

Source Prepared by the author based on Kobe University Centennial History Editorial Committee (2005, pp. 347–348) and the minutes of the Faculty Meeting of KUBS (November 1997)

operations as in the traditional chair system within the organization. The fourth column of Table 5.3 shows the name of each unit.

According to Table 5.3, both in 1992, the final year of the chair system, and in 2020, the most recent year, the core of the course system was based on the chair system in April 1953. Courses and units in later years were basically an extension of the basic framework established in 1953.

First, the three major fields of business administration today, that is, management, accounting, and commerce, have already existed as the three major fields of research and education in KUBS as early as 1953. It is also worth mentioning that in 1964, when the Japanese economy was in the midst of rapid economic growth, six courses were renamed to more specific research areas at once. For example, “Business Administration I” was renamed as “General Theory of Management,” “Business Administration II” to “Management and Labor Theory,” “Accounting I” to “General Accounting,” “Accounting II” to “Audit,” and “Commercial Science” to “Marketing.”

5.3.2 Additions of Chairs and Courses

In the area of management, new courses related to mathematical analysis and the processing of quantitative data were established in response to the development of information technology in the 1980s. In the area of accounting, new courses have been established from time to time since the 1960s, and accounting-related courses became independent from the Department of Management as the Department of Accounting in 1968. This was the first department with the title of “Department of Accounting” in Japan. In the field of commerce, several courses related to marketing theory, which is close to management in terms of academic field, were newly established as marketing management studies, which include “Distribution System” and “Market Management.” In this way, the number of chairs and courses in KUBS has been expanding since 1957.

In addition, from the late 1970s to the early 1980s, the departments of management, accounting, and commerce successively established courses called “Fundamentals” from the viewpoint of educating all students belonging to KUBS on the basic knowledge of the three major fields. The faculty made these courses compulsory.

In any case, the most basic framework of the research and education system of KUBS today was largely formed in 1953. This course system served as a model for the faculties of business administration that were subsequently established one after another in universities throughout Japan (Kobe University Centennial History Editorial Committee, 2005, p. 345).

5.4 Training Center for Management Scholars

5.4.1 *Establishment of the Graduate School of Business Administration*

In 1953, four years after the establishment of KUBS, the Graduate School of Business Administration (with master's and doctoral programs) was newly established with two departments: the Department of Business Administration and the Department of Commerce.

After 1998, when the graduate school became a so-called "graduate university" through the emphasis on postgraduate education, the Graduate School of Business Administration formally became the main organizational name, and all faculty members became affiliated with it. KUBS, which carries out undergraduate education, became an affiliated organization of the Graduate School of Business Administration. However, for several decades since the graduate school was established in 1953, graduate education was conducted in the form of graduate school courses directly on top of undergraduate education. Research and education in graduate school was also based on the chair system of KUBS and developed as an extension.

Table 5.4 shows the results of a survey of the employment destinations of graduate students educated at Kobe University's Graduate School of Business Administration at that time (students who entered between 1953 and 1957).

Looking at Table 5.4, we first notice that the number of postgraduate students varied greatly from year to year and that the number of students entering doctoral programs was substantially smaller than at present. The number of students enrolled in the master's and doctoral programs was 25 and 12, respectively, less than half the 51 in the master's program and 32 in the doctoral program as of 2020. In addition to these programs, there is now a separate admission quota of 69 students for a professional degree program (so-called the MBA Program).

It should be noted that around the time of the establishment of Kobe University's Graduate School of Business Administration in 1953, the Japanese government did not have an education policy that emphasized postgraduate education as it does today and that there were few higher management educational opportunities, such as MBA courses for businesspersons, in Japan. This resulted in the fact that the graduate school in management was quite unfamiliar to the society in Japan at the time.

Furthermore, while it is currently common for postgraduate students to receive a doctoral degree and then obtain a job, at the time when Kobe University's Graduate School of Business Administration was established, there were no doctoral degree recipients in the humanities and social sciences. It was common for postgraduate students at that time to complete the master's program and to leave the graduate school before completing their doctorates to get (usually academic) jobs even if they entered the doctoral program.

Table 5.4 Places of employment of ex-students of the Graduate School of Business Administration (1953–1957) (Unit: persons)

Year of admission	Place of employment					Other institutions, or unknown	University or College names that employed the ex-students of the Graduate School of Business Administration each year () indicates the number hired
	Number of students enrolled (of which, those entering doctoral programs)	Private enterprises	Government offices, High schools, etc.	University, College, etc.			
1953	22 (11)	4	5	10	3	Kansai University (2), Kobe University (6), Yamaguchi University (1), Nagasaki University (1)	
1954	13 (4)	5	1	5	3	Osaka University of Economics (1), Kobe University (1), Kurume University (1), Oita University (1), Nagasaki University (1)	
1955	23 (4)	5	3	9	6	Osaka Prefecture University (1), Kansai University (1), Kinki University (1), Kagawa University (1), Kobe University of Commerce (1), Kobe University (1), Kwansai Gakuin University (1), Seinan Gakuin University (1), Oita University (1)	

(continued)

Table 5.4 (continued)

Year of admission	Place of employment					University or College names that employed the ex-students of the Graduate School of Business Administration each year () indicates the number hired
	Number of students enrolled (of which, those entering doctoral programs)	Private enterprises	Government offices, High schools, etc.	University, College, etc.	Other institutions, or unknown	
1956	14 (5)	4	0	8	2	Tokyo Keizai University (1), Wakayama University (1), Kobe University (1), Kobe City University of Foreign Studies (1), Okayama University (1), Kitakyushu University (1), Oita University (1), Nagasaki University (1)

(continued)

Table 5.4 (continued)

Year of admission	Place of employment					University or College names that employed the ex-students of the Graduate School of Business Administration each year () indicates the number hired
	Number of students enrolled (of which, those entering doctoral programs)	Private enterprises	Government offices, High schools, etc.	University, College, etc.	Other institutions, or unknown	
1957	9 (4)	5	0	4	0	No data

Note “Kobe University” in the rightmost column includes KUBS and the Research Institute of Economics and Business Administration
Source Prepared by the author based on internal documents for the compilation of Kobe University’s centennial history

However, the data in Table 5.4 show that even under these circumstances, which are very different from today, Kobe University's Graduate School of Business Administration played a role as an incubator of academic researchers nationwide (especially in western Japan). Although most of the students from Kobe University's Graduate School of Business Administration received jobs at national and public universities in general, it can be seen that some of them were employed by private universities that have established faculties of business administration or faculties of commerce and begun to provide systematic education in business administration.

In this way, the Graduate School of Business Administration at Kobe University inherited the legacies of the Graduate School of Kobe University of Economics and played a role in training academic researchers in management, accounting, and commerce.

5.4.2 Flexible and Liberal Academic Culture

Hirai led the introduction of management in Japan, and in line with the process from the Chair of Management to the establishment of the Department of Management, KUBS was born at Kobe University as the first of its kind in Japan. It has been consistently keeping an entrepreneurial and liberal culture, which accepts any difference and change to be regarded as necessary for the survival and improvement of KUBS.

“Management” is a concept that is based on the successful implementation of one's own plans as one desires. KUBS has created an academic culture that respects freedom and diversity while flexibly responding to changes in social needs and to the development of management research worldwide, just as the concept of “management” is put into practice. Such liberalism is exemplified in the expansion of courses offered by KUBS in response to the needs of the times and in the distinctive educational system that requires students to take courses offered by the Faculty of Law and that of Economics.

Backed by such flexible enterprising spirit and liberalism, KUBS of Kobe University established a prestigious position for a long period of time after the 1960s in Japan. Especially in the field of management studies, the three leading figures in Japanese academia at the time were Kiichi Ichihara (Chair of General Theory of Management), Kuniyoshi Urabe (Chair of Business Administration), and Susumu Kaido (Chair of Labor Management), all of whom belonged to KUBS at Kobe University (Photo 5.4).



Photo 5.4 The three captains of KUBS, Kaido, Ichihara, and Urabe (from left to right), at the reception. On the far right is Beika from the Institute of Economics and Management, Kobe University. Source Kiichi Ichihara Memorial Commemoration Society (1981)

5.5 The Management Boom in Japan and the Second Generation of KUBS at Kobe University

As the Japanese economy entered a period of rapid growth in the 1960s and as companies increased their size and the competition among them intensified, the academic field of management gradually became well known in Japanese society. In particular, in 1958, bestseller books on management, such as “Introduction to Management” written by Fujiyoshi Sakamoto (1958) and “Management” by Akira Yamashiro (1958), were published, and a so-called “management boom” occurred in Japan, which continued until the late 1960s. Translations of major foreign works in management, including those by P. F. Drucker, A. D. Chandler, Jr., H. D. Koontz, and C. J. O’Donnell, were also published in Japan during this period.¹

Meanwhile, a generational shift was underway in KUBS at Kobe University in this period. The first generation, including Yasutaro Hirai and Yoshimoto Kobayashi, was succeeded by the second generation, including Kiichi Ichihara (1921–1979), Kuniyoshi Urabe (1920–1986), Susumu Kaido (1923–2011), Akio Mori (1928–2016), Noboru Inaba (1914–2006), and Kazuhisa Matsuda (Adachi) (1924–1995). Most of them were recruited between 1951 and 1953 to complete the KUBS. Among them, Ichihara (a leading scholar in the German “school” of business studies in Japan), Urabe (a top leader of the American management studies in Japan), and Kaido (a central figure leading the critical and socialist management studies in Japan) had completely different research bases on management with each other, but each of them, while taking into account advanced studies in the world, did not end up merely

¹ See the following references: Drucker (1954), Koontz and O’Donnell (1964), Chandler Jr. (1962), Barnard (1938), and Simon (1960).

importing foreign studies but aimed at systematizing their own original management theories. They became the leaders of their respective schools or paradigms. They were the “stars” of KUBS and were also known as the “*samba-garasu*,” meaning the star trio.

At that time, Kobe University’s Faculty of Business Administration was unquestionably a cutting-edge research center for business administration in Japan. However, it was basically academic-oriented and maintained a certain distance from the “management boom” in Japan, except for Urabe, who published many books for business people, including the bestseller “Dangerous Company” (Urabe, 1963). Urabe was not only oriented toward the business world, but as described below, he was also a leading figure in academia, attempting to integrate the then cutting-edge modern management theories such as those of H. A. Simon, J. G. March, and R. M. Cyert with institutionalist economic theories such as those of J. R. Commons.

In the following sections, we try to convey the atmosphere of KUBS at Kobe University in the period from the 1960s to the mid-1980s by focusing on the three professors, Ichihara, Urabe, and Kaido, who can be said to be symbolic figures of this era.

5.6 Kiichi Ichihara and German Business Administration

Kiichi Ichihara became an associate professor of the First Chair of Management, Faculty of Business Administration, Kobe University in 1952, and succeeded Yasutaro Hirai as the Chair in 1961. He was a leading authority on German business studies and a central figure in the “Kobe Schule” (Kobe School), having authored books such as Ichihara (1954, 1957, 1959). In his course, he was in charge of the General Theory of Management, and the name of his Chair was changed to General Theory of Management in 1964. He was a strong centripetal force in the KUBS of Kobe University and the Japan Academy of Business Administration and was a central figure of the second generation of faculty members. It is very unfortunate that Ichihara died in 1979 at the age of 57 while he was the Chair of General Theory of Management.

In academia, perhaps in line with Ichihara’s personality, he placed particular emphasis on the argument of H. Nicklisch, a German normative business economist with a communitarian orientation. He was said to be fond of saying, “If Nicklisch were here, he would say that ---,” and used Nicklisch as a yardstick for his research. However, Ichihara not only studied Nicklisch but was familiar with almost all of the leading scholars of German business studies, as shown in his books. He was also quite familiar with American management studies, such as Bernard’s. Although he thoroughly reviewed a vast amount of literature, he took them up only what was of true essence to management. It can be said that Ichihara’s aesthetic sense, which is said to have favored only the best, was strongly at work here.

This style of research was supported by Ichihara’s excellent information-gathering ability and international personal connections. In Ichihara’s graduate seminars,



Photo 5.5 Ichihara (right) and Kaido, circa 1967

foreign books that had not yet appeared in the new publication announcement of the largest foreign book seller in Japan were used as teaching materials. Ichihara was also a good friend of prominent German management scholars such as K. Hax and E. Gutenberg, and he invited them to Japan to give lectures at Kobe University and at the Kansai Section of the Japan Academy of Business Administration. However, because he was a great lover of literature, it is said that when he lost many of his books in a fire at his home, Ichihara's despondent appearance was painful to people around him. It was whispered that this was one of the reasons for the shortening of his life (Photo 5.5).

5.7 Kuniyoshi Urabe and Modern Management Theories

Unlike many of his colleagues, including Ichihara and Kaido, Urabe was a graduate of Tokyo University of Commerce. In 1952, he invited KUBS at Kobe University and became an associate professor of the Second Chair of Management, and later in 1963, he took the Chair of Corporate Forms as a professor. He is a leading authority on American business studies and modern management theory, and the name of his chair was changed to the Chair of Business Administration in 1973. He is the author of numerous books, including Urabe (1958a, b, 1966, 1968). He has also contributed to the "management boom" by publishing a bestseller "Dangerous Companies" and supervising the translation of J. C. Abegglen's work (Abegglen, 1958). He retired from Kobe University in 1983.

Urabe was one of the key figures in bringing American management studies into the mainstream of management studies in Japan. He also fostered many researchers, including Hideki Yoshihara (1941–2022), Tadao Kagono (1947–), and Toshihiro Kanai (1954–), who became leaders of the third generation of KUBS (Yoshihara belonged to the Research Institute of Economics and Business Administration, Kobe University). Urabe also contributed to the establishment of the Academic Association for Organization Science of Japan. His work covered almost all the major areas of management studies, including the theory of corporate forms, business administration, organizational behavior, corporate strategy, management information systems, and Japanese-style management. He truly embodied the general theory of management based on American management studies. In the “Dictionary of Business Administration” (Urabe, 1980a), he wrote many of the entries by himself and presented his own system of management theory. In addition, his selected works, including Urabe (1980a, 1980b, 1981) published in the same year and the following year, can be said to be the core of “Urabe’s Management Theory.”

Based on the positive view of life that people can change, innovate, and control their environment through their proactive decision-making, Urabe attempted to integrate institutional management theory, such as corporate morphology, with modern management theory based on organizational theory, using the argument of J. R. Commons (the institutional environment constrains human actions, but the active mind of humans can control the institutional environment) as a mediator. He demonstrated to the world the meaning of the existence of management studies as a science of people and organizations that exercise their own initiative to accomplish their purposes despite institutional constraints (Photo 5.6).

Photo 5.6 Urabe shortly after his arrival at KUBS.
Source Editorial Committee of the Fifty Years of Ryoso



5.8 Susumu Kaido and Critical and Socialist Management Studies

In 1953, Susumu Kaido became an associate professor in the Second Chair of Management, Faculty of Business Administration, Kobe University, and in 1964, he succeeded Yoshimoto Kobayashi as a professor. In the same year, the name of the Chair was changed to “Labor Management.” He was an authority on critical management and socialist management studies based on Marxist economics, and the author of Kaido (1974, 1977): two volumes on management and labor theory, and of Kaido (1983, 1984a, 1984b): three volumes on socialist management theory. Kaido served as the dean of KUBS from 1980 to 1982 and retired in 1986.

Management and labor theory was proposed by Kobayashi, who had been Kaido’s predecessor, and was named an academic discipline that dealt with labor problems from an academic rather than a managerial perspective. Kaido, who respected Kobayashi, his former supervisor at Kobe University of Commerce (Kobe University of Economics) when he was an undergraduate student, inherited his professor’s theory. He also inherited the three-tiered structure of philosophy-economics-management studies and the scheme of capitalist management studies, critical management studies, and socialist management studies from his former supervisor at the Wakayama College of Commerce, Sozo Kitagawa (1904–1953). Kaido tried to develop from critical management studies to socialist management studies.

Kaido’s research style was a development from philosophy and value theory to management studies. In other words, it was in the opposite direction of empirical research: philosophical and value-theoretic considerations took precedence over empirical data. Therefore, research meant reading and deeply understanding the literature. Kaido often said to young researchers, “Study 10 hours a day. Write one paper every three months, and you will have one book in three years. If you take such a way, you will be able to publish 10 books by the time you retire. That is your quota as a researcher.” However, Kaido never forced his academic paradigm on his graduate students. For example, Koji Okubayashi, Kaido’s successor to the Chair, began the undergraduate seminar under Kaido by studying F. W. Taylor, and he continued his research on American human resource management in graduate school (Photo 5.7).

5.9 Toward the Third Generation: Transition to Management Science Based on Empirical Research

Thus far, we have briefly described the research and education of the three professors representing the second generation of Kobe University’s Faculty of Business Administration. At that time, the mainstream of business and management studies was gradually shifting from German business studies to American management studies, while critical management studies were developing uniquely in Japan, and these paradigms coexisted side by side. Although representative researchers of each paradigm stood



Photo 5.7 Kaido performing Japanese dance. He was a skilled dancer with a stage name as an accredited master. Provided by Nobuchika Kaido

side by side in KUBS at Kobe University, they respected each other and maintained a good relationship, sharing a strong sense of mission for the prosperity of the faculty and business and management studies in Japan. The story is often told of Ichihara, Urabe, and Kaido drinking together after an academic conference.

Of course, the contributions of the second generation are by no means limited to them. Other professors at KUBS, such as Yukichi Arakawa (1923–2018), Hisashi Tanihata (1919–2001), Masa’atsu Takada (1931–2019), and others, in addition to Mori and Matsuda previously mentioned, also played leading roles in their respective research fields, as did Ichihara, Urabe, and Kaido. They shared a sense of mission to lead the Japanese academic world in their own research fields, and it was taken for granted among them.

Turning to the trends in Japan, management studies showed remarkable prosperity during this period: from the establishment of the Department of Business Administration in the Faculty of Economics at Kyoto University in 1959 to that of the Department of Business Administration in the Faculty of Commerce and Management at Hitotsubashi University in 1975, national universities continued to establish business administration departments, and similar trends were seen at public and private

universities as well. The number of members of the Japan Academy of Business Administration reached 1,677 in 1977. The establishment of professional societies also progressed, such as the Academic Association for Organization Science in 1959 and the Japan Society of Human Resource Management in 1970. The number of students in Kobe University's Faculty of Business Administration also increased, from 210 undergraduate and 37 graduate students in 1960 to 310 undergraduate and 76 graduate students in 1979.

As already mentioned, Ichihara died in 1979, Urabe retired in 1983, and Kaido retired in 1986, marking the transition from the second to the third generation. The Chair of the General Theory of Management was taken over by Tadao Kagono (1947–), the Chair of Business Administration by Toshihiro Kanai (1954–), and the Chair of Labor Management by Koji Okubayashi (1944–) (Fig. 5.1). In the second generation of management studies, different paradigms of management studies coexisted side by side, but all of them were mainly literature studies with few empirical studies. In the third generation, American management studies became the mainstream, which was a global trend, and empirical research was conducted by collecting and analyzing quantitative and qualitative data from real companies. The leaders of this movement were Masanori Tamura (1940–), the Chair of Distribution Systems at Kobe University's Faculty of Business Administration, and Hideki Yoshihara (1941–2022), a Professor at Kobe University's Research Institute of Economics and Business Administration, who were the eldest members of the third generation. Tamura conducted quantitative research using statistics, while Yoshihara conducted empirical research using case studies, and both had a great influence on younger researchers of the third generation. In addition, resonance with Hitotsubashi University researchers of the same generation, such as Ikujiro Nonaka (1935–), Hiroyuki Itami (1945–), and others, firmly established the trend toward empirical research. On the other hand, differences in academic paradigms became less noticeable with this movement.

In the flow of management education, the style of business schools in the U.S. became the model. This trend was observed not only in Japan but also in Germany, the United Kingdom, France, and other countries. Of course, in many cases, the introduction of the new system was adapted to the various systems and ways of thinking in each country. Kobe University is no exception to this trend, and since the 1990s, under the leadership of the third generation, Kobe University has been developing graduate education, such as Ph.D. and MBA programs. The next and subsequent chapters will discuss the history of this process.

1960			1986				
Chair Title	Professor	Associate professor	Lecturer	Chair Title	Professor	Associate professor	Lecturer
Management I		Kiichi Ichihara		General Theory of Management		Tadao Kagono	
Management II	Yoshimoto Kobayashi	Susumu Kaido		Labor Management		Koji Okubayashi	
Corporate Forms	Tatsuo Takenaka	Kuniyoshi Urabe		Business Administration			Toshihiro Kanai
Management Finance	Yasutaro Tamba	Akio Mori		Management Finance	Akio Mori	Shigeaki Sakakibara	
Industrial Management	Noboru Inaba			Industrial Management		Masayuki Mumakata	
				Public Enterprise Management	Hiroshi Sasaki		
Business Statistics		Kazuhisa Adachi		Business Statistics	Kazuhisa Matsuda		Hisao Hisamoto
				Managerial Mathematics	Takashi Iga		Hideo Suehiro

Fig. 5.1 Changes in Chairs in the Department of Management, Faculty of Business Administration, Kobe University (Comparison between 1960 and 1986).
Source Prepared by the author with reference to “Chart of the Chair System” (1949–2001), Faculty of Business Administration, Kobe University

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Chapter 6

Establishing the MBA Program: From the Night Course to the Business School



Mitsutoshi Hirano and Koji Okubayashi

6.1 The Opportunity to Establish the MBA Program

In 1989, the School of Business Administration at Kobe University (KUBS) initiated the Master of Business Administration (MBA) program to educate managers and professionals. This course aimed to respond to the needs of the industrial community. Over the past 30 years, the KUBS MBA program has become one of the leading business schools in Japan, with three pillars: “By the Job Learning,” “Project Research Method,” and “Research-based Education.”

In April 2019, the KUBS held a symposium celebrating the 30th anniversary of the MBA at the HARBIS HALL in Osaka. The symposium provided lectures by Tadao Kagono, Professor Emeritus of Kobe University, Tadashi Saegusa, Senior Chairman of MISUMI Group Inc., and with three MBA graduates as panelists for the discussion on the theme of “Corporate Reform Initiatives by Kobe University MBA Alumni.” The symposium was a great opportunity for the participants to learn about the outstanding foresight and challenging spirit of the faculty members of KUBS who struggled to establish and develop the MBA program and the crucial innovation in its establishment in the history of KUBS.

The motivation for establishing the MBA program at KUBS was driven by Professor Masanori Tamura, the chief curriculum coordinator at that time. In the late 1980s, during a bubble economy in Japan, companies were highly motivated to invest in human resource development. Leading companies selected the best young employees and sent them to famous American business schools, such as

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Harvard University, Massachusetts Institute of Technology, and Stanford University. However, Tamura thought that an American MBA, which was aimed at “professionalizing businesspeople,” did not fulfill the needs of Japanese companies that emphasized on-the-job training. The American MBA as an educational system that developed professionals has contributed to the development of American industrial society. However, unintended dysfunctions have also emerged, such as friction between MBA holders and non-MBA personnel, harmful effects of analytical supremacy, and the employability paradox. The employability paradox means that an investment in skills development for employees transferable to other companies results in job change of the employees and wasting of training costs.

However, Japanese companies have developed new graduates through job rotations. They emphasize the unity of white-collar and blue-collar workers and develop human resources, enhancing their “intellectual skill” (the ability to cope with unusual changes and abnormalities) through a wide range of reassignments to new jobs within their companies. The new MBA programs of Japanese universities should not simply imitate American programs. If Japanese universities develop an effective alternative to American MBA programs, they could become a model for other universities worldwide. Professor Tamura called on the KUBS faculty to “create a new concept of MBA unique to Japan.” Some professors, including Takeyuki Tani and Kagome, agreed.

Tamura’s idea was driven by two changes in the environment specific to the Kansai economy, which the KUBS had to deal with at that time. The first was the decline in the presence of Osaka and Kobe as business centers in Japan when companies in the Kansai region relocated their headquarters to Tokyo. Once the head offices were moved to Tokyo, the universities located in the Kansai area faced difficulty communicating with the core personnel of the companies. An essential question was, “What should be done to overcome this geographical disadvantage and promote research and education in industry-academia collaboration?”

The second was the change in the atmosphere of the academic society of business administration that had developed under the influence of both the German and American academic worlds. The German business administration world developed business economics to capture the value of corporate activities in concrete terms. Until the 1960s, the mainstream work of Japanese business administration scholars in general was a type of research that traced the academic theories of German business administration. However, in the 1970s, Japanese business administration scholars began to conduct empirical studies under the influence of the American Academy of Business Administration. These aimed to promote empirical studies of business administration and networks between academic societies and companies that are willing to cooperate in the research.

Following the shift of the head office functions to Tokyo and the shift of academia to empirical research, another essential question was “How should the KUBS enhance its value as a leading university in west Japan, comparable to Hitotsubashi University in east Japan?” Establishing a graduate school for businesspeople could be a practical solution. The sense of crisis shared by the faculty members led to the idea of establishing the MBA program at Kobe University (Photo 6.1).



Photo 6.1 MBA Program Symposium held in Room 206, Rokkodai Campus Main Building. Podium left is Prof. T. Kagono. Provided by Kobe University Faculty of Business Administration

6.2 Preparing the Foundation

Not all the KUBS faculty members were in favor of establishing an MBA program. At the faculty meeting, there were debates between proponents and opponents regarding the foundation of the program. The opponents were professors who mainly studied German business administration. They argued that the MBA program that started in the United States would not fit into the KUBS because the School of Business Administration was modeled after the academic discipline of German business administration. While the debate continued between the proponents and opponents, Professor Akihiro Amano, the Dean at that time, took the lead and said, “Since there are people who insist on the merits of the MBA program, why do we not let them do it, with the condition that those who are opposed to it would not be given any additional jobs?”.

However, the fact that the assent to begin was given at the faculty meeting did not mean that the teaching and learning program would be prepared immediately. The most difficult problem was student recruitment. This involved choosing a course format. The initial idea was to open a daytime course for businesspeople. However, Professor Kagono, who was the leader in establishing the MBA program, believed that the daytime courses that required the students to take time off for study would place too much burden on them and their companies. Kagono’s concerns were confirmed when he exchanged opinions with the human resource managers of leading companies, with whom he had good relationships.

In other words, if full-time study is adopted, applicants for the MBA program would be limited to those who are dispatched by companies that exempt them from work and pay their tuition or individuals who quit their jobs and devote themselves to studying with the intention of changing their career. In the former case, young people



Photo 6.2 External evaluation meeting on MBA program held in the main conference room of the Rokkodai Campus Main Building. Prof. T. Kagono in the center, Prof. J. Ishii on the right. Provided by Kobe University Faculty of Business Administration

in their 20s were already selected and enrolled in MBA programs in the United States. In the latter, because of high career risk, the applications would most likely be limited to young and single applicants. The MBA program at KUBS was considered better suited for people in their 30s who have spouses and children and cannot abandon their current careers or suddenly leave their corporations. After these discussions, they decided to offer evening courses based on the concept of “By-the-Job Learning” (Photo 6.2).

6.3 Quick Beginning of the Experimental Program

In April 1989, the MBA program of KUBS accepted 17 professionals for the master’s program under the day/evening course system, with the exception of Article 14 of the Standards for the Establishment of Graduate Schools. The seminar was coordinated by Professor Kagono, who supervised the course. The program duration was two years. In the first year, students attended lectures and seminars held in the evening for business professionals. The lectures comprised three types of subjects: basic theory, analytical and research methods, practical case studies and research on documents published in English. Eight courses were offered in subjects such as finance, statistics, marketing, management accounting, behavioral science, financial report analysis, finance/securities/insurance, and research on documents published in foreign languages. Students could also take daytime courses for the PhD program if they had an interest and free time. Several research projects were organized in the first-year seminar, and collaborative research was conducted in which students took

initiative. In the second year, the students worked on their master's thesis through joint research. Those who obtained the prescribed credits and passed the master's thesis and final examinations were awarded a master's degree in Business Administration or Commerce.

From the viewpoint of formality, the program seemed reasonable. However, from the viewpoint of content quality, it was a "quickly started" experimental program. When a university starts a new program, it usually appeals to the Ministry of Education, Culture, Sports, Science, and Technology about the necessity of that program and obtains budgetary support from the government. The KUBS, however, did not apply to the central government for a budget because it thought it was important to commence action rather than develop an elaborate plan. The professors visited companies in Osaka and Kobe and collected more than 83 million yen in donations for the administration of the MBA and scholarships.

6.4 Concept Committee for Management Education System

Many practitioners believe that universities are "ivory towers," and therefore, learning in graduate school is not useful for improving the actual job performance of their employees. To change such beliefs, universities need to report the actual situation and progress of learning at the graduate school to the human resource managers of the students' companies and develop programs that support the human resource development strategy of the companies. For this purpose, it is essential to exchange information with the students' companies. Professor Amano launched the Concept Committee of the Japanese-style Management Education System at the start of the Graduate School for Businesspersons. He managed the system as the committee chairman. In addition to Professors Tamura, Tani, and Kagono, Professors Kunio Miyashita and Toshihiro Kanai were appointed committee members. The external members of the committee were human resource managers of 16 leading companies.

The KUBS prepared the "Roundtable on the Japanese-style Management Education System" for the regular exchange of opinions among committee members. The committee also conducted a survey on MBA programs for listed companies. The results of the survey were published in the "Research Report by Concept Committee of Japanese-style Management Education System." In March 1990, Professors Tamura and Tani contributed an article to the *Keizai Kyoshitsu* (economic note) column of the *Nihon Keizai Shimbun* to widely explain the concept of the Kobe-style MBA program for businesspersons (December 6, 1990, morning edition). The Concept Committee of the Japanese-style management education system worked until 1999 and held 25 meetings. In 2003, the committee was transformed into the advisory board for the MBA of Kobe University. It was composed of many CEOs from leading companies in the Kansai area.

The target enrollees for the MBA program were gradually clarified through active discussions among the committee members. The description of the target enrollees was as follows: They are in their early 30s and have approximately 10 years of work

experience. They have experienced two or three different jobs and have reached one step before the managers. Companies clearly know their potential talents and personalities. They and their companies expect them to be promoted to executives in the future. They have deep expertise in a particular job but not a wide range of experience within their companies. Furthermore, they want to broaden their careers. They have a clear sense of work in their own jobs and intend to use academic knowledge in their careers. They do not look for practical knowledge of their jobs in graduate school. They knew that such practical knowledge would soon become irrelevant. Rather, they seek more fundamental knowledge. Therein lies a paradox: “What is highly academic has practical value.” This is the most important way in which universities can contribute to society.

The lectures offered in the MBA program were designed to respond to the needs of business professionals and provide fundamental academic knowledge rather than practical knowledge. However, the research subjects in the classroom were actual problems at the workplace. Graduate students used academic theories of business administration to understand problems at their workplace and used them to solve problems at their workplace. Academic insights into the problems and methodologies to understand them are exactly what many business professionals are seeking. Effective relations between practices on the shop floor and learning through “By the Job Learning” contribute toward the drastic improvement of the potential talents of business professionals. This was one of the conclusions made by the Committee.

The “Project Research Method,” in which several students cooperate to find solutions for shared problems, was used as an educational method in the program. When students intensively consider simple problems in the workplace, they encounter basic management issues. By analyzing and discussing these issues in groups, students can gain new insights. The professors provided guidance and advice, but the students played a leading role in solving these problems. The students considered their accumulated knowledge about the actual problems they are faced with and the methods they could use to solve these problems. The student’s ability proceeds from mastery of the required knowledge and methods. In this sense, the “Project Research Method” was intimately linked with the concept of “Research-based Education.”

6.5 MBA Program as Cross-Boundary Learning

The most distinctive feature of the KUBS MBA program is that students can focus their research on real problems in their own companies, which the KUBS refers to as “By the Job Learning.” This is why business professionals who have just graduated from universities cannot manage their workplace, no matter how brilliant they are at university. The KUBS believes that the MBA program is meaningful for business professionals with approximately 10 years of work experience. Therefore, the MBA program at KUBS has the aspect of “Recurrent Education for Businesspeople.” They already have their own rich and varied life experiences, which they can use as learning materials. Therefore, they have the disadvantage of not accepting learning materials

that do not conform to the framework created by their own experiences. To learn effectively again, businesspeople need to continuously dispose of their former ideas and values and acquire new knowledge and skills at each stage of their lives according to changing work environments.

This is referred to as “unlearning” in learning theory. Unlearning includes abandoning and overriding conventional values, beliefs, mindsets, and assumptions that have been taken for granted. Unlearning is made possible by crossing boundaries, which is the process of changing one’s position in the world. Crossing boundaries refers to moving from a comfortable place (home), where one is surrounded by people with similar values, to an out-of-the-way place, where one does not know anyone (away from home). In the latter case, the ideas and opinions that one thought were correct until then may be rejected, or one may be asked to explain them again. This results in a relativization of conventional wisdom, values, mindsets, and beliefs and makes one ask oneself, “Is this truly so?” Furthermore, in cross-boundary learning, the sense of discomfort or conflict that arises from going back and forth from “home” to “away” and from “away” to “home” promotes learning.

Here, the two pillars, the “Project Research Method” and “Research-based Education”, became meaningful. By practicing the “Project Research Method,” students from different industries and professions can inspire each other through concrete project research. In addition, analyzing actual problems using the knowledge and theories of business administration means that students learn while crossing the boundaries between the different worlds of practice and academia. Crossing the boundary from home (workplace) to the MBA program results in the fusion and crossover of knowledge from different industries, companies, and academia, as well as knowledge from their own experiences. Moreover, the MBA community differs from hierarchical relationships. Community members are required to act independently and proactively. This aspect of a learning community that encourages cross-boundary learning makes the MBA program at KUBS unique.

6.6 Subsequent Developments

Professor Tamura supervised the seminar for the second class, which enrolled in 1990. Simultaneously, the Faculty of Business Administration applied to the Ministry of Education for the establishment of a master’s course in “Japanese Corporate Management,” and the management education program for working people was absorbed into this course beginning in April 1991. The third class of students that Professor Tani was in charge of was enrolled in the new course. Consequently, the department-in-charge was rotated among the three departments that make up the Faculty of Business Administration, as Professor Kagono of the Management Division, Professor Tamura of the Commerce Division, and Professor Tani of the Accounting Division oversaw the respective seminars.

Professor Koji Okubayashi supervised the seminar on the fourth term of the students who entered in 1992. Okubayashi, like Professors Kagono and Tani,

provided the opportunity to present the results of project research abroad to develop the “Project Research Method” and “Research-based Education” at a global level. In the first year (March 1993), the project research results were presented to graduate students at the University of Salford in the United Kingdom and *Wissenschaftliche Hochschule für Unternehmensführung Koblenz* in Germany. The titles of the three project studies were as follows: “Corporate Innovation and Corporate Culture, Corporate Innovation: Case Study of the Hankyu Corporation,” “Japanese Management through Women’s Eyes,” and “Concept of The Trilateral Career Development Plan.” The presentations were highly valued by Professor Horst Albach, a leading scholar in the German Academic Society of Management. In the second year (March 1994), students presented their theses at Stanford University in the United States and received comments from Professor James March, an authority in the field of management (Photo 6.3).

In retrospect, the history of the KUBS MBA has been a path to the realization of its basic philosophy of “Open Academism.” Open academism refers to the philosophy of “addressing the practical issues faced by industries as subjects of university education and research without delay, thereby promoting information exchange between actual management sites and management research and education sites.” In 1993, the KUBS founded the Advanced Management Association to embody the philosophy of open academia. It also serves as a platform for industry-academia collaboration to further stimulate the MBA program. Whereas most people consider an academic society an association of scholars and researchers in a particular field, the members of this association are not limited to university faculty and students but include individuals involved in management. This is because research on management and business issues is not limited to universities or research institutions. Management consultants



Photo 6.3 Overseas study tour for MBA students at the University of Salford, UK; second row center is Prof. K. Okubayashi. Provided by Koji Okubayashi

and practitioners also study management issues and strive to gain new insights. Moreover, their insights may be deeper than those of university researchers because they are supported by practice. Management studies research is further developed when diverse people meet and communicate with each other.

In January 1993, the KUBS held a symposium under the theme “Management Innovation under Recession” to commemorate the establishment of the Advanced Management Association. At the symposium, Tamura, the president of the association, presented a lecture on “Marketing in an era of poor sales.” Mr. Hiroshi Yamauchi, President of Nintendo, presented a lecture on “Strategies for market creation.” The association also published a quarterly magazine called *Business Insight*. The first editor-in-chief was Professor Kagono. The journal addressed various essential issues faced by Japanese companies and provided material for insight into these issues. Four workshops and one symposium were held annually, in conjunction with the publication of *Business Insight*. These workshops and symposiums continue to provide a forum where leading practitioners and researchers take the stage of panelists and discuss recent changes in the business world (Photo 6.4).

In 1995, the KUBS launched a PhD program for business professionals. Since then, some graduates of this doctoral program have become researchers, and some have become key faculty members at various universities. The MBA program has produced “ambidextrous” (*nitoryu*) researchers who are knowledgeable in both practice and research fields.

The MBA program at KUBS has continued to transform itself through a series of reforms, such as the introduction of a more flexible course length, including a short completion period of one year and six months, intensive Saturday classes, and the opening of satellite classes in the evenings on weekdays. The implementation of this

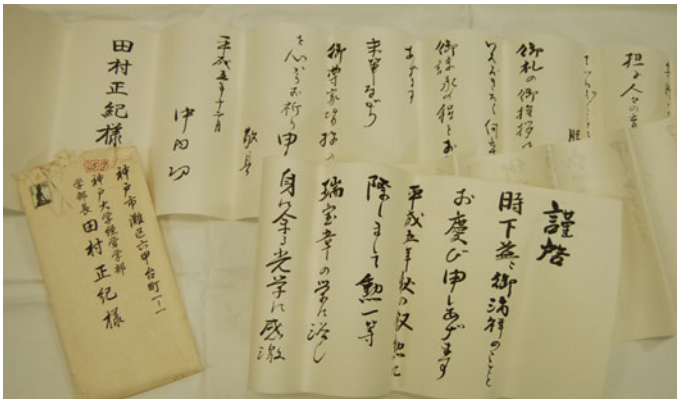


Photo 6.4 Letter from Isao Nakauchi, founder of Daiei, to Tamura, Dean of the Faculty of Business Administration, Kobe University. Provided by Kobe University Faculty of Business Administration; photo by the editors

series of reforms shaped the current course format. The driving force for the development of these unique programs was the pioneering spirit of business administration that has been passed down from previous generations since the establishment of the Kobe Higher Commercial School.

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Chapter 7

To Be a Global Player of Management Studies and Education: The Power of the Accumulation of Management Knowledge in KUBS



Izumi Mitsui and Kiwako Asai

7.1 Introduction

More than 100 years have passed since the institution of management education in the form of Higher Commercial Schools was founded in Japan. Since 1949, Higher Commercial Schools have become universities, and many of them have changed the names of their departments from “commerce” to “business administration.” In addition, course titles and curricula have been changed to meet contemporary demands. There are several applicants for business administration courses, such as MBA; many of them have work experience, and they enroll to further their qualifications. Thus, management education in Japan appears to be developing and evolving. However, what is the reality of management education in Japan?

Looking at the external environment of business enterprises, the seemingly boundless economic development has reached its limits; thus, we are faced with global risks, such as environmental problems, economic disparities, and pandemics. Given this rapidly changing environment, which management skills are needed, and how should they be studied and taught? Unfortunately, the answer remains unclear.

The Kobe University Business School (KUBS) has been at the forefront of management research and education in Japan for over 100 years. This chapter explores how KUBS should be developed for the future, predicated on its original educational style. Rather than focusing on specific management issues or problem areas, we focus on the management fundamentals as a “style of knowledge” and how KUBS has accumulated and developed it.

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Here, we employ our experience in conducting surveys and participating in lectures at KUBS, along with historical documents from it. Although this is a fragmentary experience, we believe that we are able to observe KUBS' characteristics through it effectively.

7.2 Styles in Management Studies: Integration of Clinical and Scientific Knowledge

It is useful to look back at the evolution of American management theory when considering the styles of knowledge of "management." In particular, two major trends were observed. The first research method is a clinical one. It is the method that "inductively" develops patterns of hypotheses from a thorough observation of a specific situation, comparison with existing theories and experiments, and simulation to actual practice to develop a theory (conceptual framework) that will solve existing problems. In this case, the aim of constructing a theory is to "solve the problem in question and not to construct a logically consistent theory."

By contrast, the second method is to deductively derive a hypothesis (or theoretical model) from an established theory when analyzing a particular problem or phenomenon and then determine its veracity by empirical verification. Accordingly, there is a tacit understanding of the "truth" or "essence" of any phenomenon. In this case, the objective of theory construction is to "clarify or describe that truth." This procedure is referred to as logical positivism.

One of the leading schools that proposed the first research method was a scientific group led by Henderson at Harvard University in the 1930s. Together with G. Mayo, F. J. Roethlisberger, C. Bernard, and others of the early school of human relations theory, they proposed a "clinical method" (Hippocratic method) and a "conceptual scheme" to analyze human relationships.

Roethlisberger (1962) described this method as follows. First, one starts with two or three simple, straightforward hypotheses that provide the right clues regarding the real world. Second, one complicates these hypotheses not in the abstract but only with respect to what we observe and feel through our senses. In other words, they do not draw general conclusions from word-only definitions. Third, one establishes simple ways to explore complex realities. Fourth, one exhibits firmness in their intentions. Fifth, one intuitively understands that the complex world of reality will be outside the framework of any abstractions. Last, one carefully considers the type and nature of any phenomenon as basis for the hypotheses and methods.

Furthermore, Roethlisberger (1962) argued that knowledge acquisition requires a "conceptual scheme," which can only be verified in terms of "convenience" and "usefulness." That is, the conceptual scheme is not verified by true or false like a proof of proposition but is verified by practice or experience.

In contrast to business administration as a "clinical knowledge," H.A. Simon tried to establish business administration as a "system of scientific statements." Notably,

he was greatly influenced by Carnap's "logical positivist" methodology when he was a student at the University of Chicago in the 1930s. In his seminal work, *Management Behavior* (first published in 1947), he states the following:

To determine whether a proposition is true or not, it must be directly compared with experience—with facts. Or it must be derived by logical inference from other propositions which can be compared with experience. But by no process of reasoning can factual propositions be drawn from ethical propositions, nor can ethical propositions be directly compared to facts. This is because ethical propositions assert a "fact" rather than a fact. Therefore, there is no empirical or rational test of the correctness of ethical propositions. (Simon, 1976, p. 46)

He further argued that in order to modify the traditional "maxim-like management principles" into a "fact-based scientific system," it is necessary to study following three. First, it is necessary to develop descriptive terms. Second, they must be considered comparatively when evaluating management organizations. Third, it is important to study the "bounded rationality" to enumerate fully and comprehensively (Simon, 1976, pp. 3, 41–42).

Simon's goal was to construct a "verifiable and reproducible system of factual propositions," even at the expense of some empirical reality. Through this process, it was believed that management as a body of knowledge would shift from "clinical" to "scientific." Since Simon's scientific management research method was proposed, management studies have progressed toward scientific knowledge.

W.V.O. Quine pointed out that "discrimination" between the two types of knowledge is a long-standing "dogma." Notably, he studied "conceptual frameworks" from Henderson and logical positivism from Carnap.

One of the two dogmas of modern empiricism is the belief that there is some fundamental division between analytic truth (i.e., truth based on meaning, which is independent of factual issues) and total truth (i.e., truth based on facts).

The other is "reductionism," that is, the belief that any significant statement is equivalent to a logical construct from the named concepts with direct experience. He pointed out that there is no basis for either of these two dogmas, that the line between metaphysics and natural science is blurred, and that the criteria for a choice of a theory depend solely on "pragmatic demands" (Quine, 1980, p. 79).

In a dialogue with Yasuhiko Tomida, Quine said, "The concept of a conceptual scheme is not a tactical concept for me. It just means a general structure consistent with the theory people have stated" (Tomida, 1994, p. 45). This standpoint is quite different from the earlier conceptual framework of Roethlisberger et al.

I believe that Rorty (1982) had a clear viewpoint on this matter. The characteristics of pragmatism, he points out, can be summarized as follows:

First, it applies anti-essentialism to ideas such as "truth," "knowledge," "language," "morality," and similar objects of philosophical theorizing. Second, it suggests that there is no epistemological difference between the truth of what is to be (the thing) and the truth of what is (being). Third, the distinctions we have implicitly assumed, such as "fact and value" and "morality and science," are mere "matters of linguistic rules."

Eventually, these rules of language are “beliefs” that are only bound by “conversation” within a certain “community.” Whether they are truths is “something that is created within the community” (Rorty, 1982, pp.162–166).

If we consider “clinical knowledge” and “scientific knowledge” in management science, both are processes or methods leading to the truth and representing “beliefs” that are bound only by the “rules of conversation” accumulated over many years in the communities. For example, clinical knowledge is primarily a matter of “beliefs.” The former is primarily bound by the rules of conversation formed among practitioners, such as in a company, and the latter is bound by the rules of conversation formed in the researchers’ community. They also created “worldviews” and “cultures” that are independent of each other. That is, it would seem rather difficult to bridge the gap between the two types of knowledge.

However, if we look at the “field of management practice,” these elements exist and interact simultaneously. It seems imperative to examine this when considering the characteristics of the knowledge of management science. In other words, a question remains on the “creation of belief systems” process and the “worldview” behind such a process in the field of practice, where both clinical and scientific knowledge can exist simultaneously. C.I. Barnard was keenly aware of this issue.

For practitioners, the ultimate determinant of a theory’s validity is the existence of a “reality that is supposed to exist in the field of practice.” No matter how peculiar this reality may be, the “facts on the ground” must be considered; it is believed that there is a kind of “reality” there. Therefore, there is a strong belief that any general theory abstracted from this reality “should” or “could” reflect this “reality on the ground” in some form.

However, the final stronghold of scientists is “objective facts unquestionable to everyone.” This is supported by “scientific knowledge” accumulated through years of “scientific research.” There is a strong belief that real events, which contain various values, are transformed into statements of “verifiable factual propositions” by being subjected to the “sieve of science” and that universal “laws” and “principles” should be generated by viewing them in light of real experience to increase their “certainty.”

There is no doubt that these two opposing positions (or “beliefs,” if you will) have shaped the direction of management studies. They have been developed as “practice-oriented” problem-solving management science and “science-oriented” or “theory-oriented” phenomenon-explaining management science, respectively. They embody the values and reality of the two communities of practitioners and scientists and have continued to exert influence on each other. However, as Barnard also pointed out, these two perspectives are strongly interrelated. A researcher’s scientific explanation for a business phenomenon will influence the cognitive framework of practitioners, which in turn will affect their concrete actions. It is undeniable that the process of solving practical problems can develop scientific knowledge. In other words, these two opposing methodological positions exist and interact simultaneously in practice.

We believe that the methodological uniqueness of business administration lies in the conscious handling of these methodologies. In other words, the methodological uniqueness of business administration is not due to its adherence to either one of the two positions above but rather its ability to present a theory or a conceptual framework

based on a value system that enables the simultaneous existence of both. In simpler terms, the goal of knowledge creation in business administration is to narrate a real-world “story” such that “clinical knowledge” and “scientific knowledge” can exist simultaneously, based on specific values, beliefs, and philosophies.

Thus, management schools conduct research on basic theories, survey the practice field, engage in dialogue between researchers and practitioners, and nurture successors to be sent out into the world of business and academia.

7.3 Direction of Knowledge Creation of Japanese Higher Commercial Schools: The Purpose of Management Education in Early Era

Adjoining the main building at Kobe University are the statues of its two founders: Tetsuya Mizushima (bookkeeping and accounting major, the first principal of Kobe Higher Commercial School), and Shinji Tasaki (distribution, shipping, and insurance major, the first president of the Kobe University of Commerce). We will not discuss their great achievements here (Photo 7.1).



Photo 7.1 The left is a statue of Tetsuya Mizushima looking toward Osaka, the upper right is a statue of Shinji Tasaki looking toward Kobe Port, and the lower right is a view of Kobe Port from in front of the main building of Kobe University

The two statues face different directions, but they were not hostile. This is because Mizushima highly valued Tasaki's experience at his previous school and study abroad and welcomed him to Kobe. Mizushima statue is gazing at the "commercial city of Osaka" while Tasaki's is gazing at the "sea" (overseas). The destination of these two statues was exactly the direction of knowledge that Kobe Higher Commercial School was aiming for. It was the direction of practical knowledge of the economic world and internationally accepted knowledge. There is no doubt that practical learning of the business world from a global perspective has been a major driving force behind Japan's international economic development.

When Mizushima assumed the position of principal in 1903, which is when the school opened, the curriculum consisted of only one year of preparatory courses and three years of regular courses, with 32 h of weekly class time. One-third of the courses were in foreign languages, one-third in practical commercial subjects (such as bookkeeping and commercial arithmetic), and the remaining one-third in liberal arts subjects. The course syllabus of 1925, which took effect just prior to be promoted to university in 1929, included basic subjects common even in today's business and commerce departments. Interestingly, Yasutaro Hirai, who had just returned from a three-year study abroad program, presented the initial lecture system of "General Theory," "Theory of Industrial Organization" (Theory of Enterprise), and "Theory of Administration and Labor Management" in his "Business Administration" course. The first textbook on business administration, "Introduction to Business Administration," was published in 1932 based on these lectures.

In addition to these practical courses, KSC is unique because it has a wide variety of language courses, especially for second foreign languages. Compared to former high schools, which offered German, French, and other languages, the variety of languages offered at KSC is remarkable. According to the "Calendar of Higher Schools and Commerce" of each higher school, Kobe Higher School of Commerce (1907–1913) required four hours of language study in the second year and five hours in the third year. Students had to choose one subject from among the following: Chinese, French, German, Russian, and Spanish. Meanwhile, at Nagasaki Higher Commercial School (1907–1946), students were required to take three hours each year from the first to third year. They had to choose one subject from the following: Korean, Chinese, German, French, and Russian; however, the number of students taking German, French, and Russian courses have been extremely small. Yamaguchi Higher Commercial School (1907–1913) required three hours of compulsory study in each of the first three years, with one subject chosen from the following: Korean, Chinese, and German. Otaru Higher Commercial School (1917–1918) required three hours in the second year and four hours in the third year, with one subject chosen from the following: Russian, German, and Chinese. Lastly, Nagoya Higher Commercial School (1921–1922) required two hours each in the first and second years, and in the third year, two hours in the first semester and three hours in the second semester of elective courses, with one subject from either of the following: Russian, German, French, and Chinese. This indicates that each high school and commercial school focused on a different region for language education and that lecture hours were increased as graduation year approached. In other words, while the former high

schools aimed to read German, French, and other “literature” as liberal arts, each Higher Commercial School focused on language education as practical knowledge with a specific, concrete region in mind.

Ryusei Watanabe (1865–1944, Ethics), who served as a principal of Otaru Higher Commercial School and Nagoya Higher Commercial School, wrote in his address at the 10th anniversary of Otaru, that universities are primarily driven by theory, while higher vocational schools are primarily driven by application. According to Watanabe, they have different roles, and there is no superiority or inferiority between these two. In other words, deductive (from theory to application) and inductive knowledge (from application to theory) are necessary (Watanabe, 1929, pp. 2–3).

It is not an exaggeration that Japan’s modernization after the Meiji period was realized through multilayered education of these two styles. Notably, Kobe Higher Commercial School laid a solid cornerstone of this foundation. The objectives of management education in its early years bore fruit, producing many internationally active practitioners from Higher Commercial Schools and supporting Japan’s subsequent economic development. This point has already been discussed in other chapters, and hence, omitted here.

However, such a multilayered knowledge system eventually collapsed; currently, it appears to have become one layer. There may be multiple reasons for this, such as the problem of securing human resources and the educational policy of universities; regardless, it is necessary to discuss whether a multilayer educational system is still important since both universities and companies in Japan are facing a major obstacle in cultivating the human resources needed by society, coupled with the rapid development of its aging society.

7.4 Knowledge Migration and Accumulation at KUBS: The Process of Cultural Translation and Its Generation and Development in Educational Field

7.4.1 Knowledge Transfer from Abroad as a Process of Cultural Translation

Since the modernization process in the Meiji Period (1868–1913), Japan eagerly absorbed knowledge from abroad by translating many foreign documents into Japanese and using them as textbooks in school education; KUBS was no exception. The Social Science Library at Kobe University’s Rokkodai Campus has a vast collection of Japanese books, materials, and foreign literature from when it was a Higher Commercial School. At the same time, most of the books and papers of researchers who have struggled in absorbing knowledge from abroad and adapt these learnings to Japan’s unique business environment, have been preserved in its actual form. We consider this as a “cultural translation process,” which are discussed below.

We consider the important research concepts of “translating” and “incorporating” from the viewpoint of cultural translation. We explain this point by referring to the book edited by Mitsui (2020). We further explain the concept of “cultural translation” according to the theories of cultural anthropologists Tamotsu Aoki and Keiji Maegawa. Based on the ideas of Leach (1976), Aoki wrote:

Leach states that cultural translation is not simply the transfer of language but the translation of poetic meaning into the cultural language of another; however, the methodology to resolve this issue has not yet been established. This is considered an application of linguistic theory that follows the conventional linguistic anthropological theory. This problem seems to be an area in which quantitative and technical operations cannot necessarily be applied. (Aoki, 1978, p. 43)

In addition, Aoki contends that when cultural anthropologists attempt to understand an idea, they must share their interpretation based on the “language–recognition–action triangle” perspective. Furthermore, for those contemporary words and expressions, both “logical–structural” and “intuitive–metaphorical” methods of understanding exist, which cannot be separated from cultural translation. Aoki stated that cultural anthropologists commonly use dualism (Aoki, 1978, p. 44).

Keiji Maegawa further developed this idea of “cultural translation.” Maegawa regards the issue where different cultures meet or when culture meets civilization, and a new culture is created as issues of “cultural interface.” He explains the translational process of culture that occurs with the phrase: “from translation to displacement” (Maegawa, 2012).

According to Maegawa, translation “actively captures the process of transformation for the target society based on an articulation of culture under the influence of a strong external society from within the transforming society and indicates practical cognition or cognitive practice.” By contrast, displacement means to “go one step further in the phase of transformation according to cultural demand based on the society’s epistemology of ‘rereading’; it indicates the practical actions consciously involved in the phase of transformation” (Maegawa, 2012, p. 22).

In particular, in the field of (national) development, Maegawa emphasizes the importance of the perspective of displacement from cognition to practical action. Furthermore, he focuses on the process through which a new culture is created (Maegawa, 2012, p. 22).

The conclusions can be summarized as follows. First, cultural translation is not simply a language transfer. Second, understanding the ideas of a different culture requires sharing one’s interpretation based on the “language–recognition–action triangle” perspective. Third, there is a “logical–structural” and an “intuitive–metaphorical” method of understanding of specific words and expressions, which cannot be separated from cultural translation. Fourth, there are two methods of the translational process of culture: translation and displacement. The translation is a method of “practical cognition” or “cognitive practice” that actively captures the target society’s transformation from within the transforming society. In comparison, displacement is the “practical action” that is consciously involved in social transformation. Fifth, new cultures may be created through these cultural translations.

Another framework of translation theory adopted here is the concept of “domestication” and “foreignization” proposed by Venuti (1995). This is briefly explained below. Venuti (1995) referred to translation strategies as “foreignization,” which preserves the cross-cultural characteristics of the source culture, and translation strategies as “domestication,” which adapts cross-cultural characteristics to the target culture. These concepts were used as opposing concepts.

Yasutaro Hirai, a key figure in the creation of Japanese business administration and the founder of the School of Business Administration at KUBS, is no exception. He studied in Germany when he was young, and his management theory strongly reflected the German business administration system. According to Taiyo Shimizu, the characteristics of his theory are as follows. First, he established business administration by modifying old commercial science to meet the needs of the times. Second, he included accounting as an important field in business administration. Third, he thoroughly investigated management, that is, the subject of business administration. Fourth, he considered management, a part of the national economy, as a “whole” in and of itself (Kambayashi et al., 2021, p. 23).

Hirai studied in the U.S. in 1926. In a paper written in 1927, he repeatedly asserted the importance of the practical aspect of management studies, describing it as “pragmatic” and “application-oriented” (Kambayashi et al., 2021, p. 26).

Thus, Hirai absorbed Western knowledge through his study abroad and “culturally translated” it into Japanese business administration, considering the actual conditions of Japanese business administration. He then integrated it in his work.

7.4.2 Generating and Accumulating Knowledge in Library: Field Research

This section is based on a survey I conducted at a social science library during my stay as a researcher at the Graduate School of Business Administration of Kobe University between May and July 2019.

7.4.2.1 Library: Accumulation of Knowledge and Its Dynamism

According to the “Kobe University Library Handbook,” for the fiscal year 2019, the Social Sciences Library has approximately 670,000 Japanese and Chinese books and 720,000 Western books. Historically, the Kobe High Commercial School Library was established in 1903, and the main building was completed in 1933 when the school became a commercial university. By the time the construction of the main building was completed, there were approximately 115,000 Japanese and Chinese books and 55,000 Western books. The fact that its number of Japanese and Chinese books at that point was almost the same as that of the Tokyo University of Commerce (now Hitotsubashi University) shows its popularity (Photo 7.2).



Photo 7.2 The Social Science Library at Kobe University

Aside from the quantitative power, I was almost certain that this library was the “people’s ‘breath of life’”; these “people,” in one way or another, contributed to the books’ existence. The books in this library are arranged in order of the year they were received. One can trace the development of business administration from its early days by looking at the shelves starting from the oldest layer, 1–1–1. Of course, it is possible to learn the history of the discipline from the arrangement of books in other libraries. However, what sets this library apart from others is that at the time any of its books was published, young authors, who would later become renowned researchers, were enrolled at the university, creating their own theories through repeated trial and error and earnestly discussing these theories with their students. In other words, the books here may resemble historical pieces written at a time when now renowned authors were simple educators; before, their books were simply accounts and results of discussions in the classroom with their students. As I was observing, the students in the library were intently reading their books. Notably, the books exhibited the authors’ sharpness of writing, wit, intelligence, and freedom or openness in discussing views and lectures. The library indeed felt “alive” (Photo 7.3).

This is not the only perspective that supports the fact that this library is a “breath of life.” In one of its corners can be found an old section of books from the personal collections of retired faculty members; they were labeled “Hirai,” “Higashi,” “Sakanishi,” “Iokibe,” and the others. One may find not only the researchers’ books and

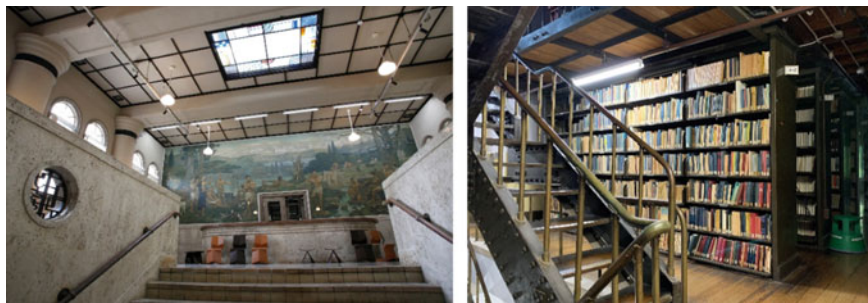


Photo 7.3 The left is “Seishun (Youth),” a large mural painting in the library hall by Masami Nakayama, a graduate of Kobe Higher Commercial School, and the right is library stacks

achievements but also books donated by their colleagues and researchers at other universities. The collection also contained books and materials in other fields of interest. Although some of the books were about seemingly unrelated areas of expertise of the researchers, each of their entire collections interestingly reflects their “worldviews.” The books donated by their colleagues also indicate meticulous views. Some of them contain opinions that they could not express to each other at the time and descriptions of feelings toward one another. As I savored these thoughts, I almost felt as if they were standing by my side.

This library has persisted through the support of numerous donors, including faculty members, alumni, and outsiders. As of 1933, about 10% of its collection, or 19,000 volumes, were donations. A list of the Kobe Higher Commercial School shows that the New York branch of Suzuki Shoten, a major trading company at the time, donated “152 volumes of U.S. government publications.” Shibakawa Shoten of New York donated “70 volumes of Accounting Theory and Practice” and others. Some of the earliest foreign books were donated as early as within a year of their dates of publication, which shows the extent of foreign support.

Today, libraries are considered “information centers.” In today’s highly information-oriented world, vast amounts of “information” are stored in computers. However, knowledge is not left only in such a form. Every book in this library not only accounts for the exchange of information between authors. Every book still facilitates an encounter between the authors and readers regardless of generation. It was a form of “knowledge with people” who learned, taught, and pondered at the Camus of Rokkodai-Kobe. To me, the smell of the pages of the books represents the prestige of “Kobe University’s academia.” The materials collected here are the accumulation of knowledge transferred from overseas to Japan and the crystallization of discussions among the researchers and students who studied, debated, and learned there. This library embodies such dynamism of knowledge.

7.4.2.2 Student Scribbles Left on the Library's Books: The Debate in the Educational Field and the Academic Controversy Behind

The oldest books in the social science library, numbered “1-1-1,” were lined with old Japanese business administration documents or sources of information. The most representative of these books is Yasutaro Hirai’s “Introduction to Business Administration” (1932). One day, I was flipping the pages of this book, which had already turned brown 87 years after Hirai’s donation in 1932. I saw a bold “scribble,” and I blurted, “Yassan, Ganbare! (keep it up!) September 1955.” In fact, I found scribbles in one or two locations. It seemed to me that his students’ emotions were written all over the blank spaces of his book. Some were handwritten with fountain pens. Their scribbles indicate witty, friendly, caustic, and unique letters on the margins of these modestly priced (about 5,000 yen today) books. Some were satires of their times and harsh criticisms of academia and authors. The scribbles are especially intense when Hirai is engaged in a heated debate. On some pages, different scribbles appeared one after another, and the discussion continues until no blank spaces are left. Some people correct the writing on the books. Meanwhile, others pretended to be the author himself. Nevertheless, the discussions become increasingly heated, like today’s conversations on the internet. That is, the books in the library were the then “media” (Photo 7.4).

What closeness existed between Hirai (who was called “Yassan” at the time) and his students! He passionately discussed management studies while his students were at different times cheered him on, refuting him, or confused by his passion. How vividly they “compete” with each other as shown in one book! Because of the scribbles, I completed the entire book I was reading.

This book was not a mere “introduction.” It was an overflowing description of the pain and joy of the birth of business administration as a new discipline and Hirai’s struggle to nurture it. There were various criticisms of economics and commerce, business administration, and its researchers. There were harsh academic criticisms from his rival, Keitaro Fukuda (Commerce Major). In fact, university bulletins from this period describe Fukuda’s agitation in his rebuttals, which was unusual of him. However, such criticisms seemed to be a natural part of Hirai’s quest to determine the essence of “true commerce” and “true business administration.” Hirai’s declaration to his colleague goes, “The university is a place where lectures are given at the same time as research.” This further pushed me to finish reading the book in one sitting because I felt like I was participating in the discussion.

The most intense graffiti in this book were scribbled between 1950 and 1955. It reflected the traces of “battles” and heated discussions about Kobe’s reform to a new university system between the faculty and students. Interestingly, it is likely that the students enjoyed and were enthusiastic about the “academic debates” with and among teachers. The teachers’ enthusiasm was conveyed to the students and was described in the scribbles. It is overwhelming to almost witness their interactions, transcending time before my own eyes. I was genuinely happy with this curious encounter and thought this was an interesting way to learn.

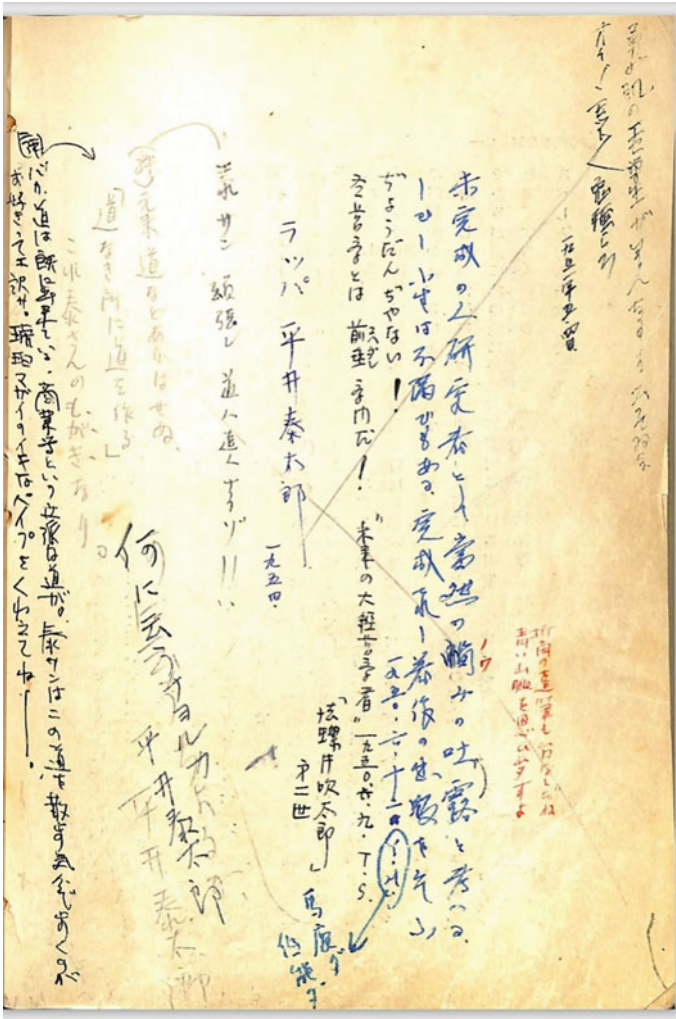


Photo 7.4 Scribbles left by students on *Introduction to Business Administration* by Yasutaro Hirai

Of course, only bits and pieces of their discussions were captured in the scribbles. Fortunately, in a library like this, where most of the books have been preserved in chronological order, there bound to be several similar accounts or opportunities to vicariously see their experiences even through the scribbles at least. By combining various types of materials from the same period, we were able to understand the historical fact as a total. We intend to continue this endeavor without any intent to encourage graffiti or damage library books.

7.5 KUBS as a Japanese-Style Business School: Participant Observation

In the previous sections, we clarified how KUBS followed and nurtured the form of knowledge sought by its founder, focusing mainly on the library materials and traces of discussions left there. In this section, we clarify the educational methods of KUBS, which is now being implemented as an MBA program. Accordingly, this MBA is based on the “Japanese-style management education system” proposed in 1990 by Masanori Tamura, Takeyuki Tani, Tadao Kagono, and others, with inputs from other practitioners. Its characteristics are based on the educational philosophy of using purely basic academic theory to analyze specific management field problems. Another distinctive feature is its adoption of the “project method” to raise an issue against the convenient empirical research that American MBAs adopted at the time. This method also aimed to view through the lenses of modern context the “pragmatism” and “emphasis on theory” that had been the tradition of Kobe University’s Faculty of Management since Yasutaro Hirai.

Apparently, the educational philosophy of its MBA program has been maintained. The following is Kiwako Asai’s observation of the MBA program.

The MBA course at Kobe University is based on three concepts: Project Research Method (PRM), By the Job Learning (BJL), and Research-based Education (RBE). These concepts were developed from the vision of the Japanese-style management education system at the time of start-up, considering the demands of the industry and working population.

Although it was the case that researchers in the R&D departments potentially got higher positions or pay due to their master’s degrees, it was not always the case for people working in the Japanese industries or labor markets. Therefore, they had no incentive to enter business schools and resign from their current jobs. However, businesspeople aged 30–40 desperately needed to solve their work problems by studying business administration. Considering these conditions in Japan, the MBA program at Kobe University was designed such that students can still study while working. These programs taught them to apply management theories and findings to their real work problems.

It was designed for completion after at least 1.5 years; thus, its coverage was intensive. In the first term, the students begin their case study in concurrence with their coursework of the core subjects. In the practicum, they form a team of six members to discuss solutions to an assigned case study.

The case study is viewed from diverse perspectives because students have various backgrounds, such as professions, positions, business fields, and education. Additionally, their teachers participated in their discussions, intellectually training them to see the essence of their problems. After finishing their project in the first term, a seminar for an academic dissertation begins in parallel with their theme project study, in which students choose and discuss their own problems, making a team of approximately six members (Photo 7.5).



Photo 7.5 A scene from Professor Kambayashi's seminar at the MBA program

The seminar was scheduled monthly, covering an intensive discussion from 8:50 am until 6:30 pm, excluding lunchtime. Approximately 20 students were assigned to one professor and were required to present their research projects. Other teachers in other universities and students in the doctoral course also joined the discussions adding to the repertoire of academic viewpoints driven by differences in logic, theoretical backgrounds, framework for analysis, and research methods. Students would work on their research based on discussions and advice from other students and teachers.

Notably, one month was not enough for the working students. They had less time than the full-time graduate students to form their logic based on large amounts of books and journals. Instead, they solved their case studies using their various experiences and memories of cases from their work and the knowledge and advice from their professors and classmates.

The students sifted through several theories for every presentation. While they were at it, however, they tended to lose track of their own research question by pursuing answers to existing theories. This made it hard for them to develop the ability to find management problems and propose solutions. Naturally, they were criticized and asked the following questions: what do you do with your previous question; why did you change your research question; and is it the problem you genuinely want to resolve. Therefore, this tendency was highly criticized.

Several students constantly sought academic advice and references from their teachers to better understand their case studies' underlying problems.

This seminar lasted one year until they completed their MBA dissertations. The students took the inductive approach, while their teachers took the deductive approach, resulting in effective discussions.

Most MBA students at Kobe University are candidates for management or middle managerial positions. Many of the case studies they proposed were about the problems usually occurring in the stages between top management and executions at the frontline. The solutions to these problems are typically complicated, even for professional business administration researchers. Both teachers and students approach the core of the problems by discussing them repeatedly. This in-depth discussion fosters middle managers who have the perspective of top managers and are the core human resources for future executives.

In Japan, corporations internally train their top managers. However, it is currently becoming difficult for them to develop "generalists" who can manage the entire company because of the flattening of the hierarchy and the high specialization of jobs. This increases the significance of Kobe University's MBA program as an external education institution.

7.6 Conclusion

Based on the above discussion, we summarize management research and education characteristics at KUBS based on the following three perspectives: "clinical knowledge" and "scientific knowledge"; transfer of knowledge from abroad and its interpretation; and MBA education as an important linkage between practice and theory.

First, it is clear for the modernization of Japan that "clinical knowledge" and "scientific knowledge" were not treated separately. Rather, education was provided from the beginning in a manner that connected the two. For instance, for technical schools, such as Higher Commercial Schools, the academic structure changed from "application to theory"; universities, however, changed from "theory to application." That is, higher commercial and other schools trained their constituents' "inductive logic," while universities trained their constituents' "deductive logic." As such, research and education at KUBS were also strongly based on these two "types of knowledge." What kind of thinking methods are emphasized by the educational method of "analyzing practical problems with theory," which has continued to the present KUBS? Does it emphasize inductive and deductive methods?

Second, Hirai and other early researchers did not adapt German and American knowledge as it was but rather translated it culturally considering the Japanese situation. Then, they made an "interpretive adaptation" and "strategic adaptation" of these foreign bodies of knowledge. This defines the perspective on the transfer of

knowledge from overseas and its interpretation. Currently, both academic and non-academic worlds are often simply adapting Western-style models. If this continues, this will surely create a setback to the creation of new frameworks.

Finally, Bernard pointed out this it is not always the case that researchers think “scientifically” while practitioners think “clinically.” Quine came to his support by stating that it is an empiricist dogma to think of their way of thinking in terms of Simon’s separation of so-called “factual and value premises.” If things are viewed this way, things must be evaluated as an aggregate, relativizing “clinical and scientific” and “fact and value.” As previously mentioned, creating new values that capture clinical and scientific knowledge is necessary.

Three perspectives above seem to show the characteristics of Japanese business schools to make a leap toward global expansion.

One of the remaining issues is whether globally acceptable theories may be lying dormant or hidden in the vast amount of literature accumulated in the library. Notably, while it is important to wade through the unhidden world’s literature and theories, I believe it is also necessary to present these dormant or hidden knowledge in a form that is understandable by the world.

Another educational system that we were unable to discuss here is the concept of “seminars,” as small-class education introduced in Germany. Accordingly, law schools of imperial universities were the first to introduce this format. However, it was also extensively used in higher commercial universities, where it developed uniquely and played a major role in forming networks within the business world through graduates. These points will be discussed in future research.

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Chapter 8

The Impact and Contribution of KUBS on Japanese Industry



Junya Fujita

8.1 Introduction

The School of Business Administration, Kobe University, was established in 1949 as the first School of Business Administration in Japan, following the traditional lineage of Kobe Higher Commercial School. The School of Business Administration, as a research and educational center of business administration in Japan, has been working to nurture human resources. This has led industries with a strong awareness of industry-academia collaboration based on the founding philosophy of “harmony between academic theory and practice.”

Then, to what kind of industries has the School of Business Administration, Kobe University, been supplying human resources? In Japan, most students start job hunting while still in education and secure their job before graduation. Japanese society has formed a system of recruiting new graduates simultaneously through high economic growth. It is a common practice that young people who finish their education on March 31 every year find a job without interruption on April 1. Moreover, in large Japanese companies, recruitment for career track positions, where the candidate is expected to take on core tasks within the company and be a candidate for future managerial or executive positions, generally requires that the candidate is a university graduate. Universities significantly impact the labor supply structure in Japan and, in turn, companies seeking human resources for growth. Following this, an investigation into the destination of graduates of the School of Business Administration, Kobe University, at the time of graduation leads to grasping where our graduates go and highlighting the school’s influence on and contribution to Japanese industries regarding supplying human resources.

This chapter aims to clarify the kind of industries and companies that the School of Business Administration of Kobe University has contributed to by providing human

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Photo 8.1 Panoramic view of the main building of Rokkodai. KUBS will be housed to the right of the clock tower in the center

resources. It explains this by capturing the destinations of graduates of the School of Business Administration, Kobe University, at the time of graduation during the 49 years, 1953–2001 (Photo 8.1).

8.2 Destination of Graduates of the School of Business Administration, Kobe University, and the Recruitment Outcome by Industry

In March 1953, four years after its establishment, the School of Business Administration, Kobe University, sent out its first class of 169 graduates (full-time course) to society. Until the latter half of the 1960s, the number of graduates remained between 150 and 170. This number exceeded 200 in the 1970s due to increased admission capacity. By the late 1980s, the School of Business Administration produced 230 graduates annually. The impact of the second baby boom¹ expanded the admission capacity in the 1990s, and the number of graduates exceeded 270. By the time the 49th class graduated in 2001, the total number of graduates had reached 10,802.²

Table 8.1 shows the career paths of the 10,802 graduates who submitted the Career Pathways Questionnaire to the Educational Affairs Department at the time of their graduation. The data are periodized according to the phases of the Japanese economy.

¹ This refers to the generation born between 1971 and 1974, when the annual number of births exceeded 2 million.

² Kobe University Centennial History Editorial Committee (2005, p. 362).

Table 8.1 Career paths of the school of business administration's graduates

	1953–1973		1974–1986		1987–1991		1992–2001	
	(Persons)	(%)	(Persons)	(%)	(Persons)	(%)	(Persons)	(%)
Companies in the private sector	3485	92.5	2730	89.2	1078	89.7	2218	80.1
Graduate studies	78	2.1	44	1.4	21	1.7	59	2.1
Civil service	11	0.3	138	4.5	38	3.2	108	3.9
Other	54	1.4	18	0.6	3	0.2	7	0.3
Unknown	141	3.7	132	4.3	62	5.2	377	13.6
Total	3769	100.0	3062	100.0	1202	100.0	2769	100.0

Source Fujita (2021, p. 36)

The economic situation in each phase is detailed below. The first is the period of high growth, including postwar reconstruction during 1953–1973. The second period of stable growth was during 1974–1986, the third was the period of the bubble economy, 1987–1991, and the fourth was the period since the collapse of the bubble economy during 1992–2001.

Table 8.1 shows that most students in the School of Business Administration are already employed when they graduate in all periods. Only a few enroll in graduate school or become civil servants. Japanese companies were reluctant to hire new graduates during 1992–2001 due to the bubble economy collapse and economic recession. The number of students who submitted the survey without indicating their place of employment or career paths increased. Therefore, the percentage of “Unknown” in this period increased, and employment in companies decreased to 80.1% from the previous period. However, it is estimated that approximately 90% of graduates were employed in companies in all periods.

Table 8.2 shows the number of job placements by industry for each of the times mentioned above. The following four points can be made regarding Table 8.2.

First, approximately 60–70% of all job seekers in the private sector found employment in the manufacturing and finance or insurance industries throughout all periods. Second, the share of employment in the manufacturing industry gradually declined after the period of high economic growth. Third, the wholesale and retail share, which accounted for almost the same amount as the finance and insurance industry during the high-growth period, generally declined. Fourth, the share of the information and communications industry and other nonmanufacturing industries increased, even if only to a small extent, and the total share of these industries reached approximately 20% of the total number of jobs secured in the private sector during the collapse of the bubble economy.

Table 8.2 Industries where graduates found employment

	1953–1973		1974–1986		1987–1991		1992–2001	
	(Persons)	(%)	(Persons)	(%)	(Persons)	(%)	(Persons)	(%)
Total number of those who found employment in the private sector	3485	100	2730	100	1078	100	2218	100
Agriculture, forestry and fishery	0	0	0	0	0	0	2	0.1
Mining	2	0.1	0	0	0	0	0	0
Construction	49	1.4	49	1.8	12	1.1	42	1.9
Manufacturing	1465	42.0	998	36.6	346	32.1	710	32.0
Electricity/gas	56	1.6	47	1.7	39	3.6	55	2.5
Information and communication	22	0.6	33	1.2	52	4.8	232	10.5
Transportation	108	3.1	72	2.6	38	3.5	78	3.5
Wholesale/retail	775	22.2	427	15.6	94	8.7	202	9.1
Finance/insurance	901	25.9	948	34.7	410	38.0	660	29.8
Real estate	12	0.3	24	0.9	13	1.2	34	1.5
Other nonmanufacturing industries	39	1.1	112	4.1	68	6.3	183	8.3
Unknown	56	1.6	20	0.7	6	0.6	20	0.9

Source The same as Table 8.1

This long-term change in the composition of graduates' employment is similar to the transition of Japan's industrial structure in the postwar period. In other words, in the late 1950s, Japan experienced rapid industrialization through high economic growth, and the share of the secondary industry in the industrial structure increased significantly. However, since the latter half of the 1970s, the proportion of the secondary industry gradually declined. In contrast, the tertiary industry had increased relative to the growth in productivity with technological advances and changes in lifestyle brought about by increased income. A similar trend can be observed in the industrial structure of jobs secured by graduates. This shows that the School of Business Administration of Kobe University has been providing human resources to the growing industries in each period.

Thus, the overall industry trend employing graduates has been identified by examining the percentage of each industry in the total number of private sector jobs secured by our graduates. In the following section, we focus on the top 50 companies regarding the number of graduates employed and examine the characteristics of each industry in each period (Photo 8.2).



Photo 8.2 Students listen intently to a lecture in packed room 102 of the Rokkodai Main Building <provided by the Faculty of Business Administration, Kobe University>

8.3 The Ranking of Employment Destinations of Graduates of the School of Business Administration, Kobe University

8.3.1 The First Period: 1953–1973

During this period, Japan emerged from the occupation of the Allied Powers led by the United States, and its economy achieved remarkable development, described as “a miraculous recovery.” For approximately twenty years, Japan’s economy continued to grow at approximately 10% in real terms. In 1968, Japan’s GNP was the second largest capitalist society after the United States. The manufacturing industry, led by the steel industry and the heavy chemical industry, such as petrochemicals, supported this growth. This actively promoted massive capital investment while utilizing technological innovation, including imported technologies. Throughout this period, Japan’s industrial structure shifted its weight from light to heavy chemical industries.

Table 8.3 shows the top 50 companies that recruited the largest number of graduates from the School of Business Administration during 1953–1973 and the number of recruits per year. However, four companies with the same number of recruits were ranked 48th, so the total number of companies in the ranking is 51. The total number

of recruits in these 51 companies was 1768, accounting for 50.7% of the total number of recruits during this period (3485).

There are 22 companies in manufacturing, 18 in finance/insurance, nine in wholesale/retail, one in electricity/gas, and one in construction in ranking. Manufacturing, finance and insurance, wholesale, and retail accounted for the most listed companies.

Looking at the manufacturing industry, with 22 companies, the largest number, 14 of them were among Japan's top 50 mining companies in terms of total assets as of 1972.³ Specifically, they are Matsushita Electric Industrial, Toray Industries, Toyota Motor Corporation, Kawasaki Steel Works, Kubota Iron Works, Takeda Pharmaceutical Company, Sumitomo Metal Industries, Teijin, Sumitomo Chemical Industries, Hitachi, Ltd., Fujitsu, Idemitsu Kosan, Kobe Steel, and Mitsubishi Electric. Many graduates were employed by large manufacturing companies representing Japan at that time.

In addition, 18 of the 22 manufacturing companies were in the heavy chemical industry. As mentioned above, during Japan's rapid economic growth, the industrial structure shifted its weight from the light to the heavy chemical industry, and many graduates were employed in this field. The 18 heavy and chemical industries can be further broken down into 11 companies in material and seven in processing and assembling, with the companies in the material industry appearing more frequently in the ranking. Specifically, there are five companies in the chemical industry (Shionogi & Co., Ltd., Takeda Pharmaceutical Company Limited, Fuji Photo Film Co., Sumitomo Chemical Co. Ltd. and Sekisui Chemical Co. Ltd.). In the petroleum products industry, we have Idemitsu Kosan, and in ceramics, Nippon Sheet Glass; in the steel industry, we find Kawasaki Steel, Sumitomo Metal Industry, and Kobe Steel. In the nonferrous metal industry, we have only one: Sumitomo Electric. In the processing and assembling industry, Kubota Iron Works was one company in the machinery industry, Matsushita Electric Industrial, Matsushita Electric Works, Hitachi, Fujitsu, and Mitsubishi Electric in the electric industry, and Toyota Motor Corporation in the transportation machinery industry.

Next, we focus on the finance and insurance industry, which had 18 companies in the ranking. In this field, banks dominated the financial system by meeting the strong demand from Japanese companies through indirect finance. Therefore, these ten companies accounted for most companies. Moreover, most were city banks: Sumitomo Bank, Sanwa Bank, Fuji Bank, Kobe Bank, Daiwa Bank, Dai-Ichi Kangyo Bank, Tokai Bank, Mitsubishi Bank, and Kyowa Bank, and the remaining bank was a trust bank, Mitsui Trust & Banking Co. In addition, two securities companies, Nomura Securities and Nikko Securities, two life insurance companies, Sumitomo Life Insurance and Nippon Life Insurance, and four nonlife companies, Tokio Marine & Fire Insurance, Sumitomo Marine & Fire Insurance, Taisho Marine & Fire Insurance, and Yasuda Fire & Marine Insurance, are ranked in this field. Thus, many of our graduates were employed by major banks, securities companies, and insurance companies representing Japan in this field.

³ Miyamoto et al. (2007, pp. 308–309).

Table 8.3 Top 50 companies by number of recruits, 1953–1973 (unit: persons)

Company name	No. of recruits	1953	1954	1955	1956	1957	1958	1959	1960	1961
1 Marubeni	121	3	3	5	9	5	4	11	6	8
2 Itochu	90	5		4	5	3	2	1	8	1
2 Sumitomo Bank	90	3	2	1	4	3	2	4	4	3
4 Mitsubishi Corp	72			4		2	2	5	4	4
5 Matsushita Electric Industrial	70	4	1	2	3		1	4	7	1
6 Sumitomo Corp	67	1	1		2	2	2	2	5	2
7 Shionogi	63		1	1	2	1	1	4	5	5
8 Sanwa Bank	62	2	4	4	3	1		2	4	4
9 Fuji Bank	58			1	1	1	2	1	2	
10 Sumitomo Life Insurance	51	1	1	2	1	1		1		
11 Nippon Life Insurance	40			1		1	4	3	1	
12 Kobe Bank	39	1		3	4	1	3	2	2	1
13 Daiwa Bank	37	2	1	1		1	2	2		1
13 Toray Industries	37		1					2	3	4
13 Toyota Motor Corporation	37			1		1	1	1	1	3

(continued)

Table 8.3 (continued)

	Company name	No. of recruits	1953	1954	1955	1956	1957	1958	1959	1960	1961
16	Kawasaki Steel Works	34				1	2	1	2	2	3
17	Kubota Iron Works	33	1		1	1		1	1	1	5
17	Nomura Securities	33	4		4	3	1	5	3		1
19	Dai-Ichi Kangyo Bank	31	1		1		1	2	1	1	1
19	Nissho Iwai	31	1	1	3	4		3	1	2	
21	Suntory	30		1	1						1
21	Nichimen	30	5		1	4	1	4	3	3	2
21	Mitsui & Co.	30	2	2						2	3
24	Takeda Chemical Industries	28	1		1			1	1	1	1
25	Kansai Electric Power	27	2	3	3	2	1	1	1	2	1
25	Tokai Bank	27	1	1	2	1	1		1	1	2
27	Sumitomo Metal Industries	26				1	1	1			1
28	Tokio Marine & Fire Insurance	25						2	1	1	1
28	Tomen	25	2	3	4	2		1	3	6	2
30	Nikko Securities	24	1	1	1			2	7	3	1
31	Mitsubishi Bank	23	1			1	1	1			1
32	Chori	22				2	2		1		
32	Teijin	22					1			1	2

(continued)

Table 8.3 (continued)

Company name	No. of recruits	1953	1954	1955	1956	1957	1958	1959	1960	1961
32 Japan Sheet Glass	22	1	2	1		1	1	1	1	2
32 Fuji Photo Film	22	1	1	1	1	1	1	1		1
36 Sumitomo Marine & Fire Insurance	21		1	1			1		2	
37 Sumitomo Chemical	20					1		1	1	2
37 Taisho Marine & Fire Insurance	20		1		1	1	1	2		2
37 Matsushita Electric Works	20		1			1		2	1	
40 Japan Wool Textile	19	2		1		1			1	
40 Hitachi	19								1	1
42 Fujitsu	19	1		1	1	1			1	
43 Idemitsu Kosan	18	1	1	1			1	2	1	2
43 Kobe Steel	18							1		3
45 Obayashi Corp	17		1		1	1			1	2
45 Kyowa Bank	17	1		1						2
45 Yasuda Fire & Marine Insurance	17		1				1		2	
48 Sumitomo Trust & Banking	16		1	1						
48 Sumitomo Electric Industries	16						1		1	2
48 Sekisui Chemical	16	1			1	1		2	1	3
48 Mitsubishi Electric	16			1			1		2	1
Total	1325									

(continued)

Table 8.3 (continued)

Company name	No. of recruits	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
1 Marubeni	121	1	7	4	5	2	2	3	7	4	14	11	7
2 Itochu	90	3	2	2	2	1	1	12	9	7	8	7	7
2 Sumitomo Bank	90	2	2	4	5	6	6	5	6	7	8	7	6
4 Mitsubishi Corp	72	4	6	6	4	4	4	5	3	3	2	6	4
5 Matsushita Electric Industrial	70	4	2	1	1	3	3	5	5	8	6	4	5
6 Sumitomo Corp	67	2	3	2	3	3	3	3	8	7	3	8	5
7 Shionogi	63	4	3	7	5	5	5	3	1	4	4	1	1
8 Sanwa Bank	62	6	5	3	1	3	3	3	3	4	2	2	3
9 Fuji Bank	58		1	4	4	5	5	3	5	5	6	4	8
10 Sumitomo Life Insurance	51		2	2	3	4	4	2	2	6	8	7	4
11 Nippon Life Insurance	40		2	2	3	1	1	3	4	4	3	4	3
12 Kobe Bank	39		2	1	1	2	2	2	2	2	4	2	2
13 Daiwa Bank	37	1	1	3	2	1	1	2	2	3	2	6	3
13 Toray Industries	37	3	2	5				1	3	3	5	3	2
13 Toyota Motor Corporation	37	1	3	1	5	2	2	3	3	1	4	2	2
16 Kawasaki Steel Works	34	1	1	2	1	3	4	1	5	1	3		1
17 Kubota Iron Works	33	1	1	1	2	2	2	2	4	2	2		3
17 Nomura Securities	33	1	2			1	1		1	1	1	1	3

(continued)

Table 8.3 (continued)

Company name	No. of recruits	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
19 Dai-ichi Kangyo Bank	31	1	1	3	2	1	1	1	1	3	3	2	4
19 Nissho Iwai	31		1		3			2	1	1	1	1	6
21 Suntory	30	3	2		1	1	1	4	3	2	3	2	5
21 Nichimen	30	4	3										
21 Mitsui & Co	30	2		2	1			1	2	3	3	4	3
24 Takeda Chemical Industries	28	3	2	3		3	3	2	2	1	2	1	
25 Kansai Electric Power	27	1	1	1	2	1	1	1	1		1	1	
25 Tokai Bank	27		2	2	2	1	1	2	1	1	1	2	2
27 Sumitomo Metal Industries	26	1		1	2	2	2	2	1	3	4	1	3
28 Tokio Marine & Fire Insurance	25	1	2	2	2	1	1	2	2		1	2	4
28 Tomen	25											1	1
30 Nikko Securities	24	1	2						1				4
31 Mitsubishi Bank	23	1	3	1	1	2	2	1	2	1	1	1	2
32 Chori	22	1	4	1	2	2	2	2	1			1	1
32 Teijin	22		3	2		2	2	1	2	1	1	3	1
32 Japan Sheet Glass	22	2	1	1	1	1	1	2	2		2		1
32 Fuji Photo Film	22	1	2	3		1	1	2	2	1		1	
36 Sumitomo Marine & Fire Insurance	21	1			2	1	1	3	3		2	1	2
37 Sumitomo Chemical	20	1	1	1		1	1	1	1	1	4	3	
37 Taisho Marine & Fire Insurance	20	1	1	2	1			3		1			3
37 Matsushita Electric Works	20		1	2	2	2	2	1	1	1		2	1
40 Japan Wool Textile	19	1	1	2	1	1	1	2	1	1	1	1	2

(continued)

Table 8.3 (continued)

Company name	No. of recruits	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
40 Hitachi	19	2	1	1	1			3	1	3	3		2
42 Fujitsu	19			2	1	1	1	2	3	1		3	
43 Idemitsu Kosan	18				1	1	1	2				4	
43 Kobe Steel	18		1	2	1			1	2	2	4		1
45 Obayashi Corp	17	1	1	1	1	1	1	1				2	2
45 Kyowa Bank	17	2	1	2	1	2	2	1	1				1
45 Yasuda Fire & Marine Insurance	17	1	2			1	1	1			3	3	1
48 Sumitomo Trust & Banking	16	1		1	1	1	1	1	1	3	1	3	
48 Sumitomo Electric Industries	16	1		1				1	2	1	2	1	3
48 Sekisui Chemical	16	2	4	1									
48 Mitsubishi Electric	16	3	1	2		1	1		1		1	1	
Total	1325												

Notes (1) When more than one company has the same number of recruits sharing the ranking, they are listed in the Japanese alphabetical order of their name.

(2) The number of recruits by companies that had gone through merger or unification is a total of the merged/unified ones.

(3) When the company name changed, the changed name is listed.

Source Compiled by the author based on material used for Kobe University Centennial History Editorial Committee (ed.) (2005)

All nine companies in the wholesale and retail industry were trading companies that, after the postwar reconstruction period, worked to make Japan a trading nation and aggressively promoted overseas expansion as leaders of Japan's imports and exports. Four were ranked in the top ten, Marubeni Corporation (No. 1), hiring 121 graduates, followed by Itochu Corporation (No. 2), Mitsubishi Corporation (No. 4), Sumitomo Corporation (No. 6), Nissho Iwai, Nichimen, Mitsui & Co., Tomen Corp, and Chori Co. The general trading companies ranked higher than the specialized ones.

The ranking confirms the following two points. First, when the top 50 companies are considered regarding the location of headquarters, many of them have their headquarters in Osaka and Hyogo prefectures in the Kansai region, where Kobe University is located. For example, in Osaka Prefecture, we find the following 28 companies in the ranking: Matsushita Electric Industrial, Shionogi, Kubota Iron Works, Suntory, Takeda Pharmaceutical Company, Sumitomo Metal Industries, Teijin, Nippon Sheet Glass, Sumitomo Chemical, Matsushita Electric Works, Sumitomo Electric Industries, Sekisui Chemical, Sumitomo Bank, Sanwa Bank, Sumitomo Life Insurance, Nippon Life Insurance, Daiwa Bank, Sumitomo Marine & Fire Insurance, Sumitomo Trust & Banking, Marubeni, Itochu Corporation, Sumitomo Corp, Nissho Iwai, Nichimen, Tomen, Chori, Kansai Electric Power and Obayashi Corp. In Hyogo Prefecture, with the other four companies, Kobe Bank, Kawasaki Steel, Nippon Woolen, and Kobe Steel, the total was 32 Kansai companies.

Second, as shown in Table 8.3, two companies employed our graduates every year during 1953–1973. They are Marubeni and the Sumitomo Bank. The five companies in the Kansai region that did not hire our graduates for only one year were Itochu Corporation, Matsushita Electric Industrial Company, Sumitomo Corporation, Shionogi, and Sanwa Bank.

As highlighted above, during this period, Kobe University's School of Business Administration provided many human resources, mainly to companies in the Kansai region where the university was located. Therefore, the heavy and chemical industries became the driving force of economic activity during rapid economic growth; city banks financially supported these industries and trading companies that acquired and distributed natural resources.

8.3.2 The Second Period: 1974–1986

The Japanese economy, which had been growing at a high rate for a long period after World War II, was forced to change its growth path in the 1970s. During this period, environmental problems such as pollution became more serious, and the yen appreciated due to the shift to a floating exchange rate system. In addition, trade friction intensified due to the expanding share of Japanese exports in the world market, which constrained Japan's economic growth. Under these circumstances, Japan faced the first oil crisis in 1973. The sharp rise in crude oil prices dealt a major

blow to Japan's major energy-consuming materials industries, such as steel, nonferrous metals, and petrochemicals, the main industries at the time. These industries were hit by a recession known as the structural recession. Therefore, in 1974, the year following the oil crisis, the real economic growth rate suddenly dropped and recorded a negative rate for the first time in the postwar period. However, even under these circumstances, the assembly and processing industries, such as home appliances and automobiles, achieved results through process improvement and product development and strengthened their international competitiveness. This shifted Japan's industrial structure toward resource-saving, light, thin, and small processing and assembly industries.⁴ In addition to this shift in the industrial structure, Japan had another important phase during this period. While the share of the manufacturing industry in nominal GDP peaked, the share of the service industry increased. New service industries such as supermarkets and leisure-related services such as tourism were born and grew in the retail industry.

Table 8.4 shows the top 50 companies that employed graduates from the School of Business Administration during 1974–1986 and the number of graduates employed by these companies annually. The total number of recruits in these 50 companies was 1326, accounting for 48.6% of those who secured employment (2730) during this period. Here, we examine the characteristics found in Table 8.4 while comparing them with Table 8.3.

The breakdown of the companies included in the ranking is as follows: 22 in the finance/insurance industry, 18 in manufacturing, 8 in the wholesale/retail industry, and 2 in the electricity/gas industry. As shown in Table 8.3, the manufacturing, finance/insurance, and wholesale/retail industries account for most of the ranked companies. Comparing the number of companies by industry in Table 8.4 with that in Table 8.3, the number of companies in finance and insurance (18–22) and electricity and gas sectors (1–2) increased. In contrast, the number of companies in the manufacturing (22–18) and wholesale/retail (9–8) industries decreased. In Tables 8.3 and 8.4, 33 companies appear in both ranking tables, 18 companies are not found in Table 8.4, and 17 new companies have been added.

In Table 8.4, as in Table 8.3, most companies in manufacturing are in the heavy and chemical industries, but we confirm different trends in the ranking of the materials and the assembly and processing industries. For example, the number of companies in the material industry and their ranking decreased from 11 in Table 8.3 to five in Table 8.4 (Asahi Chemical Industry, Shionogi, Sumitomo Electric, Fujisawa, and Showa Denko, all of which are in the middle or lower tiers of the ranking). Furthermore, nine companies, or half of the 18 that left the ranking in Table 8.4, were in the materials industries. However, the number of companies in the assembly and processing industry increased by four in Table 8.3 to 11 in Table 8.4. Comparing the rankings of these 11 companies in Tables 8.3 and 8.4, eight increased their rankings during this period. In the electrical machinery industry, Matsushita Electric Industrial moved from 5th to 1st place, Matsushita Electric Works from 37 to 20th, Sharp moved to

⁴ Miyamoto et al. (2007, pp. 306–307).

27th, NEC to 27th, and Mitsubishi Electric from 48th to 33rd place. In the transportation machinery industry, Toyota Motor moved from 13 to 9th place, Nissan Motor to 45th, and Denso to 46th. Table 8.4 shows that the rankings of different branches of the heavy and chemical industry indicated a downward trend in the materials industry and an upward trend in the processing and assembling industry. The School of Business Administration of Kobe University produced human resources for the assembly and processing industries that led the manufacturing industry during this period.

Notably, a general decline in the ranking was observed in the trading companies. For example, Table 8.4 shows that Sumitomo Corporation is ranked 6th, retaining its position from Table 8.3, and three trading companies, including Sumitomo Corporation, are ranked in the top ten. However, using the rankings in Table 8.3 as a benchmark, Table 8.4 shows that Marubeni (1st to 3rd), Itochu (2nd to 5th), Mitsubishi Corporation (4th to 33rd), Nissho Iwai (19th to 20th), Tomen (28th to 46th), Nichimen Corporation (from 21st to out of ranking), Mitsui & Co. (32nd to out of ranking), and Chori (32nd to out of ranking), all except Sumitomo Corporation, had fallen in

Table 8.4 Top 50 companies by number of recruits, 1974–1986 (unit: persons)

	Company name	No. of recruits	1974	1975	1976	1977	1978
1	Matsushita Electric Industrial	60	6	2	1	4	3
2	Sanwa Bank	58	3	8	3	6	4
3	Marubeni	57	4	14	6	8	1
4	Sumitomo Bank	55	6	6	6	3	4
5	Itochu	53	11	15	2		
6	Sumitomo Corp	52	6	6	4	6	2
7	Daiwa Bank	50	3	1	9	7	4
8	Sumitomo Life Insurance	41	2	3	3	4	8
9	Toyota Motor Corporation	38	4	3	1	2	3
10	Sumitomo Trust & Banking	34	2	2	1	1	3
10	Tokai Bank	34	2	1	3	1	3
10	Fuji Bank	34	3	1	1	2	3
13	Suntory	31	5	2	3	2	3
14	Taiyo Kobe Bank	29	3	2	2	4	1
15	Dai-Ichi Mutual Life Insurance	28	1		1	5	2
15	Mitsui Bank	28	2	4	3	2	
17	Toyota Motor Sales	26	5	2	2	1	1

(continued)

Table 8.4 (continued)

	Company name	No. of recruits	1974	1975	1976	1977	1978
18	Dai-Ichi Kangyo Bank	25	6	3	1		1
18	Nippon Life Insurance	25	3		1	2	3
20	Nissho Iwai	24	2	1	3	2	2
20	Nomura Securities	24	2	2			2
20	Matsushita Electric Works	24			1		1
20	Mitsubishi Bank	24	2	3	2	2	
24	Kubota Iron Works	22	2	3	1	3	2
24	Toray Industries	22	1	8	1		
24	Yasuda Fire & Marine Insurance	22	3	7		2	2
27	Kansai Electric Power	21	1	3	2		1
27	Sharp	21	1				2
27	Sumitomo Marine & Fire Insurance	21	4	1	1		1
27	NEC	21					3
31	Asahi Chemical Industry	20	2	2	1	3	2
31	Osaka Gas	20			1	3	2
33	Shionogi	19	3	1	2	3	1
33	Mitsubishi Corp	19	5	3	1	1	2
33	Mitsubishi Electric	19		2			2
36	Tokio Marine & Fire Insurance	18	2	3	3	2	1
37	Sumitomo Electric Industries	17	1	1			
37	Daiei	17			3	2	3
37	Yasuda Mutual Life Insurance	17			1		1
40	Fujisawa Pharmaceutical	16			1		1
40	Fujitsu	16	2		2		1
42	Teijin	15	1	1	1	1	
42	Hyogo Sogo Bank	15			1		4
42	Hokuriku Bank	15	1	2		1	3
45	Nissan Motor	14	2			3	1
46	Showa Denko	13		2	2	2	
46	Denso	13	1			1	2
46	Tomen	13	3	3			
46	Nanto Bank	13			1	2	2
46	Mitsui Mutual Life Insurance	13					2

(continued)

Table 8.4 (continued)

	Company name	No. of recruits	1979	1980	1981	1982	1983	1984	1985	1986
1	Matsushita Electric Industrial	60	6	6	5	8	4	5	6	4
2	Sanwa Bank	58	4	5	3	5	4	1	5	7
3	Marubeni	57	3	1	4	6	3	2	3	2
4	Sumitomo Bank	55	4	3	4	5	3	4	4	3
5	Itochu	53		4	4	5	2	2	6	2
6	Sumitomo Corp	52		3	6	2	7	3	4	3
7	Daiwa Bank	50	3	3	1	3	3	4	5	4
8	Sumitomo Life Insurance	41	6	1	3	2	2	3	2	2
9	Toyota Motor Corporation	38	1	3	2	4	5	1	5	4
10	Sumitomo Trust & Banking	34	3	3	2	5	2	2	3	5
10	Tokai Bank	34	3	5	3	2	5	1	2	3
10	Fuji Bank	34	4	5	3	2	2	2	1	5
13	Suntory	31	3	5	2	2	1	2	1	
14	Taiyo Kobe Bank	29	2	1	3	1	4	2	2	2
15	Dai-Ichi Mutual Life Insurance	28	5	3	4	1		2	2	2
15	Mitsui Bank	28	1	3	1	5	1	1	3	2
17	Toyota Motor Sales	26	4	4	3	4				
18	Dai-Ichi Kangyo Bank	25	2	2	1	1	3	1	2	2
18	Nippon Life Insurance	25		2	1	2	3	5	2	1
20	Nissho Iwai	24		1	2		2	3	5	1
20	Nomura Securities	24	1	3	3	1	2	1	3	4
20	Matsushita Electric Works	24	2	2	4	3	1	2	5	3
20	Mitsubishi Bank	24	1	2		2	1	3	3	3
24	Kubota Iron Works	22	2	1	2	1	1	1	2	1

(continued)

Table 8.4 (continued)

	Company name	No. of recruits	1979	1980	1981	1982	1983	1984	1985	1986
24	Toray Industries	22		2	1		1	3	3	2
24	Yasuda Fire & Marine Insurance	22	1	1		2	2	1		1
27	Kansai Electric Power	21	2		2	3	2		3	2
27	Sharp	21	2	2	2	1	4	1	2	4
27	Sumitomo Marine & Fire Insurance	21	1	2	1	2	1	2	3	2
27	NEC	21	2	2	2	4	3	2	2	1
31	Asahi Chemical Industry	20	3	1	3	1			1	1
31	Osaka Gas	20	1	2	2	3		2	3	1
33	Shionogi	19	1	2		2	1	1	2	
33	Mitsubishi Corp	19	1	2	1		2			1
33	Mitsubishi Electric	19	1		1	4	4	1	2	2
36	Tokio Marine & Fire Insurance	18	2	1	2				1	1
37	Sumitomo Electric Industries	17		3	1	5	2	4		
37	Daiei	17	3	3	1	2				
37	Yasuda Mutual Life Insurance	17	2	1	3	2	3	2	2	
40	Fujisawa Pharmaceutical	16		1	4	1	3	4	1	
40	Fujitsu	16	1	1	1	1		3	3	1
42	Teijin	15		1	3	1	3	1	1	1
42	Hyogo Sogo Bank	15	1	1		3	2	2		1
42	Hokuriku Bank	15	1	1	2		2	1	1	
45	Nissan Motor	14	2		1	3		1		1
46	Showa Denko	13				1	2	1	2	1
46	Denso	13	1	4	1				2	1

(continued)

Table 8.4 (continued)

	Company name	No. of recruits	1979	1980	1981	1982	1983	1984	1985	1986
46	Tomen	13	2			1	1		1	2
46	Nanto Bank	13	1	3			1		2	1
46	Mitsui Mutual Life Insurance	13	2		1		1	2	2	3

Source The same as Table 8.3

the rankings. Although it is difficult to highlight the reason, the business environment surrounding trading companies became extremely difficult in the 1970s.⁵ They continued to seek business restructuring, affecting the job-hunting activities of Kobe University's School of Business Administration to no small extent.

However, notably, some retail companies, such as Toyota Motor Sales (No. 17) and Daiei (No. 37), moved up in the ranking, although they are categorized in the same wholesale and retail industry as trading companies, as they achieved rapid growth throughout the period of high economic growth. Toyota Motor Sales maintained its high performance by establishing sales and maintenance bases throughout Japan amid the progress of motorization. In contrast, Daiei established a general supermarket business by increasing the number of stores and their sizes, and in 1972, it overtook Mitsukoshi, a major department store with a long history, to become the top retailer in Japan in terms of sales. Kobe University School of Business Administration produced human resources for the rapidly growing retail industry in the wholesale and retail industries at this time.

In addition, the following can be highlighted for the finance and insurance industry, which has the largest number of companies, 22, ranked by industry. First, as in Table 8.3, the majority of companies in this industry, 13 companies in Table 8.4, are banks. The reason is that many graduates found new possibilities in the expanding banking business consistent with the progress of financial liberalization and internationalization in Japan triggered by the US-Japan Yen/US Dollar Committee. Additionally, we highlight the increase in the number of types of banks. In Table 8.4, in addition to the nine city banks and one trust bank included in Table 8.3, three new regional banks were added to the ranks, Hyogo Mutual Bank in Hyogo Prefecture, Hokuriku Bank in Toyama Prefecture, and Nanto Bank in Nara Prefecture. In the insurance sector, the number of life insurance companies in the ranking increased. In Table 8.3, four of the six insurers in the ranking are nonlife insurers. However, Table 8.4 shows three new life insurance companies, Dai-Ichi Mutual Life Insurance, Yasuda Mutual Life Insurance, and Mitsui Mutual Life Insurance, bringing the number of life insurance companies to five and nonlife insurance companies to eight. Table 8.4 shows more

⁵ The difficult business environment during this period included a decline in trading volume due to the deterioration in the performance of materials industries caused by the oil crisis, the start of raw material procurement and export activities led by rapidly growing home appliance and automobile manufacturers, the full-scale lending by city banks to small and medium-sized enterprises, and the Lockheed affair. These factors led to a slump in the business performance of some trading companies, and some of them became the target of social criticism.

life insurers as they continue to grow under the expanding domestic life insurance market.⁶ In the securities companies, Nikko Securities is excluded from the ranking, and Nomura Securities is included.

Table 8.3 shows that in the headquarters of companies where our graduates were hired, the number of Kansai companies decreased from 27 to five. In Osaka Prefecture, 23 companies were located in the Kansai region: Matsushita Electric Industrial, Suntory, Matsushita Electric Works, Kubota Iron Works, Sharp, Shionogi, Sumitomo Electric Industries, Fujisawa Pharmaceuticals, Teijin, Sanwa Bank, Sumitomo Bank, Daiwa Bank, Sumitomo Life, Sumitomo Trust and Banking, Nippon Life Insurance, Sumitomo Marine and Fire Insurance, Marubeni, Itochu Corporation, Sumitomo Corporation, Nissho Iwai, Tomen, Kansai Electric Power Co., and Osaka Gas. In Hyogo Prefecture, there were three companies, Taiyo Kobe Bank, Hyogo Mutual Bank, and Daiei, and one company, Nanto Bank, in Nara Prefecture. While the number of Kansai companies decreased as 11 of the 17 new companies included in the rankings were headquartered in Tokyo or Aichi Prefecture, Kansai companies still accounted for most companies in the ranking.

Finally, Table 8.4 shows that the number of companies hiring our graduates annually during 1974–1986 has increased to 12, an increase of 10 from Table 8.3. They are, in descending order of the number of recruits, Matsushita Electric Industrial, Sanwa Bank, Marubeni, Sumitomo Bank, Daiwa Bank, Sumitomo Life Insurance, Toyota Motor, Sumitomo Trust and Banking, Tokai Bank, Fuji Bank, Taiyo Kobe Bank, and Kubota, with banks accounting for the majority. Marubeni and Sumitomo Bank continued to recruit our graduates during this period. This indicates that the School of Business Administration of Kobe University continuously provided personnel to both companies for 34 years during 1953–1986. Furthermore, in this period, Kansai companies and companies outside the Kansai region, such as Toyota Motor Corporation, Tokai Bank, and Fuji Bank, hired graduates from the School of Business Administration of Kobe. Five companies recruited graduates after a one-year gap: Sumitomo Corporation, Suntory, Mitsui Bank, Dai-Ichi Kangyo Bank, and Sumitomo Marine & Fire Insurance Company.

As described above, the School of Business Administration of Kobe University produced many human resources for the growing industries and companies in this period, such as processing and assembly, retailing, and banking industries, focusing on local Kansai companies even in periods of stable growth.

⁶ According to Okada (2005), postwar high growth and inflationary trends contributed greatly to the development of the life insurance industry, and the life insurance penetration rate (the ratio of policies in force to national income) was the highest among developed countries at the end of fiscal year 1973.

8.3.3 *The Third Period: 1987–1991*

Changes such as energy conservation and cost reduction, implemented to overcome the oil crisis, increased the international competitiveness of Japanese companies and led to a rapid increase in exports. In addition, the processing and assembly industries increased their exports and performed better as the yen weakened against the dollar in the first half of the 1980s. However, the sharp appreciation of the yen after the Plaza Accord in September 1985 and the worsening of trade frictions in the early 1980s caused exports to decline and contributed to the economic slowdown in Japan. This was called the “strong yen recession,” and it inflicted great damage on the Japanese economy. Therefore, the Bank of Japan pursued a policy of low interest rates. Combined with these policies, Japanese companies tried to rationalize their management and expand domestic demand to cope with the strong yen, and the Japanese domestic economy gradually started to recover. However, the continued low-interest rate policy and excessive lending by financial institutions led to excessive liquidity, which led to the appreciation of asset values such as stocks and real estate. This was the beginning of the so-called bubble economy. Therefore, on December 29, 1989, the Nikkei Stock Average reached a record high of 38,957 yen. In addition, due to the appreciation of the yen and the worsening of trade frictions during this period, many Japanese companies promoted overseas expansion and overseas acquisitions, and the amount of foreign direct investment expanded dramatically. Therefore, the hollowing out of industry progressed, with domestic production and employment declining.

Table 8.5 shows the top 50 companies that employed the largest number of graduates from the School of Business Administration from 1987 to 1991 and the number of recruits in these companies for each year during this period.

However, there were 58 companies in the ranking because nine companies with the same number of recruits were ranked 50th. The total number of recruits in these 58 companies was 692, accounting for 64.2% of the total number of graduates employed (1078) during this period. This percentage is the highest in all periods, and it can be said that graduates are concentrated in certain companies during the bubble economy period. In the following paragraph, we will examine the main characteristics of Table 8.5 by comparing it with Table 8.4.

In the ranking, there are 22 companies in the finance/insurance industry, 21 in the manufacturing industry, six in the wholesale/retail industry, four in the other nonmanufacturing industry, two in the electric/gas industry, two in the transportation industry, and 1 in the information/communications industry. Comparing the number of companies by industry in Table 8.5 with that in Table 8.4, the manufacturing (18–21), other nonmanufacturing (0–4), transportation (0–2), and information and communication (0–1) industries increased, while the wholesale and retail (8–6) industry decreased. The number of companies in the finance and insurance industry and the electricity and gas industry decreased from 1 to 0. The same number of companies in the finance/insurance and electricity/gas industries are included in Table 8.4. Comparing Tables 8.4 and 8.5, we see that 35 companies were included

Table 8.5 Top 50 companies by number of recruits, 1987–1991 (unit: persons)

	Company name	No. of recruits	1987	1988	1989	1990	1991
1	Sanwa Bank	31	7	5	5	10	4
2	Sumitomo Bank	26	4	5	4	7	6
3	Nippon Life Insurance	25	3	2	5	10	5
4	Taiyo Kobe Mitsui Bank	24	6	6	6	3	3
4	Tokai Bank	24	4	8	6	5	1
4	Matsushita Electric Industrial	24	6	2	4	6	6
4	Marubeni	24	5	2	2	6	9
8	Daiwa Bank	21	1	4	7	3	6
8	Fuji Bank	21	4	7	3	3	4
10	NTT	20	2	7	2	4	5
11	Sumitomo Trust & Banking	18	4	5	3	2	4
11	Dai-Ichi Kangyo Bank	18	2	3	4	7	2
13	Nomura Securities	17	5	4		5	3
13	Mitsubishi Bank	17	3	3	3	4	4
15	Recruit	15	3	3	6	1	2
16	Osaka Gas	14	1	4	3	2	4
16	Suntory	14	3		1	4	6
16	Sumitomo Life Insurance	14	3	3	2	2	4
16	Tokio Marine & Fire Insurance	14	2		2	3	7
20	Kansai Electric Power	13	3	3	7		
20	Toyota Motor Corporation	13	3	3	1	3	3
22	Sumitomo Corp	12	4	2	1	4	1
23	Kubota	11		2	2	5	2
23	Sumitomo Marine & Fire Insurance	11	3	3		2	3
23	Daikin Industries	11	2	3	3	1	2
26	Asahi Chemical Industry	10	2	1	5	1	1
26	Itochu	10	2	1	2	3	2
26	Nissho Iwai	10	2	3	3	1	1
26	Minolta	10	3	4		2	1
26	Meiji Mutual Life Insurance	10	2	2	2	2	2
31	Dai-Ichi Mutual Life Insurance	9		5	4		
31	Bank of Tokyo	9		1	4	3	1

(continued)

Table 8.5 (continued)

	Company name	No. of recruits	1987	1988	1989	1990	1991
31	Mitsubishi Corp	9	1	2	1	2	3
31	Mitsubishi Electric	9			5	3	1
35	Sumitomo Electric Industries	8		4	3	1	
35	Sony	8	1	3		1	3
35	Toyo Trust & Banking	8	3	1	2		2
35	Nomura Research Institute	8		1	3	2	2
35	Fujitsu	8	5			1	2
35	Matsushita Electric Works	8	3	2	1	1	1
41	Kinki Nippon Railway	7		2	3	1	1
41	JR West	7			1	2	4
41	Daido Life Insurance Company	7	2	2		2	1
41	Takeda Chemical Industries	7		2	2	1	2
41	Fuji Photo Film	7		2	3	2	
41	Mitsui Marine & Fire Insurance	7	1	2	3	1	
41	Mitsui & Co.	7	1	1	2		3
48	Hitachi	6	2		2	1	1
48	Ricoh	6		4	2		
50	Aoyama Audit Corporation	5	3	2			
50	Kuraray	5	2	1			2
50	Shionogi	5		2	2		1
50	Sharp	5		2		1	2
50	Sumitomo Business Consulting	5	2	1		2	
50	Daiwa Securities	5	1			1	3
50	Toray Industries	5	1			1	3
50	NEC	5	1	1		1	2
50	Mitsubishi Trust & Banking	5	1	1	2		1
Total		692					

Source The same as Table 8.3

in both tables, 14 companies were excluded from Table 8.5, and 23 companies were newly included in Table 8.5.

The main features of Table 8.5 are as follows. First, the diversification of industries in which our graduates found employment is brought about by the rapid growth of the service industry.⁷ In Tables 8.3 and 8.4, manufacturing, finance/insurance, and wholesale/retail accounted for the majority. In contrast, in Table 8.5, seven service companies are found in the ranking: NTT in the information and telecommunications industry, Kinki Nippon Railway and JR West in the transportation industry, and Recruit, Nomura Research Institute, Aoyama Audit Corporation, and Sumitomo Business Consulting in the other nonmanufacturing industry. During this period, the share of the service industry in nominal GDP continued to increase, and the fields covered by the service industry were very wide. As the economy became more service-oriented, Kobe University's School of Business Administration provided human resources to these industries.

Second, most banks are at the top of the ranking. The top-ranked bank is Sanwa Bank, followed by Sumitomo Bank (2nd), Taiyo-Kobe Mitsui Banking Corporation and Tokai Bank (4th), Daiwa Bank and Fuji Bank (8th), The Sumitomo Trust and Banking Company and Dai-Ichi Kangyo Bank (11th), and Mitsubishi Bank (13th). Nine of the 12 banks in the ranking appear in the top half of the list. While we found regional banks in Table 8.4, the Bank of Tokyo, the Toyo Trust and Banking Company, and the Mitsubishi Trust and Banking Company have moved up in the rankings, replacing all banks with city and trust banks called major banks. Including these major banks, 22 companies in the finance/insurance industry were included in the list, the largest number among all industries. The Kobe University School of Business Administration provided more human resources to the financial industry, aggressively expanding its business during the bubble economy and increasing its earnings compared to manufacturing and other sectors.

Third, the manufacturing industry entered 21 companies, the second largest number after the finance/insurance industry, due to the rapid progress of the electrical machinery industry. Table 8.5 shows that Matsushita Electric Industrial, Mitsubishi Electric, Matsushita Electric Works, Sharp, and NEC continued to be ranked in the list, and four new companies, Minolta, Sony, Hitachi, and Ricoh, were included in the list. Since the high-growth period, the electrical machinery industry has developed its business activities in Japan and globally to enhance its competitive advantage. Therefore, their products were evaluated highly worldwide in terms of quality and safety and had strong international competitiveness. Thus, the electrical machinery industry maintained its position as a leading industry driving Japan's economic development over a long period. Table 8.4 shows that it was favored by graduates of the School of Business Administration as a promising destination even during this period.

⁷ Referring to the Japan Standard Industrial Classification by the Ministry of Internal Affairs and Communications, the service industry includes following industries: accommodation and catering services, living-related services, entertainment, medical care, welfare, education, learning support, real estate, goods rental, transportation, postal services, information and communication, academic research, and professional/technical services.

Fourth, all the companies ranked in the wholesale/retail sector have been replaced by general trading companies. Table 8.5 shows that the number of wholesale/retail companies in the ranking decreased from eight to six. However, while Tomen Corporation, a trading company, dropped out of the ranking, Mitsui & Co. newly entered the ranking. The decline was caused solely by excluding Toyota Motor Sales and Daiei in the retail industry from the ranking. Therefore, all the companies ranked in the wholesale and retail industry were general trading companies. However, even in this period, they did not rank high enough to make it to the top ranking, perhaps influenced by the fact that trading companies were trying to reorganize their businesses. Marubeni appeared in fourth place, but the other trading companies were generally ranked below the middle of the pack. Using the rankings in Table 8.4 as a benchmark, only Mitsubishi Corporation (33rd to 31st) and Mitsui & Co. (out of the rankings to 41st) improved their rankings. However, Marubeni (3rd to 4th), Sumitomo Corporation (6th to 22nd), Itochu Corporation (5th to 26th), and Nissho Iwai Corporation (20th to 26th) dropped in ranking.

Fifth is the increase in the number of recruits by companies headquartered outside the Kansai region, mainly in Tokyo. As shown in Table 8.3, the number of companies headquartered in the Kansai region, such as Osaka and Hyogo prefectures, declined (32–27). Nevertheless, most of the top 50 companies were headquartered in the Kansai region. However, in this period, the number of companies headquartered in Kansai fell below the majority to 27, with the remaining 31 companies having their headquarters outside the Kansai region: Toyota Motor Corporation and Tokai Bank in Aichi Prefecture, Asahi Chemical Industry, Mitsubishi Electric, Sony, Fujitsu, Fuji Photo Film, Hitachi, Ricoh, Kuraray, Toray, NEC, Fuji Bank, Dai-Ichi Kangyo Bank, Nomura Securities, Mitsubishi Bank, Tokio Marine and Fire Insurance, Meiji Life Insurance, Dai-Ichi Life Insurance, Bank of Tokyo, The Toyo Trust and Banking Co., Mitsui Marine & Fire Insurance, Daiwa Securities, Mitsubishi Shin Trust & Banking, Mitsubishi Corporation, Mitsui & Co, NTT, Recruit, Nomura Research Institute, Aoyama Audit Corporation, and Sumitomo Business Consulting in Tokyo. Furthermore, in this period, Kobe University's School of Business Administration actively provided human resources to companies mainly headquartered in Tokyo.

Finally, we examine the number of recruits in each firm every year. However, compared to the previous periods, the period covered here is only five years, so only those companies that have hired our graduates annually will be considered here. As shown in Table 8.5, there are five companies in the manufacturing industry, namely, Matsushita Electric Industrial Co., Toyota Motor, Daikin Industries, Asahi Chemical Industry, and Matsushita Electric Works. In the finance/insurance industry, we have 12 companies: Sanwa Bank, Sumitomo Bank, Nippon Life Insurance, Taiyokobe Bank, Tokai Bank, Daiwa Bank, Fuji Bank, Sumitomo Trust & Banking, Dai-Ichi Kangyo Bank, Mitsubishi Bank, Sumitomo Life Insurance, and Meiji Life Insurance. In the wholesale and retail industry, we have five companies (Marubeni, Sumitomo, Itochu, Nissho Iwai, and Mitsubishi), one in the electricity and gas industry (Osaka Gas), one in the information and communication industry (NTT), and one recruitment firm (other nonmanufacturing companies). These 25 companies include Sumitomo Bank and Marubeni Corporation, as shown in Tables 8.3 and 8.4, confirming that

the Business Administration of Kobe University has continuously provided human resources to both companies for 39 years, 1953–1991. The results also show that the Kobe University School of Business Administration has placed its graduates in companies headquartered outside the Kansai region, including Toyota Motor Corporation, Tokai Bank, Fuji Bank, Meiji Life Insurance Company, NTT, and Recruit Co.

8.3.4 The Fourth Period: 1992–2001

Japan enjoyed a booming economy, but the bubble economy did not last long. The Bank of Japan tightened the monetary policy, and the government implemented the land policy in 1989 because of the concern that asset prices such as real estate and stock prices were soaring far away from the real economy. Therefore, transactions of land and stocks stagnated, and their prices kept falling because there were only sellers. Thus, in 1990, the decline of land and stock prices could not be stopped, and companies that had been aggressively pursuing financial dealings incurred massive losses. Additionally, bad loans and off-balance-sheet liabilities of financial institutions increased greatly, and even major financial institutions were driven into bankruptcy. Banks became cautious about lending funds, and many Japanese companies went bankrupt due to a lack of funds. Therefore, production and investment by Japanese companies fell, consumption was sluggish, and the country fell into a long recession. The Japanese economy achieved growth through postwar reconstruction, rapid economic growth, and stable growth, but after the collapse of the bubble economy, Japan experienced prolonged economic stagnation. Under these circumstances, the employment situation remained difficult, and in the 1990s, the opportunities for new graduates to be hired as regular employees were greatly narrowed.

Table 8.6 shows the top 50 companies that employed the largest number of graduates from the School of Business Administration during 1992–2001 and the number of recruits in these companies for each year during this period. However, 14 companies with the same number of recruits were ranked 48th, so the total number of companies in the ranking is 61. The total number of recruits by these 61 companies was 978, accounting for 44.1% of the total number of graduates securing employment (2218) during this period. This percentage represents a decrease of 20.1% points from the previous period. In the following paragraph, we will examine the characteristics found in Table 8.6 while comparing them with Table 8.5.

In the ranking, we find 22 companies in the finance/insurance industry, 22 in the manufacturing industry, five in the wholesale and retail industry, five in other nonmanufacturing industries, four in the transportation industry, two in the electric and gas industry, and one in the information and communications industry. As in the previous period, the results show diversification of the industries where our graduates found employment. Comparing the number of companies by industry in

Table 8.6 Top 50 companies by number of recruits, 1992–2001 (unit: persons)

Company name	No. of recruits	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1 Mitsui Sumitomo Bank	61	8	9	6	8	5	5	6	5	5	4
2 Sanwa Bank	50	5	4	4	5	11	9	5	5	2	
3 Nippon Life Insurance	37	9	6	8	2	3	1	1	1	2	4
4 Tokyo Mitsubishi Bank	30	5	5	3	2	2	3	2	4	2	2
4 Fuji Bank	30	3	5	3	1	4	1	6	3	4	
6 NTT	27	3	2	2	5	6	5	3	1		
6 Sumitomo Life Insurance	27	3	4	2	5	1	1	3	5	2	1
6 Marubeni	27	5	8	2	1	1	2	6	2		
9 Sumitomo Corp	25	3	3	4	3	4	3	3		2	
10 Toyota Motor Corporation	24	5	1	2	1		3	5	2	4	1
10 Fujitsu	24	3	3		2	1	3	2	2	4	4
12 NEC	21	4		1	1	2		2	1	3	7
13 Dai-ichi Kangyo Bank	20	4	3	1	2	5	1	1	2	1	
14 Osaka Gas	19	3	4	3		1	1	2	2	2	1
14 Matsushita Electric Industrial	19	3	6	3	2		2	2		1	
14 Matsushita Electric Works	19	6	3	1	1	3		2	2	1	
17 Daiwa Bank	18	3	5		3	2		1	2	1	1
17 Tokio Marine & Fire Insurance	18	4	1	1	3		2	1		5	1
19 Kansai Electric Power	17	1	5	1	3	1		3	1	2	
19 Sumitomo Trust & Banking	17	6	3	1	2	1		1	1	1	1
19 Dai-ichi Mutual Life Insurance	17	1	1	3	3	2	2	4	1		

(continued)

Table 8.6 (continued)

	Company name	No. of recruits	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
19	Tokai Bank	17	2		3	2	3	2		1	4	
19	Mitsubishi Heavy Industries	17	3	3			2	1	2	3	1	2
24	Kobe Steel	16	3	3	2	1	1		4		1	1
25	Asahi Bank	15		1	3	2	1	3	4	1		
25	Deloitte Touche Tohmatsu	15	2	3	4		3			1		2
27	Sharp	14		1		2	3	2	4		1	1
27	Japan Research institute	14	1	2			1	1	3	2	1	3
27	Yasuda Fire & Marine Insurance	14				3		4	2	2	2	1
30	Itochu	13	2	3		1	2	1	2	1		1
30	Suntory	13		2	2	1		2	2	2	1	1
30	Sumitomo Electric Industries	13	3	3	2					3		2
33	Andersen Consulting	12	5		1		1	1	4			
33	Sumitomo Marine & Fire Insurance	12	1	4	1	1	1	2	1		1	
33	Daido Life Insurance Company	12		2		2			2	3	2	1
33	Toshiba	12	1	4	3	1		1				2
37	JR West	11	2	3	1	1	1	1	2			
37	Sekisui Chemical	11		3		3	2	2	1			
37	Toray Industries	11	1	2	1	2	2	1	1			1
37	Nissho Iwai	11	1	2	1	2	1	1	2	1		
41	Kubota	10	3	1	1	1			1	2		1
41	Toyo Trust & Banking	10	1	2	1	2	1	1	1	1		

(continued)

Table 8.6 (continued)

	Company name	No. of recruits	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
41	Mitsubishi Electric	10	2	1	1			4		1	1	
44	Kuraray	9	2	1				1		2	1	2
44	IBM Japan	9	1					1	3	3	1	
44	P&G	9	1	2		1	1		1	1	1	1
44	Mitsui Marine & Fire Insurance	9	3	1	2		3					
48	MIT	8				1		2	4	1		
48	Kawasaki Heavy Industries	8		1	1		1	2	2	2		1
48	Kyoto Bank	8					1			2	2	3
48	Sanyo Electric	8	1			1	1	1	1	2		1
48	Sumitomo Warehouse	8	2	1	2	1		1			1	
48	All Nippon Airways	8		1	1		1	1	2		2	
48	Daiei	8			2		2	1	3			
48	Daiwa Securities	8		1		2	1	1	1	1		1
48	Daiwa House Industry	8		1		2	1	1	1	1		1
48	Nomura Securities	8	1					3	1		1	2
48	Hanshin Electric Railway	8	2	3	1			1		1		
48	Hitachi	8	1	1	1		1		1		2	1
48	Benesse Holdings	8			1			3		3	1	
48	Meiji Mutual Life Insurance	8		2	1					2	2	1
	Total	978										

Source The same as Table 8.3

Table 8.6 with that in Table 8.5, the number of companies ranked in the manufacturing (21–22), other nonmanufacturing (4–5), and transportation (2–4) industries increased. In contrast, the number of companies in the wholesale and retail industry decreased (6–5). The same companies in Table 8.5 appeared in the finance and insurance, electricity and gas, and information and communications industries. The ranking of the top 50 companies in Tables 8.5 and 8.6 shows that most companies (39 companies⁸) were included in both tables, 17 companies were excluded, and 22 were excluded in Table 8.6.

The main characteristics of Table 8.6 are as follows. First, Kobe University's School of Business Administration chose the finance and insurance industry as their employment destination even in this period. During the bubble economy collapse, the finance and insurance industries faced management issues that entailed hardships and major changes inside and outside the companies. These are nonperforming loan disposal, consolidation of major city and regional banks, and the liberalization of business regulations for financial institutions that began in 1996. The bankruptcies of major financial institutions and life insurance companies continued, and the distrust of the financial and insurance industry increased in society. However, even under these circumstances, 22 companies (11 banks, two securities companies and nine insurance companies) in the finance and insurance industry were ranked the largest among all industries. Table 8.6 shows that only Mitsubishi Trust & Banking left the list, while all other companies continued to appear. In addition, three new companies, The Asahi Bank, Kyoto Bank, and Yasuda Marine & Fire Insurance Co., are included in Table 8.6. Kyoto Bank, a regional bank, was excluded in Table 8.5 but returned in Table 8.6. Thus, even during the collapse of the bubble economy, the School of Business Administration of Kobe University sent many human resources to the finance and insurance industries.

Second, the number of recruits increased in the service industry. Table 8.6 shows that NTT and JR West continue to be included, with both companies moving up four places, from Table 8.5 to the 6th position for NTT and the 37th position for JRA West. In addition to these two companies, three companies in the transportation industry, Sumitomo Warehouse, All Nippon Airways, and Hanshin Electric Railway, and five companies in the other nonmanufacturing industry, Deloitte Touche Tohmatsu, Japan Research Institute, Andersen Consulting, MIT, and Benesse Corporation, entered the ranking. This makes ten service companies, an increase of three from Table 8.5. However, five companies included in Table 8.5, Kinki Nippon Railway, Recruit, Nomura Research Institute, Aoyama Audit Corporation, and Sumitomo Business Consulting, were excluded in Table 8.6, representing major changes. The fact that the service industry has continued to be a job destination continuing the trend found in Table 8.5, and 10 companies in this industry are ranked in Table 8.6, which shows that employment in the service industry is not a transient boom but a well-established

⁸ Mitsubishi Bank and Bank of Tokyo merged in 1996, and Sumitomo Bank and Sakura Bank merged in 2001. The former became Bank of Tokyo Mitsubishi and the latter Sumitomo Mitsui Banking Corporation. Consequently, the number of companies listed in Table 8.6 has decreased by 2–39 companies.

trend. The deregulation of the service industry and the development of information and communication technology since the mid-1990s have led to the birth and growth of various new service industries and business categories. The School of Business Administration of Kobe University continued to provide human resources to these growing industries.

The third feature is the inclusion of foreign-affiliated companies in the ranking. In addition to Andersen Consulting, the Japanese subsidiary of the United States multinational, three foreign-affiliated companies were included in the list. They were IBM Japan and P&G, Japanese subsidiaries of American multinationals, similar to Andersen Consulting. The background of the foreign-affiliated companies in the ranking is related to an increase in their social status in Japanese society since the 1980s and the start of the regular hiring of new graduates.⁹

The fourth characteristic is the rapid increase in recruits in information and communication technology. ICT dramatically advanced in Japan from the 1990s to the 2000s. The Internet and personal computers became widespread, and informatization advanced in all aspects of business activities and social life. In response to these trends, graduates of the School of Business Administration, who were attracted by the possibilities of information and communication technology, found promising job opportunities in companies related to such new technologies. Among the companies related to information and telecommunications technology, those ranked particularly high in the number of recruits are NTT (10th to 6th), Fujitsu (35th to 10th), NEC (50th to 12th), Sharp (50th to 27th), Toshiba (out of ranking to 33rd), IBM Japan (out of ranking to 44th), and Hitachi (out of ranking to 48th).

Fifth, we detected the desire to find employment in the local area.¹⁰ Table 8.6 shows that the number of companies with headquarters outside the Kansai region was 31, the same number as in Table 8.5, but the number of companies with headquarters in the Kansai region increased by three, to a total of 30. Among them, five companies with headquarters or large manufacturing bases in Hyogo Prefecture, where Kobe University is located, were newly included in the ranking. They are Mitsubishi Heavy Industries (19th), Kobe Steel (24th), P&G (44th), Kawasaki Heavy Industries (48th), and Daiei Inc. (48th).

Finally, we examine the number of recruits by each firm each year. Table 8.6 shows that the companies recruiting our graduates annually during 1992–2001 are Sumitomo Mitsui Banking Corporation, Nippon Life Insurance Company, Bank of Tokyo-Mitsubishi, and Sumitomo Life Insurance Company, all of which are in the finance and insurance industry. As Sumitomo Bank and Sakura Bank merged in 2001 to form Sumitomo Mitsui Banking Corporation, the number of recruits by both banks before the merger cannot be confirmed in Table 8.6, but the number of recruits by Sumitomo Bank was 6, 5, 5, 4, 2, 3, 4, 3, and 2 during 1992–2000. In other words, the School of Business Administration of Kobe University sent personnel to Sumitomo Bank every year during 1953–2001. The number of companies headquartered outside the Kansai region that continuously recruited our graduates increased from three to

⁹ Kuwahara (2007, pp. 81–82).

¹⁰ It is not clear what the reason was for the desire. This is an issue for future study.

six from Tables 8.4 to 8.5. Nevertheless, in Table 8.6, it decreased to one, the Bank of Tokyo-Mitsubishi. Seven companies recruited graduates after a one-year gap: Sanwa Bank, Fuji Bank, Toyota Motor, Fujitsu, Dai-Ichi Kangyo Bank, Osaka Gas, and The Sumitomo Trust & Banking Co.

8.4 Conclusion

Most graduates of the School of Business Administration of Kobe University have found employment in the private sector every year. In this chapter, we have analyzed the employment trends of the graduates in four periods, using the top 50 employers of the graduates as a clue, and analyzed the kind of industries and companies that the school has been producing human resources. The following is a summary of the characteristics of each period.

The first is the period from 1953 to 1973, a period of high economic growth, including the reconstruction period. During this period, most rankings were dominated by local Kansai companies. These were the materials industries, such as chemicals and steel, the driving force of economic activity, manufacturing industries, such as home appliances and city banks financially supported these industries, and trading companies responsible for securing stable resources and distribution.

The second is the period of stable growth, from 1974 to 1986. As in the previous period, the ranking was dominated by the manufacturing, finance, and insurance, and wholesale/retail industries. However, an outstanding feature of this period is that the oil crisis triggered a shift in the Japanese industrial structure from materials-based to processing and assembling industries. Therefore, the number of processing and assembling companies increased in ranking.

The third is the period of 1987–1991, the period of the bubble economy. In this period, the financial industry, which played a central role in the bubble economy, occupied the top of the ranking. Therefore, major cities and trust banks recruited many graduates. In contrast, the industries in which graduates sought employment were diversified. In addition, industries in growth sectors and internationally competitive companies such as the service and electrical machinery industries were included in the ranking in large numbers. Furthermore, there was a regional expansion in the graduate recruiters, with companies headquartered mainly in Tokyo accounting for the majority in the ranking.

The fourth was 1992–2001, when the bubble economy collapsed. During this period, the finance and insurance industry faced a particularly tough business environment, accounting for the largest number of companies in the ranking by industry. In addition, as in the past, industries in growth sectors during this period, such as the service industry and information and communication technology-related companies, appeared in the ranking, indicating the diversification of destinations.

The following four points are common features of the rankings for all periods. First, Kobe University's School of Business Administration has continuously sent human resources to the finance and insurance industry over a long period. Second,

there are companies, such as Sumitomo Bank (Sumitomo Mitsui Banking Corporation), to which the School of Business Administration of Kobe University has continuously provided human resources. Third, although the companies initially ranked were mainly in the Kansai region where Kobe University is located, since the 1990s, the number of companies ranked has expanded to include companies in the Kanto region, especially Tokyo, and even companies headquartered in the United States. Fourth, the School of Business Administration of Kobe University has sent many human resources to the industries and companies that have led the economic growth in each period. In other words, the School of Business Administration of Kobe University has contributed to the growth of Japanese industry by supplying human resources. This is one of the outcomes of the School of Business Administration's continuous engagement with developing human resources that would lead industry under the University's founding ideal of "harmony between academic theory and practice" as the research and educational center of business administration in Japan.

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Part II
Development of the Research Divisions
in KUBS



六甲台・大講堂エントランス 2/3

Chapter 9

Division of Management



Norio Kambayashi  and Yoshiko Niwamoto 

9.1 Business Strategy

This chapter describes the research and educational activities of staff members at KUBS who have belonged to the field of business administration in the narrow sense of the term. In other words, we will cover the small courses (now units) that were constitutive units of the faculty until 1991, the subsequent development of those courses, and the development of the research fields that were newly established after the transition to a large course system. There are 12 areas in the field of business administration, and we will describe them in turn.

The Department of Business Strategy is an education and research field that follows the tradition of the First Department of Business Administration, which was established in 1949 with the founding of the College of Business Administration. In 1964, the First Department of Business Administration was renamed the Department of Business Administration, and in 1991, the name was changed to the Department of Business Strategy, in addition to being transferred to the independent graduate program in Japanese Corporate Management. In 1999, when the graduate school was reorganized, the Management Strategy Department was placed in the Management Policy Science Department, and in 2002, with the establishment of the Graduate School of Management (which became a professional graduate school

This chapter is based on the description in Chapter 6 “History of Education and Research Fields” of Part 6 “Graduate School of Business Administration and Faculty of Business Administration” in “Kobe University Centennial History—Departmental History” (Kobe University Centennial History Editing Committee) published in 2005, and summarizes the developments since 2005 with additions.

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in 2003), it was placed as an education and research field in the Business Policy Department. The Department of Business Policy was established in 2002.

The first professor of the Department of Business Administration, which was established with the founding of the new Kobe University Faculty of Business Administration, was Yasutaro Hirai. Hirai graduated from Tokyo Higher Commercial School in 1920 and was accepted by his alma mater, Kobe Higher Commercial School. He taught what is now known as business administration in the Commerce Research Department (research guidance) and returned to Japan in 1926 after studying business administration in Germany and other Western countries for over three years. This was the first lecture on business administration in Japan (Photo 9.1).

In 1929, Kobe Higher Commercial School was upgraded to Kobe University of Commerce and Business Administration and Management, and Business Administration, Management Finance, and Labor Relations were established as courses in the Department of Business Administration. He worked with students to research the actual state of corporate management in Japan, as well as foreign literature, and published the following books: *Introduction to Business Administration* (Chikura Shobo, 1932), *Bibliography of Business Administration* (Chikura Shobo, 1932), *Records on Industrial Rationalization* (Shunyodo, 1932), *Common Sense of Business Administration* (Chikura Shobo, 1932), and *General Theory of Business Administration* (Chikura Shobo, 1932). Hirai was dedicated to teaching students who were to become future generals of industry and trained many researchers in the fields of business administration and accounting.



Photo 9.1 Dr. Tejiro Ueda (front row, third from right) and Dr. Taitaro Hirai (second row, right) (February 1920) (*Management Gruppe*, Vol. 22 [July 1960])

In 1944, Kobe University of Commerce was forced to change its name to Kobe University of Economics. At that time, Kobe University of Economics became the first university in Japan to confer both a Bachelor of Business Administration and a Doctor of Business Administration degree. At his initiative, the Institute of Business Administration was established in the same year, followed by the Faculty of Business Administration in 1946. In 1949, with the inauguration of the new Kobe University, Hirai took the lead in establishing the Faculty of Business Administration. This was a process that brought recognition of the independence of business administration from economics. He positioned business administration as an applied science and explained its academic nature. The faculty of the Faculty of Business Administration was organized by combining the faculty members of the Department of Business Administration of Kobe University of Economics with the faculty members of the affiliated Department of Business Administration. As already mentioned, Hirai became a professor of the First Department of Business Administration upon the establishment of the Faculty of Business Administration.

Tadao Kagono, who is in charge of the general management course mentioned below, describes Hirai's research and educational activities as follows. In his book *Tetsuya Mizushima* (Nihon Keizai Shimbunsha, 1959), Hirai describes Tetsuya Mizushima, the first principal of Kobe Higher Commercial School, the predecessor of the Faculty of Business Administration, as a school manager. In fact, Hirai inherited this "Mizushima spirit," insisting on the necessity of business administration and actively engaged in management education. Like Mizushima, he believed that what was important for management was "first, human resources and second, capital," and he was enthusiastic not only in researching business administration but also in education (Tadao Kagono, draft of "Management Strategy").

Kiichi Ichihara succeeded Hirai's First Chair of Business Administration. Ichihara became an assistant professor at Kobe University of Economics in 1948 and then a lecturer and assistant professor at the Faculty of Business Administration of the new Kobe University before becoming a professor of the First Department of Business Administration in 1961. The course was renamed the Department of Business Administration in 1964. Ichihara's task was to establish business administration as an important field of study in the social sciences, and to do so, he established the methodology of business administration and enriched the content of business administration.

He devoted himself to understanding and grasping the big picture of managerial economics as it was developing in Germany at the time. It was inevitable for Japanese management researchers in their early stages of development to fully digest previous foreign research. In response to this request, Ichihara studied various theories of management in Germany and, in particular, worked to understand the German corporate governance system, i.e., codetermination and worker participation in management. The following books can be cited as representative research results: *German Business Administration* (Moriyama Shoten, 1954), *German Management Policy* (Moriyama Shoten, 1957), *West German Business Economics* (Moriyama Shoten, 1959), and *West German Business Sociology* (Moriyama Shoten, 1965).

In 1973, Ichihara hired Tadao Kagono, who was studying in the graduate seminar of Kuniyoshi Urabe, Professor of Business Administration at the time, as an assistant, with the intention of succeeding in the Department of Business Administration. Kagono subsequently became a lecturer and then an assistant professor before being appointed professor in the Department of Business Administration in 1989. Unlike Ichihara's academic research orientation, Kagono's research aimed to theoretically and empirically elucidate management phenomena in Japanese companies. The central theme of his research was the management strategy and organization of Japanese companies.

From the late 1970s, Kagono conducted field research on management phenomena in Japanese companies, studied the data he collected by making full use of analytical concepts derived from basic science, and published a series of new findings. His research results were internationally recognized, and Kagono became one of the central figures in ushering in a new era of management studies in Japan. His representative studies include the following: *Environmental Adaptation of Management Organizations* (Hakuto Shobo, 1980), *Diversification Strategies of Japanese Firms* (coauthor, Nihon Keizai Shimbun, 1981), *Comparison of Japanese and American Firms' Management: Theories of Strategic Environmental Adaptation* (coauthor, Nihon Keizai Shimbun, 1983), and *Organizational Epistemology: A Study of Creation and Innovation in the Firm* (Chikura Shobo, 1988).

From the mid-1980s, based on this perspective, Kagono was one of the key figures in planning the establishment of a graduate school of business administration for working people and was at the forefront of its research and education. In the mid-1980s, from this perspective, Kagono was one of the central figures in planning the establishment of a business school, a graduate school for working people, and was in charge of the front line of its research and education. Kagono and his colleagues developed a project-based system in which working graduate students bring in their own problems, conduct seminar-style research under the guidance of an instructor, and summarize the results in a master's thesis in collaboration with corporate educators. This method attracted attention as a groundbreaking educational method based on the philosophy of research-based education (thesis writing guidance based on academic research methodology).

In 1989, the Graduate School of Management of Japanese Companies (MBA Program) for Working Adults was launched with the enrollment of 17 working graduate students. Initially, financial resources depended on contributions from the business community, but in 1991, the program was approved by the then Ministry of Education as an independent graduate school major in Japanese corporate management. In 1991, the program was approved by the Ministry of Education as an independent graduate school major in Japanese corporate management. In 2002, the department was granted the status of a professional graduate school for working people (which became a professional graduate school in 2003). This can be understood as the realization, some 60 years later, of Hirai's vision of the late 1930s, namely, that it was essential for a research and educational institution in management studies to build an institution to elucidate the pathology of management phenomena, similar to a hospital attached to a medical school.

In 2002, Kazuhiro Mishina was appointed as an assistant professor in the Department of Management Strategy, program at Harvard University's Graduate School of Arts and Sciences after graduating from Hitotsubashi University's Faculty of Commerce, from Harvard University. He then worked as an assistant professor at the same university's business school before returning to Japan in 1997 and working at the Japan Advanced Institute of Science and Technology (JAIST) before being invited to join our Graduate School. Mishina analyzes the management strategies of Japanese companies from an international perspective. Some of his research findings include the following. *The Logic of Strategic Failure: Strategy and Managers* (Toyo Keizai Shimposya, 2004). Subsequently, Mishina was promoted to professor in 2004.

9.2 Business Management

The first lecture under the title of "Business Administration" can be traced back to the first semester of the 1961 academic year. In that year, a special course on business administration (4 credits) taught by Kuniyoshi Urabe, who was an assistant professor at the time, was called "Theory of Business Administration." Urabe's *Modern Business Administration* (Diamond, Inc.) was published in 1957, but as far as we can confirm, this was the first year that the term "Business Administration" was used in the "Course Outline" of the Kobe University School of Business Administration. It was in the first semester of 1966 that Business Administration was offered as a nonspecial lecture course. In the Graduate School of Business Administration, the first courses offered were the Special Lectures on Business Administration (doctoral course) and the Theory of Business Administration (master's course) (both 4 credits) in 1962. The course title of Urabe's courses after 1952 shows a transition from "General Theory of Public Enterprises" to "Business Management," then to "Business Policy," and finally to "Business Administration."

Urabe was born in 1920. After graduating from Tokyo University of Commerce (later Hitotsubashi University), he worked in the Research Division of Mitsubishi Oil Corporation, then at the Transportation Research Bureau, and concurrently at the Industrial Efficiency Research Institute of Tokyo University of Commerce (later Institute of Industrial Management, Hitotsubashi University). In July 1952, he became an assistant professor at the Faculty of Business Administration, Kobe University. In July 1952, he became an assistant professor at the Faculty of Business Administration, Kobe University. The book discussed the theoretical foundations of the corporate form. The book was published just as the Japan National Railroad was established (June of the same year). This work attracted the attention of Yasutaro Hirai. Considering his career up to that point, it is understandable that he was able to teach General Theory of Public Enterprises, Management Morphology, and Management Policy before taking charge of business administration courses on a regular basis. Among the lectures on management morphology, until 1958, he touched on social control of monopolies, public enterprise business control, and public corporations

and public business entities. During this period, Urabe, an assistant professor, was a member of the management morphology course under Professor Tatsuo Takenaka (see Sect. 9.5, “Corporate Government Relations,” in this section for more information on these points). After setting up a course in business management theory, he began to elucidate the modern management theory of decision-making, behavioral science and organizational theory, and, as a practical matter, the management issues of the divisional system. The scope of his work covered institutional aspects such as transfer pricing of divisional systems, behavioral aspects such as motivation and leadership, labor management and labor-management relations, top management theory, management strategy theory, and Japanese-style management theory (for his theories, see “Kuniyoshi Urabe: The Human and the Academia,” *Kokumin Keizai Zasshi*, Vol. 148, No. 3, September 1983, pp. 139–172).

During this period, Urabe has served as executive director of the Japan Society of Business Administration, the Japan Association of Organizational Science, the Japan Society of Labor Relations, and the Japan Society of Management Education, raising the level of management research and education in Japan as a frontier of social science while reflecting the latest results in education and research activities conducted at the Kobe University School of Management and Graduate School of Management without regret. The latest results have been reflected in the education and research activities conducted at Kobe University’s Faculty of Management and Graduate School of Management. The University has also made an outstanding contribution to the development of business administration based on management theory, which is expected to grow in future, and has produced more than 30 researchers in the field. Hideki Yoshihara, a leading academic in the field of multinational corporations and international management, was one of his students and became a professor at the Research Institute of Economics and Business Administration, Kobe University. Among the faculty members of Kobe University’s Graduate School of Business Administration, Tadao Kagono, who teaches General Management and Business Strategy, is a successor to Kiichi Ichihara but was also a student of Urabe’s. Akinobu Sakashita, who teaches Fundamentals of Business Administration, is also a student of Urabe’s. Urabe retired from Kobe University on April 1, 1983, after a long career of approximately 31 years at the university, mainly in the Department of Business Administration.

The Department of Business Administration hired Toshihiro Kanai as an assistant professor in April 1980. Kanai was born in 1954, graduated from the Faculty of Education, Kyoto University in 1978, completed the Master’s Program of the Graduate School of Business Administration, Kobe University in 1980, and at the same time became an assistant at the Faculty of Business Administration, Kobe University. He spent three years from 1984 at MIT in the U.S., from MIT in 1989.

Kanai has been teaching business administration in the School of Business Administration since 1990. In recent years, the Advanced Business Administration Course for training professional researchers and the Applied Research in Business Administration for graduate students in the graduate school for working adults (MBA program) have been offered alternately by Kagono, Sakashita, and Kanai, depending on the academic year.

Since 2005, Ryuta Suzuki, a graduate student of Kanai's graduate seminar, has been in this position. Suzuki's research focuses on the relationship between organizations and individuals and studies the relationship from the more complex perspective of the three-way relationship between individuals, workplaces, and organizations. In 2018, Yasuhiro Hattori also joined the chair, conducting research and education in the overlapping areas of human resource management theory, which focuses on the mechanisms that support individual behavior and psychology in companies, and organizational behavior theory, which explores such behavior and psychology and their mechanisms themselves.

9.3 Human Resource Management

The term "Human Resource Management" was first used as the name of a lecture course after the move toward a graduate school focus began in April 1998 (the graduate school focus was completed in 1999), and in the faculty, it was used from the 2001 academic year. Prior to that, the name of the course was "Theory of Management and Labor", and the name of the lecture courses was "Management and Labor Theory. Therefore, the history of this course can be started with the "Theory of Management and Labor" course.

The term "management and labor theory" came to be used as the name of a course after Yoshimoto Kobayashi was appointed as a professor at the Faculty of Commerce attached to Kobe University of Commerce in 1931. For more information on the situation at that time, see "Kobe University Centennial History," edited by Kobe University Centennial History Editorial Board, "Kobe University Centennial History," General History I (Predecessor Schools History) (Kobe University, 2002), Part 2, "Establishment of Kobe Higher Commercial School and Development of Higher Education Institutions," Part 2 (V) "Academic History," Chapter 2, Sect. 2, "Business Administration: Yasutaro Hirai and Yoshimoto Kobayashi. The Japan Society for the Study of Labor Relations (previously named the Japan Society of Human Resource Management) was established in Japan. Since the Japan Society for the Study of Labor Relations was established in 1970, it is clear how early the theory of management and labor relations was taught at this university. Kobayashi is the founder of the theory of management and labor in Japan and gave a commemorative lecture alongside Dr. Enjiro Awaji at the inaugural meeting of the Japan Society for the Study of Labor Relations.

Kobayashi nearly completed his body of scholarship in his first book, *Management and Labor Theory* (Toyo Press, 1936). He examined specific systems and theories of management labor, including Taylor's scientific management methods, the standard time studies of the Research Committee on Working Hours, and J. Ermanski's labor optimization studies. Furthermore, these systems are systematically organized into labor process theory, labor function theory, wage theory, and wage system theory. Here, the basic framework for the study of management and labor affairs was established, and the direction of research in Japan was set.

Later, in 1950, he published *Keiei-Keizaigaku (Management Economics in English)* (Mikasa Shobo), which clarified the outlines of his own management theory. However, his passion for academics did not wither, and he left behind an episode in which he held a seminar in the president's office.

The first academic characteristic of Kobayashi's management-labor theory is that it is positioned as a branch of business administration, especially managerial economics. The Kobayashi's School of Business Administration is the origin of business administration in Japan, along with the "Hirai School of Business Administration" of Yasutaro Hirai, and the theory of management labor relations is logically and practically integrated into Kobayashi's theory. While today's labor studies encompass a variety of streams, such as labor economics and psychology, Kobayashi's theory of management and labor affairs represents a broad flow from management studies.

Second, although Kobayashi's management theory basically takes the position of individual capital theory, it unifies and describes the essence and phenomena by concretizing its research targets to management techniques and the awareness of managers. Therefore, his analysis of management and labor is extremely concrete, realistic, and insightful.

Third, it also attempts to include labor-management relations as a subject of study in management-labor relations theory. According to Kobayashi's theory, labor-management relations cannot be the subject of management. Therefore, if labor-management relations were to be included as a subject of study, a new name was necessary, and "management-labor theory" unique to Kobe University was born as a new discipline that included management-labor affairs and labor-management relations as its subject of study (Yoshimoto Kobayashi, *Introduction to Management Labor Theory*, Minerva Shobo, 1967, "Introduction").

Fourth, the book takes a logical and historical view of the various phenomena of business labor management. It logically classifies labor management into labor management, workforce management, and worker management, explaining that labor management by scientific management methods, workforce management by personnel management, and worker management by human relations theory, which developed into labor-management relations after World War II. The perspective of looking at actual management labor relations is carried out based on this historical development.

Reflecting the depth and breadth of Kobayashi's management studies, his students include 12 scholars active in fields such as German management, socialist management, American management theory, labor-management relations, and management finance, furthering the tradition.

Professor Susumu Kaido took over after Kobayashi retired in 1966. Kaido was born in Fukui City in 1923, and after graduating from a local commercial school, he went on to Wakayama Higher Commercial School. In 1949, he became an assistant professor at the Kobe University of Economics, where he continued to develop the course on management and labor theory until his retirement in 1986.

During this period, from 1960 until his retirement, he traveled to the former socialist countries and Europe six times to closely observe developments in the former

socialist countries. At the same time, he published reports on the labor situation in Japan in Russian, German, and English and exchanged opinions with scholars from around the world. For these achievements, he was awarded an honorary doctorate in economics from the Berlin University of Economics in 1983.

If we were to point out the academic characteristics of Kaido's theory of management and labor, the first is that he studied management studies in both capitalist and socialist regimes. Dr. Sozo Kitagawa indicated a methodological schema of "capitalist management studies → critical management studies → socialist management studies" (Yoshimoto Kobayashi, editor, *History of Japanese Management Studies: People and Theories*, Nippon Hyoronsha, 1971, p. 112). In the context of the post-World War II era of intense class struggle and the rapid growth of the Soviet Union, Kaido's intellectual interests turned to the current situation in socialist countries. His first work, *Research on Socialist Industrial Enterprise Economics in the Sociological Debate on Sectoral Economics* (Toyo Keizai Shimposha, 1958), was the result of his research on business administration methodology and became his doctoral dissertation. It was her doctoral dissertation.

Second, much of his research energy was devoted to socialist enterprises. His second book is *Socialist Enterprise Economics* (Moriyama Shoten, 1961), and he has coauthored or coauthored 11 books on socialist enterprise theory or socialist management. This is an unparalleled body of research work.

Third, in wage theory, he pioneered a new method of comparing wages in capitalist and socialist systems, showing the superiority of the socialist system. He has published a total of six books on wage theory, including two single-authored books and coauthored and coedited books.

Fourth, in researching managerial labor theory, we have deepened its methodology by tracing it back to philosophy. In line with the academic system of philosophy → economics → business administration, he has studied the foundations of managerial labor theory by tracing it back to philosophy, especially ontology, epistemology, and methodology, as the basis of scientific methodology. His first book, *Management and Labor Theory*, Volume 1 (Methodology <1>) (Chikura Shobo, 1974), was the first result of his research, and he has published five books on the subject alone, including an expanded edition.

The students of the Kaido Seminar are very diverse, given its grand academic system, ranging from the study of socialism to business administration, and its expansion into both capitalist and socialist regimes. The Kaido Seminar has 24 students studying philosophy, literature, socialist economics, German business administration, American management theory, management theory, corporate theory, and labor-management relations, among others.

In 1986, Kaido retired due to retirement, and Professor Koji Okubayashi took charge of the Management and Labor Studies Department. In 1993, with the transition to a large course system, the Management and Labor Studies Department was placed within the Management Systems Division, and after a name change to Management and Labor Affairs, the name was further changed to Human Resource Management.

Okubayashi was born in Hyogo Prefecture in 1944, and after graduating from a local high school, he entered the Faculty of Business Administration at Kobe

University, where he was a seminar student under the guidance of Kaido. After entering the Graduate School of Business Administration in 1966, he was hired as an assistant at the Faculty of Business Administration in 1969.

The results of his research are *Personnel Management Theory: A Study of Corporate Labor in America in the 1920s* (Chikura Shobo, 1973), *A Study of Personnel Management Theory* (Yuhikaku, 1975), “Humanization of Work: Its Global Trend (Yuhikaku, 1981), *Japanese Management under Microelectronics (ME) Technological Innovation* (editor, Chuokeizai-sha, 1988), coauthor *Introduction to the Loose Structure Organization Paradigm* (coauthor, Bunshindo, 1994), etc.

Norio Kambayashi was born in Osaka in 1965. After graduating from high school in Osaka, he entered the Faculty of Business Administration at Kobe University and completed a seminar with Okubayashi. He then entered the Graduate School of Business Administration at Kobe University and was hired as an assistant professor there in 1992 at the University of Warwick. D. in 1992 from the University of Warwick. His research results in the UK were published as *Cultural Influences on IT Use: A UK-Japanese Comparison*, Palgrave, 2003. His doctoral dissertation in Japan was published as *Cross-Cultural Information Technology Systems* (Chikura Shobo, 2001) (Photo 9.2).

Mitsutoshi Hirano was born in Tokyo in 1957. After graduating from a local high school, he entered the School of Commerce at Waseda University. After entering industry and gaining practical experience, in 1992, he became a working graduate student, balancing research and practical work, and in 1998, he received his doctoral



Photo 9.2 KUBS students listening intently to a lecture in Room 102, Rokkodai Main Building built in 1932, a national registered of cultural property

degree from the Okubayashi Seminar. In 2002, he was hired as an assistant professor in charge of a specialized graduate school. In addition to his professional experience, he has published many academic works, including his master's thesis entitled *Career Development: Its Psychological Dynamism* (Bunshindo, 1994) and his Doctoral thesis was published as *Career Domain* (Chikura Shobo, 1999).

In 2017, Yoshiko Niwamoto, who was a graduate seminar student of Kambayashi, was appointed as an associate professor. Her research focuses on the collaborative practices of people shaping and demonstrating organizational capacity.

9.4 Financial Management

The theory of management finance first appeared as an independent course title in the "Lecture Outline" of Kobe University of Commerce in the 1932 academic year. The lecturer was Assistant Professor Kenji Hayashi.

Even before that time, some of the content of the lectures covered by the theory of management finance can be found in some lecture courses. For example, according to the "Teaching Handbook" of the 1925 academic year during the Kobe Higher Commercial School period, Hayashi, who was still an instructor at the time, lectured on the mathematical basis of what is now called finance, such as money, time, interest, and discount, using Ryohei Haraguchi's *New Edition of Commercial Arithmetic* (Dobunkan, 1913) as a textbook in the course "Commercial Arithmetic". He lectured on the fundamentals of finance mathematics, including money, time, interest, discounting, and so on. Professor Haraguchi also taught topics such as discounting, annual redemption, interest, annuities, and bonds in his course on commercial mathematics, using his own book, *Koutou Risokuzan* (Calculation of Higher Interest) (Houbunkan, 1919), as a textbook.

In 1929, when Kobe Higher Commercial School was upgraded to Kobe University of Commerce, the aforementioned Haraguchi continued to teach commercial mathematics, and Professor Yasutaro Hirai lectured on "Corporate Finance and Financial Management" as one of the various theories in the Business Administration course.

Now, in the course on Business Finance in 1932, the first year it was offered as an independent lecture course, Hayashi introduced "I. General Business Administration and Financial Theory," "II. Management of Capital," "III. Capital Procurement," and "IV. Valuation of companies." It is worth mentioning that Hayashi provided lectures that are appropriate for managerial finance, which are not inferior to those of today.

In 1949, Kobe University, which was newly established as a university, had Japan's first School of Management through national, public, and private universities. It was in 1952 that a course called "Management Finance" was established. The first professor was Yasutaro Tamba.

Tamba graduated from the local Hyogo Prefectural First Kobe Junior High School in the fourth grade, and after graduating from the Eighth High School in Nagoya, entered Kobe Commercial University in 1930.

Tamba's research activities can be roughly divided into three periods. In the first period, Tamba's research focused on bookkeeping, account theory, office management, and office mechanization since he was affiliated with Haraguchi and served as an instructor at the Business Accounting Institute. It was during the second period that Tamba's research blossomed. In this period, as he was called "Tamba of Capital Accounting," he devoted his energy to the study of capital accounting after World War II, and in 1957, he wrote *Capital Accounting: Theory of Capital Accounting* (Chuokeizai-sha, Inc.) in 1957, for which he received the title of Doctor of Business Administration and the Ueno Ota Prize at the 17th Annual Meeting of the Japanese Accounting Research Association in the following year.

Tamba then went on to study in the U.S. and literally pioneered the cutting-edge central themes of management finance theory, such as the cost of capital theory and investment decision theory. It is with great regret that Tamba's third period of research was interrupted in mid-stride by the sudden death of his second dean, who had ventured to accept the position during the university conflict, despite his chronic illness. The papers of this third period were published by the Committee in Memory of Professor Yasutaro Tamba as *Studies on Corporate Capital: Various Issues of Corporate Investment Decision Theory and Capital Accounting Theory* (Chikura Shobo, 1971).

Akio Mori took over management finance theory after Tamba moved on to become the first chair professor of the newly established management accounting department.

After graduating from Tokyo Prefectural Tenth Middle School, Army Preparatory Academy, and Takamatsu College of Economics, Mori entered Kobe University of Economics in April 1948 and was hired as an assistant professor upon graduation in April 1951.

Mori's research was divided into two phases: the first, in which he studied business leadership under Hirai and lecturer Kiichi Ichihara, and the second, in which he moved to the Department of Management Finance, of which Tamba was the chair professor and engaged in research on management finance. Immediately after the transfer, Mori took on the difficult task of analyzing in depth the theoretical foundations of the subject of self-financing, which had been discussed for many years but had never been explored in depth and had only been discussed superficially with an awareness of current issues. The results of his efforts blossomed seven years later, in December 1963, with the publication of *Kigyo Jiko Kinyuron (The Theory of Corporate Finance)* (Chikura Shobo), which set a milestone in the field of corporate finance. In March 1965, he was awarded a doctorate in business administration.

After studying in Germany and the U.S., Mori shifted his focus to research on American-style management finance theory, the results of which have been published as *Investment Decision Theory* (coauthored, Japan Business Publications, 1969), *Management Finance* (coedited, Yuhikaku, 1972), *Basic Theory of Financial Management* (coedited, Dobunkan Publishing, 1986), etc. *Theory of Financial Management* (coedited and published by Dobunkan Shuppan, 1986).

After Mori's retirement, Shigeki Sakakibara took over the research and teaching of management finance theory. After graduating from Kobe High School in Hyogo Prefecture, Sakakibara entered the Faculty of Business Administration at Kobe

University in 1964. In 1972, he was hired as an assistant professor at the same time he completed his master's degree. He was trained by Tamba as an undergraduate student and by Mori as a graduate student.

In 1988, he received a doctorate in business administration from the University of Tokyo and was promoted to professor. In 1988, he received a doctorate in business administration and was promoted to professor. A central part of the book is part of his coauthored book, *The Japanese Stock Market*, Praeger, New York, 1988, which has been disseminated around the world.

He published *Risk Management of Equity Portfolio* (Toyo Keizai Shimposya, 1992) and *Securities Investment Theory* (coauthored, Nihon Keizai Shimbunshya, 1991) and has been promoting financial management theory and securities investment theory through the publication of *Financial Management* (coedited, Yuhikaku, 1993), *Introduction to Securities Management* (coauthored, Yuhikaku, 2000) and *Modern Financial Management* (coauthored, Yuhikaku, 2003). (coauthored, Yuhikaku, 1993), *Introduction to Securities Theory* (coauthored, Yuhikaku, 2000), and *Modern Financial Management* (coauthored, Yuhikaku, 2003).

After graduating from Tsuna High School in Hyogo Prefecture, Nobuyuki Isagawa entered the Faculty of Business Administration at Kobe University in 1985. In 1995, he was hired as an assistant professor at the same time he completed his master's course. In 2000, he published his research results as *Financial Policy and Corporate Value* (Yuhikaku). In 2000, he published the results of his research in *Financial Policy and Corporate Value* (Yuhikaku) and was awarded a doctoral degree in business administration and promoted to associate professor. After studying in the U.S., he broadened his scope to include empirical research and is expected to produce original results in both theory and evidence.

Isagawa moved to Kyoto University in 2016 and was succeeded by Naoya Mori, who took up a professorship in the same year. Mori's main research interest is in corporate payouts (dividends and share buybacks), which he studies in the form of theoretical modeling.

9.5 Corporate Government Relations

We would like to review the courses offered by the predecessor schools in the area of corporate management and corporate government. Due to the limited historical data, we will only introduce some of the interesting aspects that can be gleaned from the documents.

According to the "Teaching Manual" of Kobe Commercial High School in 1926, "Business Administration" (3rd grade, 2 h/week, taught by Taitaro Hirai) was offered in that year and included the topics "VII. Cooperatives" and "VIII. Public Enterprises" in the "Business Administration" course (3rd year, 2 h/week, Yasutaro Hirai in charge). As far as we can confirm, this is the earliest course that includes content related to this subject.

In 1928, “cooperatives” were found, but “public enterprises” were missing, and in 1929, “cooperatives” were also missing. In 1930, Hirai’s General Theory of Business Administration in the “Outline of Lectures” of Kobe University of Commerce also lacked the terms “cooperatives” and “public enterprises”.

However, in 1932, the railroad theory taught by Taisuke Watanabe (previous semester, irregular) included a section on “State-owned and State-run Systems of Railways,” and in 1933, in the general theory of business administration taught by Hirai, “the study of public corporations” was again taken up and revived in relation to “the significance of business administration. It is noteworthy that not a few lectures on transportation theory also referred to public enterprises, especially “transportation enterprises as public enterprises” in the transportation theory taught by Goro Kitamura in 1933 and “national policies toward transportation” in the transportation theory taught by Torasaburo Nomura in 1935. It was noteworthy. These were probably the result of the trends and demands of the times, and the issues of public ownership and control were also reflected in the content of the lectures.

In particular, “The Importance of the Concept of Public Enterprise” (Vol. 49, Nos. 3–6), which Kitamura published several times in *Kokumin Keizai Zasshi* (*National Economic Journal*) from September to December 1930, was a research achievement that attracted a great deal of attention at the time.

However, as seen above, as a whole, the status of these subjects during this period was only partially and fragmentarily mentioned in the general management and railway/transportation subjects and did not take the form of a systematic subject.

In August 1946, however, Tatsuo Takenaka, who had moved from Osaka University of Commerce to the Faculty of Business Administration attached to Kobe University of Economics, moved to the Faculty of Business Administration of the newly established Kobe University and began to devote himself entirely to research and education on public corporations and public interest corporations. The School of Business Administration at Kobe University became a mecca for such studies in Japan.

Takenaka began to present his research results in this field to the public approximately 1930 (for details, see Hiroshi Sasaki, “Professor Takenaka: Person and Study,” *Kokumin Keizai Zasshi*, Vol. 118, No. 4, October 1968). In 1935, when he was working at Osaka University of Commerce, he had already published a book titled *Accounting for Public Enterprises* (Toyo Shuppansha). Although the title of this book has the word “accounting” in its content, it was more like an overview of public corporations and was one of the few books of its kind in Japan at that time, with a wide range of content, including concepts, regulations, and rates for public corporations.

Although it is not clear when Takenaka began lecturing at Kobe University due to limitations in historical records, it is believed that he began lecturing at the Faculty of Business Administration immediately after his appointment and at the Graduate School of Business Administration when the new graduate school was established in 1953. According to the “Chronological Table of the Faculty of Business Administration of Kobe University” (1983), published by the Faculty of Business Administration

of Kobe University, "Courses were established in the Faculty of Business Administration" on September 7, 1954, and a total of 16 courses are listed, among which the course on management morphology, which Takenaka was in charge of, is clearly indicated.

In addition to Professor Takenaka, Assistant Professor Kuniyoshi Urabe was a member of this management morphology course, and Urabe also lectured on "Social Control of Monopolies," "Control of Public Enterprises," and "Public Enterprises and Public Corporations" in the management morphology course, but according to the "Outline of Lectures," he did not refer to these topics in his management morphology lectures until 1958. According to the "Outline of Lectures," Urabe did not refer to these items in his lectures on management forms until 1958 (Showa 33), after which they disappeared from his management form theory. This indicates that Urabe himself shifted his research interest to management theory and organizational theory of private companies.

It is noteworthy that Takenaka, who had been at the heart of society in the roles of vice president and president since the establishment of the Public Utility Industry Association in 1949, was backed up by the entire society at that time to realize this intention. It is noteworthy that the entire society at that time backed Takenaka in his efforts to realize his intentions.

In November 1950, the Public Utility Association submitted a "Request for the Promotion of Public Utility Theory Research" to the Minister of Education (Teiyu Amano), and when it heard that Kobe University was going to submit a request to the Ministry of Education to establish a public utility theory course in the Faculty of Management in the summer of 1962, the Association responded to the request with the following words. In August of the same year, he immediately submitted a petition in the name of Hideo Hosono to the Minister of Education (Masuo Araki), requesting Kobe University to establish a course in the management of public interest corporations. The petition was submitted in the name of Hideo Hosono to Kobe University. The "Request for a Chair in Business Management for the Public Interest" concludes with the following statement. We would like to further emphasize the need for a course to be established at a national university and request that the authorities of the Faculty of Education give special consideration to the plan to establish a course at the Faculty of Business Administration of Kobe University. Hisakazu Kita (Professor at Meiji University), who was the Secretary General of the Association at the time, also concluded his editorial postscript in the abovementioned "Public Interest Business Research" with the following words: "In any case, it is important for national universities to establish a regular course of study. It is a problem that there are no formal courses on public corporations at national universities. I hope that Kobe University's plan will be successful."

These efforts bore fruit in 1963, when the Department of Public Enterprise Management was established in the Faculty of Business Administration of Kobe University ("Kobe University Faculty of Business Administration Chronology," p. 21). Until then, Takenaka had been teaching public management theory and special lectures on public management theory under the chair of management theory at the undergraduate and graduate schools, but from 1964, he also began teaching public

interest business management theory under the new chair of public interest business management. Since then, Takenaka has continued to teach public enterprise management, public enterprise management, and research guidance at the undergraduate level, as well as advanced theory of public enterprise management, special research on public enterprise management, and seminars every year at graduate school.

Hiroshi Sasaki succeeded Takenaka. Sasaki studied at the Graduate School of Business Administration as a student of Takenaka and was appointed as an assistant at the School of Business Administration in April 1966, where he taught until his retirement in March 2001. The following is a summary of what was considered to be particularly important in the status of related courses during this period.

After Takenaka's retirement, Professor Shinzo Kurita of Kobe University of Commerce and Business Administration was in charge of the theory of public enterprise management (undergraduate), special research on public enterprise management, and special theory of public enterprise management (graduate school) as a part-time lecturer during the two years between 1969 and 1970, when Sasaki took over teaching at the undergraduate and graduate levels.

In 1970, Sasaki began his teaching career by taking charge of foreign book reading in the professional course and the second course. From 1974 onward, Sasaki began lecturing alternately on the management of public enterprises and on the management of public corporations at the undergraduate and graduate levels. In 1974, Sasaki began lecturing alternately at undergraduate and graduate schools.

It should also be noted that the "Top Management Lecture Series," a series of more than a dozen lectures given by experienced managers and above in industry and government, which began in 1987 as a new innovation for the faculty, often dealt with topics closely related to this course and attracted the strong interest of students. Specifically, they are as follows:

- 1988 "Urban Management Theory", Kobe City
- 1990 "Energy Business Management", Osaka Gas
- 1992 Hankyu Corporation, "Urban Creation Strategy Theory".
- 1996 "Commercial Broadcasting Management," Mainichi Broadcasting System, Inc.
- 1997 "Electric Utility Management Theory", Kansai Electric Power Co.
- 2000 NTT Docomo Kansai "Mobile Multimedia Business Management Theory".

In 1991 and 1992, Shigeru Takeda, who had retired from Tokyo Gas as an associate professor, joined the faculty as a working adult instructor (assistant professor) and was in charge of public interest business management and foreign book reading at the undergraduate level and corporate environment and research on public interest business management at the graduate level. His main theme was "deregulation of energy business."

In 1993, the name of the Public Enterprise Management course, which had been used since its establishment in 1963, was changed to Corporate and Government Affairs, in line with a major reorganization of the faculty and the introduction of a "unit" system. Since both Takenaka and Sasaki had been teaching the two courses,

“Management of Public Interest Enterprises” and “Management of Public Enterprises,” alternating from year to year, it was thought desirable to have a comprehensive course name that would more accurately represent the content of the two courses.

Sasaki’s intention was to change the course to one analogous to Business-Government Relationship and Industry and State in Western university curricula. By changing the course to Corporate Government Relations, Sasaki intended to address a broader set of issues than before, such as (1) government ownership of corporations (public ownership, interenterprise issues) and privatization of government-owned public corporations, (2) government regulation of corporations (public corporations, economic regulation, social regulation), (3) various government subsidies, support, support, and protection measures for corporations, (4) various types of subsidies, support, and protection measures between corporations and the government, (5) government subsidies, support, support, and protection measures for corporations, (6) various cooperation (partnership) and joint systems between corporations and governments (mixed enterprises, public-private partnerships, MBOs, etc.), and (7) relations between multinational corporations and governments under the conditions of globalization, (5) the relationship between multinational corporations and governments under globalization.

In 1996, Fumitoshi Mizutani began teaching foreign book reading at the undergraduate level and special research on corporate government relations at the graduate level. Mizutani then followed in Sasaki’s footsteps and took charge of lectures on corporate government relations, and at the graduate school, mainly took up “Economic Theory of Regulation”. Mizutani has since held important positions within the university, including Dean of the Graduate School of Business Administration and Vice President of Kobe University. He published the book *Japanese Railways: A Private-Public Comparison* by Avebury in 1994 and *Regulatory Reform of Public Utilities: The Japanese Experience* by Edward Elgar in 2012. In 2014, Eri Nakamura, a graduate seminar student of Mizutani’s, also joined the faculty as an associate professor. Nakamura is involved in research on the management of networked infrastructure industries (public utilities) such as railroads, airlines, shipping, water, sewage, electricity, and postal services.

9.6 Corporate Network

In 1984, a new course called “Fundamentals of Business Administration” was established in the School of Business Administration. This subject was taught by instructors belonging to the Department of Business Administration on a rotating basis, and in 1989, Akinobu Sakashita was hired as a full-time professor.

In 1993, the Faculty of Business Administration shifted to a large course system, and in 1994, Sakashita moved to the Management Systems Course as a large course, but he was still in charge of the Fundamentals of Business Administration course itself.

In 1998, the Graduate School of Business Administration decided to emphasize graduate school in a two-year plan. In 1999, Dr. Sakashita moved to the Corporate Networks Chair in the Department of Contemporary Management, Graduate School of Business Administration, where he remained until 2001. During this period, Dr. Sakashita was still in charge of the courses in the School of Business Administration, namely, “Fundamentals of Business Administration.”

In 2002, the Department of Modern Business Administration in the Graduate School of Business Administration was reorganized, and a new specialized graduate school (business school) was established. In 2002, the Graduate School of Business Administration’s Department of Contemporary Management was reorganized, and a new specialized graduate school (business school) was established. During this period, Sakashita was still in charge of the undergraduate course “Fundamentals of Business Administration.”

Tracing the historical evolution of the course structure in this way, it is clear that the large course “Corporate Network” evolved from an undergraduate course called “Fundamentals of Business Administration”. Moreover, the theory of basic business administration itself still exists as an undergraduate course (Photo 9.3). Sakashita has published several books, including *Organizational Behavior Research* (Hakuto Shobo, 1985) and *Organizational Symbolism: Issues and Methods* (Hakuto Shobo, 2002).

In the Fundamentals of Business Administration course, basic theories of business administration, such as management strategy, management organization, and organizational behavior, are taught. In the corporate network course, human network theory and technology network theory are studied and lectured.

In the Organization Development Course of the Graduate School of Management, sub-theories of basic management theories, such as management organization theory and organizational behavior theory, are studied and educated in a more specialized way, and these theories are theoretically and empirically studied and educated from a more practical perspective.

The basic management theory was then taken over by Noboru Matsushima, who joined the department as an associate professor in 2005. Matsushima’s main research interest is the recursive relationship between technology and humans constituted within a social context. He had published several books, including *Informatization in the Field: An Organizational Theory of IT Use Practices* (Yuhikaku).

9.7 Industrial Management

Research in the field of industrial management has been broadly based on a tradition since Professor Yasutaro Hirai started research and instruction in commercial and industrial management at the Kobe Higher Commercial School. However, it was Professor Yoshimoto Kobayashi (Professor at the Faculty of Business Administration and Graduate School of Business Administration, Kobe University in 1931, Associate Professor at Kobe University of Commerce in 1932, Professor at Kobe University



Photo 9.3 Rokkodai Auditorium (Idemitsu Sazo Memorial Rokkodai Auditorium), standing on the Rokkodai Campus, a National Registered Cultural Property (built in 1935).

of Commerce in 1940, and Professor Emeritus at Kobe University in 1966) who set the direction of research and education in industrial management at Kobe University. In 1966, he became a professor emeritus at Kobe University. After his appointment to Kobe University of Commerce, he was consistently in charge of management and labor theory, but after his promotion to professor, he took charge of research and guidance in the field of “industrial management,” which was differentiated from the “business administration” department that Hirai was in charge of. Kobayashi’s achievements in business administration research are described in the “Kobe University Centennial History,” General History I (Predecessor School History) and Sect. 3, “Human Resource Management,” so I will not go into detail. For a list of Kobe University of Economics during and after World War II, see Kobe University of Economics, 1948 (Kobe University of Economics, 1948). While grasping business administration as managerial economics, he emphasized the significance of analyzing specific systems of management and labor in relation to the characteristics of the capitalist system, which historically and economically regulates enterprises and management, and while based on the position of the theory of individual capital movement in terms of theory, he also took into consideration the technical activities of management entities and therefore the importance of recognizing business administration from a technological theory. In terms of doctrine, he based his position on individual capital movement theory.

Kobayashi later became a member of the Management and Labor Theory Department, and from 1952, the Industrial Management Department was headed by Noboru

Inaba. Inaba was born in Chiba Prefecture in 1914 and attended Wakayama Higher Commercial School (graduated in 1934), Kobe University of Commerce (graduated in 1937), and the Graduate School (completed in 1939), where he studied under Professor Zen'ichi Takitani. After serving as a military supply supervisor in the Ministry of Munitions and a deputy counselor in the Regional General Affairs Office during and after the war, he returned to his alma mater as a professor in the newly established Faculty of Business Administration of Kobe University of Economics (1946) (Professor at Kobe University in 1958, Doctor of Business Administration in 1962, and Dean of the Faculty of Business Administration from 1969 to 1972). He was in charge of lectures, research guidance, and seminars on industrial management theory. He was devoted to the full-fledged and systematic development of industrial management theory until his retirement in 1977, when he became professor emeritus.

The focus of Inaba's management studies is the clarification of the process of creation and development of capital-based industrial management as the basis for the systematic development of industrial management theory, the clarification of the grounds for the existence of small and medium industrial management and its various forms through the clarification of small and medium industrial problems, and the systematic development of small and medium industrial management studies.

The early works are summarized in *Introduction to the Theory of Industrial Management: Development Theory of Industrial Management* (Moriyama Shoten, 1958), in which he clarified the main paths and management forms, the characteristics of secondary paths and management forms, and their interrelationships in the development process from the guild handicraft industry under the feudal system to the modern factory system. It is a logical and comprehensive study of the relationship between industrial capital, commercial capital, manufacturers, and wholesale houses and the various types of management that exist in the modern era of industrial development. The book also provides a basis for logically and historically clarifying the relationships among various types of management that exist in the modern era of industrial development. In *Theory of Small and Medium Industrial Management (Introduction) - Theory of Small and Medium Industrial Relations* (Moriyama Shoten, 1962) and *The French Theory of Small and Medium Industrial Relations* (Moriyama Shoten, 1967), he examined the grounds and conditions for the existence of small and medium industries, including In *Introduction to Small and Medium-sized Industries in France* (Moriyama Shoten, 1962) and *Discussions on Small and Medium-sized Industries in France* (Moriyama Shoten, 1967), the authors examined the grounds and conditions of existence of small- and medium-sized industries from the viewpoint of both interdependence and complementarity with large industries and internal relations of small- and medium-sized industries. Subsequently, attempts were made to systematize management studies focusing on the clarification of the internal structure of small- and medium-sized industrial management (e.g., *The Morphology of Small- and Medium-sized Industrial Management*, Moriyama Shoten, 1975; *The Purchasing Theory of Small- and Medium-sized Industrial Management*, Moriyama Shoten, 1976; *The Labor-Management Relations of Small- and Medium-sized Industrial Management*, Moriyama Shoten, 1977), and the diverse and complex forms

of existence and related management characteristics of small- and medium-sized industrial management were arranged.

His academic style was based on Western and Eastern dialectics, especially Western dialectics such as Hegel and Marx, and Buddhist dialectical thinking and was oriented toward a middle path that sought to reconcile the commercial and social aspects of industrial management (For more on Inaba's achievements, see Masayuki Munakata, "Dr. Noboru Inaba. –Person and the Academics–" and "Biographical Sketches and Writings of Dr. Noboru Inaba, *Kokumin Keizai Zasshi*, Vol. 136, No. 5, November 1977, pp. 138–147.

Masayuki Munakata, who had been a student of Inaba's since his undergraduate days, took over the industrial management course after Inaba retired from the university. Munakata was born in Osaka Prefecture in 1940, graduated from the Faculty of Business Administration of Kobe University in 1963, continued his studies at the Graduate School of Business Administration, and completed his doctorate in 1968. After serving as a lecturer (1971) and assistant professor (1975), he was promoted to professor in 1989 and was awarded a doctorate in business administration in 1990. During this period, he has been in charge of lectures, research guidance, and seminars on industrial management since 1978.

The focus of Munakata's research is to analyze the relationship between industrial management and technology and the technological basis of industrial management, which leaves many unresolved issues in management methodology. The results of his research, based on a review of discussions over the past century in Japan, Europe, and the U.S., are summarized in *Theory of Technology: A Technological Approach to Contemporary Industrial Management Problems* (Dobunkan Publishing Co., Ltd., 1989). It is characterized by the analysis of the interaction between the structure and function of Microelectronics (ME) production technology reform and management, which is premised on theoretical basic research such as the clarification of the significance and structure of technological events taken back to technology as a craft, the integration of technological cognition between natural science and social science, and the problem of how to grasp technology based on the correlation between product technology and manufacturing technology in the micro dimension. Ford management research was conducted in the early years of the company's history. Based on the Ford management research conducted in the early years of his career, he has since expanded into research on production systems and production system theory, taking into account international differences and changes in social fundamentals as well as changes in the technological foundations of industrial management. He is also working on international comparisons of production systems in relation to the characteristics of the *Japanese-style production system*, the transformation of mass production systems, and clarifying the issue of conversion to next-generation systems (*Gendai Seisan Seisaku Sisutem-ron*, coeditor, Minerva Shobo, 2000).

Munakata's successor in industrial management is Takuji Hara, a former student of Munakata. Hara was born in Hyogo Prefecture in 1962. Born in Hyogo Prefecture in 1962, Hara graduated from the Faculty of Business Administration of Kobe University in 1985 and worked for Toyobo Co. In the same year, he became an assistant professor at the Faculty of Business Administration of Kobe University,

and after working as an associate professor, he became an associate professor at the Graduate School of Business Administration in 1999, and in 2001, he obtained a Ph. in 2001 from the Department of Sociology at the University of Edinburgh, UK. His primary research interests are in the dynamics of technology and society and technology management, with a focus on innovation in the biomedical field. He is the author of *Innovation in the Pharmaceutical Industry: The Processes of Drug Discovery and Development*, Edward Elgar, 2003.

In 2014, Hara's former student, Manabu Miyao, joined the faculty as an associate professor. He studies how organizations and individuals challenging innovation can overcome the various barriers that stand in front of them. He has published *Product Development and Market Creation: An Exploration through an Approach to Social Shaping of Technology* (Hakuto Shobo, 2016).

9.8 Comparative Management System

The Comparative Management Systems Course was established to study the characteristics of strategies and organizations of Japanese companies from an international perspective, as well as their strengths and weaknesses. In particular, the program aimed to study management strategies based on economics, and Tsutomu Harada was invited to join the program as a talented researcher in this field.

Tsutomu Harada was hired in 1997 as an assistant professor in the Department of Comparative Management Systems. Born in Kyoto Prefecture in 1967, Harada graduated from Hitotsubashi University's Faculty of Commerce in 1989 and the Graduate School of Commerce (Master's Program) in 1991 and then studied at Stanford University in the U.S., where he received his Ph.D. Previously, there was no precedent for hiring a graduate student who had just completed his degree as an assistant professor. However, due to a change in the rules for hiring faculty members, Harada became the first case of a graduate student being hired as an assistant professor after receiving his degree.

In the very broad academic field of comparative management systems, Harada is particularly interested in institutional analysis from the perspectives of technology management, organizational theory, and business strategy. In his book "Management of Knowledge Transformation" (Toyo Keizai Shimposya, 1999), he focuses on the pattern of technological communication in organizations as a factor that determines creativity in R&D organizations, proposes his own concept of transformers, and conducts empirical analysis. In *Case-based Reading: Management Strategies for Competitive Reversal* (Toyo Keizai Shimposya, 2000), he proposed a new concept of "Randomization Strategy" by focusing on the learning effect of competitive inferiority, in contrast to the conventional management strategy theory, which is mainly aimed at acquiring competitive superiority. He is also the author of *Economics of an Innovation System* (Routledge, 2019), in addition to *The Logic of Innovation Strategy* (Chuko Shinsyo, 2014, in Japanese). In the field of education, the methodology of

institutional analysis has been used. In the field of education, he focuses on teaching and practicing the methodology of institutional analysis.

9.9 Business History

In 1993, when the university shifted to a large course system, the Department of International Management was newly established, and Tetsuya Kuwahara was appointed as a professor of the department in 1995. Kuwahara has been engaged in research and education on international management from a business historical approach. The Department of International Management was reorganized into the Department of International Management and Comparative Management Systems with an emphasis on graduate school in 1998.

The importance of the field of business history in the course system of the Faculty of Business Administration has been recognized since its establishment, and courses based on the business history method have been offered in Business Policy at the undergraduate level and Special Studies in Business Administration at the graduate level. The person in charge of these courses related to business history was Tadakatsu Inoue of the Research Institute of Economics and Business Administration (RIEB). Sometime after Inoue retired in 1988, Kuwahara arrived from Kyoto Sangyo University, as mentioned above.

Kuwahara's research and teaching have been conducted in two areas. The first is the managerial-historical study of multinational corporations: since the nineteenth century, multinational corporations have brought about socioeconomic changes in various countries and served as an engine for integrating the world economy. In the process of doing so, MNC managers have faced problems that are different from those faced by domestic companies, and they have repeatedly tried to solve them through trial and error. Based on this perspective, Kuwahara first studied the process of multinationalization of Japanese companies from the end of the Meiji period, and in particular, in his research on spinning companies' investment in China until their defeat in World War II, he has written the following pioneering research results. *A Historical Analysis of the Internationalization of Japanese Spinning Enterprises: The Chinese Investment of Japanese Spinning Enterprises in the Early War Years* (Moriyama Shoten, 1990), *The Rise and Fall of the Spinning Industry in China: Domestic and Foreign Cotton* *The Rise and Fall of the Spinning Industry in China: Domestic and Foreign Cotton Companies* (*Kokumin Keizai Zasshi*, Vol. 178, No. 4, October 1998).

Another historical study of the management of multinational corporations is the study of foreign companies' investment in Japan and their management in Japan since the Meiji era. For example, "Early Multinational Investment in Japan and Ethnic Enterprises: Singer Sewing Machine and Japanese Sewing Machine Enterprises, 1901-1960s," *Kokumin Keizai Zasshi*, Vol. 185, No. 5 May 2002). In recent years, he has been promoting research on the formation of organizational capacity in the

management of foreign firms in Japan, particularly in the consumer goods industry, with a particular focus on the period of rapid economic growth after World War II.

The second area of Kuwahara's research is comparative management system history, i.e., management history research on the international convergence and differentiation of management systems. Managers in all countries have made a great deal of trial and error in establishing management systems for large factories during industrialization. In this context, Kuwahara has focused on so-called welfare capitalism in the early stages of industrialization in each country, and from this interest, he has investigated the innovations in factory management promoted by Sanji Mutoh at Kanegafuchi Boseki at the end of the nineteenth century. For some of the results of this work, see the following. "The Development of Factory Management in Japan in the Early Industrialization: Kanegafuchi Cotton Spinning Co, 1900–1913", Douglas Farnie and David Jeremy ed., *The Fiber that Changed the World: The Cotton Industry in International Perspective, 1600–1990's*, Oxford University Press, 2004.

In 2008, Kyohei Hirano, a former student of Kuwahara's, was appointed to this position, where he has remained ever since. Hirano's research focuses mainly on the Japanese textile industry in the modern and contemporary periods. Specifically, his topics include labor management and labor recruitment in the cotton spinning industry during the Meiji period, the introduction of technology and research and development in the rayon industry during the interwar period, and technology selection and technology formation in the synthetic fiber industry from the wartime period to the period of rapid economic growth (Photo 9.4).



Photo 9.4 The large reading room in the uniquely designed Social Sciences Library, built in 1933

9.10 Business Statistics

The Department of Management Information Science is a large department established in 1993 by reorganizing the following three departments. In order of establishment, the three courses are Business Statistics (established in 1954), Business Mathematics (established in 1970), and Information Management (established in 1986). The lectures related to business statistics were initially taught by Kazuhisa Matsuda (Adachi), who was hired in 1948 (by Kobe University of Economics) and retired in 1988. After 1989, Hisao Hisamoto (hired in 1981) was in charge. After Hisamoto's retirement, Hideo Kozumi, Kazuhiko Kakamu, and others were appointed as professors, but they moved to other universities within a relatively short period of time, and Kyosuke Bunji has been appointed as a professor since April 2022.

The Department of Business Statistics is the oldest department within the Department of Management Information Science. Naturally, the topics taught in the College of Business Administration and the Graduate School of Business Administration under the name of "Business Statistics" or "Business Measurement" were greatly influenced by the creation of other courses that were reorganized into the Department of Management Information Science. Therefore, rather than keeping records of "people" who belonged to the courses, it is better to keep records of the themes taught, which better reflect the history of the courses related to the Chair of Management Information Science, as well as the research history and development trends in this field. For a record of Matsuda as a "person," please refer to "Kokumin Keizai Zasshi," Vol. 158, No. 4 (October 1988) for his biography and writings and to the Graduate School of Business Administration website for Hisamoto's biography and writings.

First, let us begin with the theme of lectures at the School of Business Administration. The topics taught under the title of "Business Statistics (Statistical Decisions since 1998)" have changed significantly over time and can be divided into three periods. The first period was from 1958 to 1972 (the period before 1957 is unknown because there are no records). The subject of the lectures during this period was linear programming. It is inappropriate to lecture on linear programming in the field of business statistics from the viewpoint of recent research fields. However, at that time, business statistics and managerial mathematics (or operations research) were not yet separated as academic fields, and managerial mathematics was taught in the course of business statistics. The establishment of the Chair of Business Administration and Mathematics in 1970 clearly separated these two fields. With this, the second period began. The second period lasted from 1973 to 1987. The lecture topics were statistical quality control, decision-making, and multivariate analysis, which were almost the same as those in the traditional statistics courses that followed. The third term began in 1989. The themes were probability and Bayesian statistics. Bayesian statistics, rather than traditional statistics, have been the main focus of the lectures, as statistics that emphasize decision-making are considered appropriate for business administration.

The following is a summary of the themes of lectures at the Graduate School of Business Administration. The themes taught under the names of “Business Measurement” (1958–1993) and “Statistical Methodology” (1994–) can be divided into three periods corresponding to those in the School of Business Administration. The first period (1958–1964) was devoted to operations research in the form of foreign book studies. As already mentioned, this was a period when business statistics and business mathematics were still undifferentiated. The second period (1965–1993) was a period of establishment, approaching the orthodox education in statistics that followed. The theme was statistical decision-making based on traditional statistical ideas at the beginning and gradually changed to traditional statistics and multivariate analysis. The third period began in 1994, when graduate education was radically modified. Statistical Methodology (Ph.D. course) is designed to teach the statistical methods necessary for researchers, and Statistical Methodology Applied Research (MBA course) is designed to teach statistical thinking and actual data analysis. Business administration staff with knowledge of statistics form subject groups to provide appropriate content for each course in line with traditional statistical concepts. The foundation for applied research in statistical methodology was laid by Ichiro Tokutsu (hired in 1988, once retired in 2002 and returned in 2008), who became a professor in the Department of Information Management.

The task of the Management Information Science Course is to analyze various issues related to decisions and the information and knowledge surrounding them from the perspective of one person (independent decision-making) and multiple persons (interdependent decision-making). If the past 50 years have been the cradle of management information science, the next 50 years will be the 50 years to establish management information science by meeting its challenges.

9.11 Decision Analysis

The Department of Business Administration and Mathematics was established in 1970 as the first department in Japan to study management phenomena using mathematical theoretical models under the leadership of Kazuhisa Matsuda (Adachi), a professor in the Department of Business Statistics.

With the establishment of the course, Takashi Iga was hired from Kobe University of Commerce as the first chair professor in October 1971. Iga was born in 1928, entered the Hyogo Prefectural Kobe College of Economics in 1946, graduated from the School of Commerce and Economics in 1951, after the school became the Hyogo Prefectural Kobe University of Commerce in 1948, and immediately became an assistant at the university, becoming a professor in 1971. In 1971, he was a professor at the same university. His advisor at Kobe University of Commerce was Kazuo Yamada, one of the first modern economists in the history of mathematical economics in Japan. Under Yamada’s tutelage, in order of graduation, were Matsuda, Nobuo Okishio (Professor, Faculty of Economics, Kobe University), Iga, and Yusaku Futatsugi (Professor, Faculty of Business Administration, Kobe University).

In October 1982, Hideo Suehiro was hired as an assistant professor. Born in 1956, Suehiro entered the Faculty of Economics at Kobe University in 1975, graduated in 1979, and immediately entered the Graduate School of Economics, receiving a master's degree in 1981, in 1989 from Stanford University's Graduate School of Business Administration. D. in 1989. His academic advisor through the Faculty of Economics and Graduate School of Economics at Kobe University was Dr. Okishio, and his academic advisor at Stanford University Graduate School of Business Administration was Dr. David Kreps.

Iga retired in December 1990 after approximately 20 years of service as a professor in the Department of Mathematics for Management and became a professor emeritus at Kobe University. In 1993, the Faculty of Business Administration shifted to a large course system, and the Department of Mathematics for Business Administration was reorganized into the Department of Management Information Science.

The research conducted by Iga and Suehiro in the Department of Managerial Mathematics falls into three categories. The first is papers on mathematical programming written by Iga from 1973 to 1978. The second is his research on organizations and collective decision-making by applying game theory. Iga studied the prisoner's dilemma, intergroup and intragroup conflicts, etc., from 1978 to 1990 using mathematical biology and mathematical sociological game theory methods. Suehiro studied the design of hierarchical organizations and team behavior using mechanism design and noncooperative game theory methods. The third is Suehiro's research on the equilibrium concept of noncooperative games. During his tenure, Iga's research was published in 13 Japanese articles in *Kokumin Keizai Zasshi* (*Kokumin Keizai Zasshi*), one in "Kobe University, Faculty of Business Administration 80th Anniversary Essays - Frontier of Business Administration" (Chikura Shobo, 1984), three English articles in *Annals*, and three English papers were published in *Annals*.

From 1971 to 1994, when the curriculum was reorganized into a large course, Iga and Suehiro taught Business Administration Mathematics at the undergraduate level and Advanced Business Administration Mathematics at the graduate level. In the undergraduate course, operations research was offered only once in 1992, when the curriculum was in transition, followed by decision science in 1994 and 1996 and game theory in 1998 and later. Iga gave all lectures until 1990, and Suehiro gave all lectures after that.

The content taught in these courses falls into two categories. The first is mathematical programming, and the second is game theory and its applications. Mathematical Programming was taught in graduate school from 1971 to 1975 in Advanced Mathematics for Business Administration and in undergraduate courses in Mathematics for Business Administration taught by Iga and Operations Research taught by Suehiro. All other courses were in game theory and its applications. In other words, in the graduate school, mathematical programming was taught until 1975 and game theory after that, while in the undergraduate school, mathematical programming was taught until 1990, mathematical programming and game theory in 1992, and game theory after that.

Koji Abe succeeded Suehiro as Associate Professor in the Department of Mathematics for Management in 2016. Abe conducts theoretical and experimental research

on decision theory, which deals with individual decisions, and game theory, which deals with the interaction of decisions made by multiple people.

9.12 Management Informatics

The Department of Information Management was established in 1986, and Ichiro Tokutsu, who later became the chair of the department, was welcomed from Ritsumeikan University in 1988. In 1993, the department was reorganized together with the Department of Business Statistics and the Department of Business Mathematics to form the Department of Management Information Science as a large department.

Management information is an extremely new field, and there are several views on the research agenda and educational objectives. The following three views are organized along the lines of the education conducted by the School of Business Administration and the Graduate School of Business Administration.

- (1) Computer structure and its use as a system
- (2) Data Analysis
- (3) Organization, market and information (knowledge).

This section presents the evolution of management information, focusing on the lectures that have been offered by the College of Business Administration.

Even before the establishment of the Information Management Chair, the School of Business Administration recognized the importance of information, and since 1970, it has offered lectures on computer structure as a system and programming language under the names of Special Lectures on Business Administration and Information Processing, with Ryuichi Matsumoto, Professor of the School of Engineering, and Akio Matsui, Lecturer of Konan University, as adjunct instructors. In 1988, Tokutsu was invited to the Information Management course and initially lectured on various topics in management information theory in line with this concept. However, as computers decreased and more powerful and their use became more widespread (the so-called personal computer), he reexamined the way in which they were used and began to emphasize data analysis. After reorganizing the department into the Management and Information Sciences Division, Akira Yamada was appointed as a professor (so-called “working instructor”) in 1995. Until 1998, when he retired, Yamada lectured mainly on computer structure as a system and other topics in line with conventional thinking.

Since his arrival in 1988, Tokutsu has been asking “What is the essence of information (knowledge) in the social sciences?” He came to the conclusion that it is not computer structure or data analysis but the nature of information (knowledge) in organizations and markets. As a result, the Department of Management Information Science has recognized information (knowledge) concerning coordination and incentives as an important issue. He has written a book entitled *Quantitative Analysis of Production Structure* (Sobunsha, 1994). In 2001, Yasuyuki Miyahara joined the

department as an assistant professor, where he remains today. Miyahara's main area of expertise is game theory, particularly theoretical research on repeated games and strategic information transfer. Applying these theories, he also conducts research on the economics of organizations.

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Chapter 10

Division of Accounting



Yasuhiro Shimizu

This chapter describes what staff members at KUBS in the accounting discipline have achieved with regard to research and education from the inception of the predecessor schools. After covering the development of accounting research and education before World War II, the achievements of KUBS staff in the postwar period are explored by field.¹

10.1 Accounting Education and Research Before World War II

In 1902, Kobe Higher Commercial School was established as the second national higher commercial school. Since its establishment, accounting education has been an important part. The students were required to take three kinds of classes equally: foreign languages, commercial techniques such as bookkeeping, and liberal arts. The importance of bookkeeping was highly recognized.

Two great professors in the college were related to bookkeeping and accounting. One is Mizushima Tetsuya, the first principal of the college. He graduated from the Higher Commercial School in Tokyo and worked for the Yokohama Species Bank. He was hired by his alma mater when the college reorganized its college. He was in charge of the education of bank bookkeeping and bank practices. His practical knowledge was incorporated into a book titled *Advanced Examples of Bank*

¹ This chapter is based on the description in Chapter 5, titled “History of Education and Research Fields” of Kobe University Centennial History Editing Committee (ed.) (2005) and in Okabe (2017), with a description of the developments since 2005.

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Bookkeeping, compiled and edited with his pupil Haraguchi Ryohei. Mizushima recognized the importance of bookkeeping, which is why he insisted on hiring a professor of bookkeeping when the college was to increase the number of its faculty members. It was Higashi Sekigoro, the class fellow of Mizushima in the college, who was hired then.

In 1903, Mizushima was selected as the first principal of the new Kobe Higher Commercial to be opened in the same year. Mizushima soon retired from the Higher Commercial School in Tokyo, moved to Kobe, and asked Higashi to come to Kobe. Higashi accepted his request and soon followed Mizushima. Two professors completed the preparation for the opening of the college. As two were professors of bookkeeping, the importance of bookkeeping in the curriculum was predetermined.

Two played a significant role when bookkeeping expanded into accounting in Japan. Mizushima visited the United Kingdom in 1907 and investigated the system of chartered accountants and audit practice. After his return, his findings were reported, and Japanese people first recognized the audit concept. However, it was prolonged to be implemented, and it was after World War II that the new Securities and Exchange Act mandated an audit of the financial statements prepared by the listed company.

Higashi was more aware of the expansion and change in the accounting world. Through the examination of foreign publications, he noticed that concepts not included in treatises on bookkeeping were discussed. He translated the new concept, which was termed accounting, into Japanese *Kaikei*. His findings were published in 1908 as the collection of his research papers, titled *Commercial accounting (Volume one)*. It was the first book that had the word “accounting” in the title. He was also a pioneer of research on the history of accounting. Although his research was based on previous studies in foreign countries, his works became a milestone for the researchers of the following generations.

Higashi retired from Kobe Higher Commercial School in 1916 to establish his own accounting firm in Tokyo, the first professional accounting firm in Japan. After his retirement, he was actively involved in research. Accounting professors in Japan and Higashi jointly began to publish a professional journal, *Kaikei*, in 1917, which continues to be published as a major academic journal. He was also one of the founding members of an academic society in 1918, which was reorganized into the Japan Accounting Association.

After Mizushima and Higashi, various professors supported accounting education in the College. Many of them were graduates of Kobe Higher Commercial School. The college was reorganized into a university, Kobe University of Commerce, in 1929, and the curriculum of bookkeeping and accounting education was modified into a highly advanced program for the university. Haraguchi Ryohei, who had been a pupil of Mizushima at Tokyo Higher Commercial College and hired by Kobe Higher Commercial School in 1908, supported the education of that turning point. He published many excellent works in various fields. Especially in the field of costing, his research was pioneering. Succeeding Higashi after his retirement was Sudo Bunkichi, and he long served as a professor of bookkeeping.

Furthermore, Hirai Yasutaro was hired from his old school in 1920 to teach bookkeeping. Although he is famous as a pioneer in management studies, he consistently

maintained his interest in bookkeeping and accounting. It is renowned that his bachelor's thesis in Kobe was an examination of *Summa*, the first printed treatise on double-entry bookkeeping published in 1494. His interest in accounting was coupled with his interest in the mechanization of management, leading to the establishment of a training institute in machine accounting. He also nurtured many researchers, and his pupils supported and advanced the education and research of the faculty of business at Kobe University after World War II.

10.2 Accounting Education at Kobe Higher Commercial School

1. Bookkeeping

The subject of bookkeeping is regarded as a compulsory course in many Japanese universities, especially in the faculties of management and commerce, and is deemed the foundational course in the system of accounting education. Like other universities in Japan, Kobe University has considered bookkeeping to be one of the fundamental courses in management education, and it has a long history of bookkeeping education and research.

In 1902, when Kobe Higher Commercial School was established, there was only one accounting course, bookkeeping, which was provided to students. Higashi Sekigoro was in charge of the course. After Higashi retired from college, many professors succeeded in bookkeeping education. First were Sudo Bunkichi and Hayashi Kenji. When the Commercial College turned into the Kobe University of Commerce, the subject was mainly taught by Haraguchi Ryohei, then Hayashi and Tanba Yasutaro. Hirai taught the principles of bookkeeping and recording systems. In 1948, just after World War II, Tanba, Yamashita Katsuji, Yamamasu Tadahiro, and Kishimoto Eihachiro taught various students.

After 1949, when Kobe University was established under the regime of the postwar educational system, the faculty of management, which was the first among universities in Japan, had a course relating to bookkeeping, where one or more faculty members belonged and were in charge of a single subject class. In 1949, Tanba was in charge, then Toda took after him until 1970. Several years after 1970, the position was vacant, but Nakano Tsuneo took place in 1980. The small course system, where a single course was in charge of a single specific subject, ended in 1992, but the bookkeeping class has been taught until now. Now Shimizu Yasuhiro is in charge of it. In regard to the researchers of bookkeeping, we can mention three, Toda, Nakano, and Shimizu.

Toda Yoshio (Photo 10.1) graduated from Kobe Higher Commercial School and the Kobe University of Commerce in 1933 and then had a job as a lecturer at The Tung Wen College, which was a proprietary college located in Shanghai. When he returned to Japan after World War II in 1946, he became a faculty member of his alma mater with the support of Tanba Yasutaro, and in 1949, with the establishment

Photo 10.1 Toda in the Office of the President of Kobe University, c. 1951. (“Fifty Years of Ryōshō”, Kobe University, 1954)



of the new Kobe University, he became a faculty member of the management school. He thereafter taught and studied bookkeeping for many years and fostered many researchers, including Yasuhira Shoji and Kishi Etsuzo. With his academic activities, he was active in the administrative work of the university. He became the dean of the faculty in 1968 and the university president in 1971. He retired in 1975 when the tenure of the president finished.

His earliest studies during his tenure at the faculty of business were in business administration. Later, however, as a professor of bookkeeping, he published many outstanding works in the field of accounting, especially in the field of bookkeeping, and became one of the major leaders in the area. In 1962, he was awarded a Ph.D. in management by Kobe University for his dissertation, titled “Reconsidering treatment of PhD thesis the Theory of the System of Accounts from the perspective of Bookkeeping.” He wrote several works regarding bookkeeping.

One of the most important works of bookkeeping is the book titled *Bookkeeping*. He considered the theoretical relationship between financial accounting theory, which emphasized income measurement, and traditional bookkeeping, which emphasized conventional recordkeeping functions. He insisted that although income measurement requires the integration of numerous transaction data and their minutes tended to be lost, the fundamental recordkeeping functions of double-entry bookkeeping should not be treated lightly. His theoretical consideration of double-entry bookkeeping was developed in his Ph.D. thesis, where he analyzed the theory of financial statements accounts from the view of bookkeeping.

Kuroda Masanori graduated from the Faculty of Business of Kobe University and was awarded a master’s degree from the Graduate School of Business Administration

of Kobe University in 1963; he became a faculty member of the Faculty of Business of Kobe University and then served for the school until his retirement in 1999. His doctoral thesis, titled “A Study on the International Harmonization of Accounting Standards in EC,” shows that his research interest is mainly in the area of international accounting, and his contribution will be shown later.

Nakano Tsuneo finished his undergraduate education at the Faculty of Business of Kobe University and was awarded a master’s degree from the Graduate School of Business Administration of Kobe University in 1975. Just after proceeding into doctoral education, he was recruited by the Faculty of Business at Kobe University in the same year. He fostered many researchers, including Hashimoto Takehisa, Shimizu Yasuhiro, and Kuwabara Masayukii, before his retirement in 2015. He also served as the dean of the Graduate School of Business Administration between 2002 and 2004.

While his educational activities were around bookkeeping and financial accounting, his research focused on the history of bookkeeping, especially on the modernizing process of double-entry bookkeeping in Britain and the United States between the sixteenth and nineteenth centuries. His first book, *A history on the development of accounting theory*, published in 1992, is the most important academic contribution and a classic of accounting history research. He traced the development of the proprietor theory, which was identified as the first genuine accounting theory in history. He traced its development from the beginning: it was born as the theory of explaining bookkeeping and then turned into the theory of financial accounting in the early twentieth century. He was awarded a Ph.D. degree for this study and won many awards. He also published a book on double-entry bookkeeping, “The principle of double-entry bookkeeping and accounting.” It is not an overview of an account recording system but a theoretical treatise of double-entry accounting based on contemporary accounting theory and regulation.

Shimizu Yasuhiro graduated from the Faculty of Business of Kobe University in 1995 and finished his doctoral study in 2000. He was awarded a Ph.D. degree the same year from Kobe University and joined the Graduate School of Business Administration there. His research interest is, like Nakano, around the history of accounting. His doctoral thesis focused on the treatment of intangible assets in the United States at the turn of the century in the nineteenth and twentieth centuries. He examined the problem of goodwill, which was a typical intangible asset found in many large businesses there, from the standpoints of accounting, economics, company legislation, and income taxation. His doctoral thesis was included in his first book, published in 2003. He is also interested in the evolution of accounting practice in Japan before World War II. He published several papers in English academic journals .

2. Financial Accounting

Several years after the establishment of Kobe Higher Commercial School, the only course related to the accounting discipline was bookkeeping. However, the chair of accounting was added in 1911. The professors in charge of the position were Higashi Sekigoro and Haraguchi Ryohei after 1911 and Hayashi Kenji after 1941.

In the newly established Kobe University of the new national educational regime, the Faculty of Business had four accounting courses: bookkeeping, accounting I (later financial accounting) and accounting II (later auditing), and costing. Yamashita Katsuji took the professorship of the accounting I course. Successors of Yamashita joined the faculty sooner.

Yamashita's research interest was first in the accounting theory developed in Germany. First, his book was a translation of a German book; he quickly published several books about German accounting theory, such as *German accounting theory* (1938), *New Conceptual structure in accounting theory* (1940), and *Accounting theory* (1948). After a committee set in the Japanese government issued *Business Accounting Principles* as the Japanese GAAP, Yamashita took the role of constructive critic of the *Principles* and encouraged their development. Among them, the most famous is the theory that critically examines the accounting provisions of the Commercial Code from an accounting standpoint and explains the modernization of the Commercial Code accounting system as a development from the "logic of compromise" focusing solely on creditor protection to the "logic of adjustment of interests," which also takes into account the reconciliation of interests between current and prospective shareholders. His theory on financial accounting was published in many books after the 1950s and finally concluded in *The general theory of accounting: Definitive edition*, 1968.

When the course of tax accounting was created in 1960, Yamashita first took two professorships in both courses. Then, in 1964, he became a full-time professor in a tax accounting course; Tanihata Hisashi succeeded in the professorship of the financial accounting course (the name changed from accounting I in the same year).

Tanihata succeeded in the tradition of accounting research focusing on German development, and he devoted his research interest to the theory of dynamic balance sheets, developed by Eugen Schmalenbach. He was awarded a Ph.D. degree in 1962 for his research on the active balance sheets, and its essence is included in his book, *The dynamic accounting theory* (1962). He focused on the concept of truthfulness in depth with the aid of the results of his research in philosophy. He insisted that truthfulness in accounting has many facets and precisely examined each of them.

Takada Masaatsu took the professorship of the course after the retirement of Tanihata in 1984, who returned from the course of auditing (former accounting II). Takada also took the precedence of focus on German accounting. His theoretical interest was predominantly in the theory of Erich Kosiol, who developed the theory of the balance sheet based on the calculation of receipt and payment. His research on German accounting theory came to fruition as a doctoral dissertation, published in 1965. Before he moved to the financial accounting course, he had belonged to the accounting II (auditing) course and published many leading works. His contribution to the area of auditing is discussed later.

Takada's focus was not limited to German accounting. When he returned to the financial accounting course, the new concept of decision usefulness of accounting information was proposed and widely discussed in the US standard-setting process, and Japanese scholars followed the development there. While he published research based on the traditional notion of investor protection, he actively joined the discussion

of international unification of accounting standards and proposed several problems surrounding it.

Sakurai Hisakatsu (Photo 10.2) succeeded in the financial accounting course's professorship after Takada's retirement in 1992. Sakurai brought about a realignment by following the recent changes in accounting research in the US. The professors before Sakurai had started their research career from the examination of German accounting theorists, and the focus on German accounting was a kind of tradition. Traditional research has centered on the discussion of accounting standards and treatments. However, Sakurai took a different approach. He focused on the function of accounting to provide useful information to the capital market and studied whether accounting information had relevance to the market by archival study. Based on the modern capital asset pricing model, he explained the content of accounting information, which is useful for investment decision-making. Collecting data from a listed company in Japan, he statistically showed that accounting information was reflected in the stock return, indicating the usefulness of accounting. His research, *The usefulness of accounting income information*, was published in 1991 and won awards, and he was awarded a Ph.D. degree with the book.

Sakurai was also active in education. He published textbooks about financial accounting. His masterpiece, *Lectures on financial accounting* (the first edition published in 1994), is a long seller that has been renewed continuously. Another textbook includes *financial statements analysis*, which was first published in 1996 and has also been constantly revised.

With the contribution of Sakurai, the tradition of financial market research based on archival data was settled at Kobe University. He nurtured many researchers, some of whom will be explained, and his direct successor in the course of financial accounting was Otagawa Kazuhisa. He joined the Graduate school of Business Administration in 2001 and has been active in research activity. His research started with the impact of accounting policy on the capital market, and it was published in the book *Accounting policy and the stock market* in 1999. Extending the research on the capital market, he studied investor behavior based on the market microstructure theory. He published the book *The positive analysis of investor behavior* in 2009, where he explained findings about the financial market, e.g., information asymmetry among investors and trading patterns of small investors.

3. Tax Accounting

The first course about tax accounting was established in the Faculty of Business of Kobe University in 1960. The first faculty member in charge of the course was Yamashita Katsuji, who, as already mentioned, also took the professorship of accounting I course (financial accounting course).

Yamashita's contribution to tax accounting was theoretical. The principles of calculating taxation income were deemed somewhat different from those of accounting. He theoretically fused the principles of calculation of taxable income and those of double-entry bookkeeping and thereby built a theoretical foundation of tax accounting practice and research.



Photo 10.2 Prof Sakurai in his undergraduate seminar, circa 2009

While he tended to be absent because of illness during his last years, Watanabe Susumu, the professor of the research institute of economics and business administration, supported the course. He had already been well known for his research on accounting for inventories; he also published books about tax accounting, including *Tax accounting* in 1961 and *Bookkeeping for taxation* in 1968.

Takeda Ryuji succeeded in the position of Yamashita, who became professor of the course in 1971. Before his promotion, he published a study about tax accounting titled *The theory of income tax accounting* in 1970. His explanation about the concept of income was, similar to Yamashita, closely related to double-entry bookkeeping. He precisely reexamined the concept of taxable income and successfully classified the method of income calculation as the difference between net assets. He is famous as a prolific author. He wrote many books on diverse areas of accounting, not limited to tax accounting. Books about tax accounting included *Tax accounting*, 1984, and most profoundly famous are the series of *Detailed treatises on the income tax act*, which were published every year after 1982 as the most reliable book on income tax accounting.

After he retired from the Faculty of Business in 1992, two faculty members joined the course of tax accounting. First is Okabe Takayoshi, who became a professor in 1994. Based on agency theory, Okabe regarded income tax as a major factor in contract costs and examined how changes in taxation rules would affect management decisions, especially discretionary behavior regarding accounting choices. Rational players in the market will incorporate all available information and move strategically. His research interest was on how the management motive for saving taxes would

affect accounting choices and market behavior. His several published books related to accounting choice, including *A theory of choice for accounting information systems* in 1993 and *The theory of corporate reporting*, 1994.

The other, Suzuki Kazumi, joined the faculty in 1995. His focus was also on income tax as a cost, which can be managed through organization design and strategic resource allocation. Recently, he has focused on how rules of income taxation direct decision-making and change the allocation of resources. His research was included in the book titled *Analysis of income tax accounting: Integration of tax planning and tax calculation* in 2014.

4. Auditing

Officially, the course of auditing was set in 1954, but there had already existed the tradition of auditing research and education; when the Faculty of Business at Kobe University in the new regime was inaugurated in 1949, there was the course of accounting II (the name changed to auditing in 1964), and Kubota Otojiro took its professorship. The profession of auditing was newly introduced after World War II when the occupying government democratized corporate ownership, and the security market reopened. Auditing was expected to play a crucial function in the direct financial market. Kubota's research covered costing and auditing, and his Ph.D. thesis is about indirect costs. Not limited to auditing, he contributed to the research and education of the postwar era.

What Kubota developed in the area of auditing was the so-called Kobe school. The essence of auditing was, he insisted, to ensure social justice, and that the social function of auditing was not fulfilled just by examining and attesting to whether financial statements were prepared in accordance with accounting standards. When accounting standards do not cover specific areas, auditing should complement the role of accounting, and auditors should provide relevant information to investors. Kubota was also active in organizing a society of auditing researchers, the Japan Auditing Association.

Succeeding Kubota was Takada Masaatsu. He was in charge of the auditing course in 1971 after Kubota retired and before he moved to the course of financial accounting. In 1985, Mori Minoru joined the Faculty of Business as a professor of auditing. Mori followed the contemporary developments in auditing in foreign countries and implemented them in his research. He examined various aspects of auditing as restricted in the Japanese environment. Fumio Naito succeeded in the position of professor of auditing. His research interest was in the risk-based audit approach. He examined how the process of building the audit opinion was theoretically constructed and published in his Ph.D. thesis.

The professorship of auditing was vacant for several years. In 2007, Takada Tomomi joined the Graduate School of Business Administration as an associate professor. Although her study first focused on conservatism mandated by accounting standards, her study extends to auditing and corporate governance using archival data (Photo 10.3).



Photo 10.3 Central staircase of the main Rokkodai building, which houses the KUBS

5. Management accounting.

In Kobe Higher Commercial School, the course of costing began in 1925. As the focused function of costing shifted from the preparation of financial statements to managerial control, the research on costing began to emphasize management accounting aspects. However, despite the requests for the management accounting course, it was established in only 1966 in the Faculty of Business of Kobe University. Tamba Yasutaro moved from the corporate finance course and took the professorship of the course. His research had centered on accounting for capital and corporate finance before, and as a professor of management accounting, he systemized managerial accounting with financial control.

Following Tamba was Mizoguchi Kazuo, who moved from the costing course and remained there until his retirement in 1985. Mizoguchi was one of the leading researchers in management accounting after World War II in Japan. He defined the function of management accounting as a means of management control and suggested that the system of management accounting can be divided into three ways: the subsystem of management control, the subsystem of planning and controlling accounting, and the subsystem of accounting for decision-making and performance evaluation.

Although he regarded management accounting as a practical norm, he did not hesitate to suggest practical improvements. He insisted that the budgeting process was only the fixation of the performance standards of each business unit that preceded management control, and profit planning was the decision-making process of management before budgeting. He also insisted that the direct costing method

was more useful for setting the price of products and suggested a method for flexibly calculating transfer prices.

After the retirement of Mizoguchi, Tani Takeyuki took the professorship of the course. His first focus of the research was management accounting for the divisional system. He proposed the framework of management accounting for performance measurement in the divisional system and investigated the method of setting transfer prices and of allocating head office expenses and common costs.

His second theme was the interactive control system. He insisted that vertical interactions between bosses and their subordinates and horizontal interactions among different functions would promote the completion of company strategy and innovation and suggested an interactive control system that induced these interactions.

His third focus was the area where such interactions actually took place: the target costing. The purposes of target costing, such as cost reduction and shortening development lead time, can be achieved through interactions among different functions. He also proposed the target costing system, which was functional globally to internationalize Japanese management accounting systems.

His fourth research was about mini-profit centers to manage the profitability of small units. He took the case research method for this area of research.

Iwabuchi Yoshihide joined the Faculty of Business between 1995 and 1998. He conducted research on several topics in management accounting, including target costing, ABC/ABM, and international management accounting. His career as an academic was terminated due to a fatal illness.

In 2002, the business model innovation course was newly established as a part of the MBA school, and Ito Yoshihiro took its professorship. His research interests covered several areas in management accounting, including international transfer of target costing, quality cost management, and balanced scorecard. He adopted the methodologies of case study and action research. Based on the experience of actual companies, he published his research results.

In 2003, Miya Hiroshi joined the graduate school of business administration. His first research topic was on mini-profit centers, published in 2003. He is also actively tackling methodological issues in management accounting, including action research.

In 2022, Sakuma Tomohiro also joined. His research interest is about performance measurement, and he studied how financial and nonfinancial measures, such as costs and information about intangibles, would be affected by external factors and would affect the creativity of employees, division performance, and firm values.

6. Costing

We can confirm that the class of costing was held as early as 1925. Before 1949, when the Kobe University of Economics was reorganized into Kobe University, a new national education regime was established, and Hayashi Kenji was in charge of the class. In the new Faculty of Business at Kobe University, Mizoguchi Kazuo moved from Meiji University and took over Hayashi's duty.

The costing theory of Mizoguchi was based on the German theory of expense. He denied the restricted role of costing as merely providing information that was necessary for preparing financial statements, and redefined it as the system that would enable the organic connection between performance evaluation and decision-making. His study was regarded as the foundation of further research on costing and cost management. For the theory of expense, he translated the important works of great German authors and published his own research based on them. He also published standard textbooks on costing and factory bookkeeping. He often visited Germany as a visiting scholar, taught a class there, and joined many international research projects.

Mizoguchi moved to the course of management accounting in 1970, and Kobayashi Tetsuo succeeded Mizoguchi. Kobayashi joined the Research Institute of Economics and Business of Kobe University in 1960 and moved to the Faculty of Business at the same university in 1964. Although his research was first based on German accounting theory, he had much knowledge of the development of accounting research in the United States and United Kingdom. In the field of costing research, researchers have emphasized its relationship with surrounding managerial systems, such as cost management systems, operations management systems, information systems, organizational structure, and strategy. The research areas of costing, cost management, and management accounting are distinctly different disciplines, but they now tend to focus on the same research topic from different perspectives. Researchers on costing are also engaged in research on management accounting and cost management. Following his recognition, he published much research on the area, which relates both costing and other management accounting issues lapped over, which includes booked on costing for performance evaluation, costing and accounting information systems, and target costing.

He served as an editor of an international journal *Management Accounting Research* and published many books and articles in both German and English.

Following Kobayashi was Kato Yutaka, who joined the Faculty of Business in 1988. He also followed the tradition of studying costing at Kobe University, that is, studying costing as connected with surrounding research areas. In 1993, the system of courses in which a single course corresponded to a single class for students was terminated, and a new system of courses in which a single large course covered several classes was adopted. In the area of accounting, the larger courses of financial accounting and management accounting were established. Faculty members in both management accounting and costing belonged to the new management accounting course, and both subjects were educated in an integrated curriculum.

Kato started his career with research on cost behavior by using statistical methods. Afterward, his research expanded into target costing as a tool of strategic management, the study on the decision usefulness of quantitative research methods in management accounting. His research incorporates many approaches that are not restricted to statistical methods. One was studies done by the action research method, which were conducted in cooperation with foreign companies.

7. Social and Environmental Accounting.

Social and environmental accounting is a newly developed discipline that integrates social accounting and environmental accounting. In the twenty-first century, companies and their stakeholders have recognized their social and environmental responsibilities more clearly, and accordingly, education and research about them have become much more critical. The study on social accounting focuses on the measurement and disclosure of social aspects of corporate activities from accounting perspectives. The study on environmental accounting supports the environment-aware management of corporations. In Japan, the Ministry of the Environment and the Ministry of Economy, Trade, and Industry issued guidelines and workbooks on environmental accounting; it has rapidly developed since approximately 2000. In the Faculty of Business of Kobe University, Kokubu Katsuhiko was appointed for the course of social and environmental accounting in 1995.

Kokubu started his research on the history of management analysis in the United States and was awarded a Ph.D. degree from Osaka City University. He extended his research into social and environmental accounting, and now he is one of the leading academics in the area. His publication included many books and articles about management analysis, environmental accounting, social and environmental accounting, and material flow cost accounting. He was also active in the environmental management accounting project held by the United Nations Division of Sustainable Development and the ISO 26000 project.

In 2006, Horiguchi Shinji joined the Graduate School of Business Administration. His research is on the sociological analysis of the accounting system. He analyzed the accounting system holistically, in which accounting practice, accounting education, and accounting research are involved. By adopting various sociological theories, he shed light on accounting that was not explicit within the traditional framework of accounting research (Photo 10.4).

8. Accounting Information

During and just after World War II, accounting information was an important area of research that Hirai Yasutaro struggled to explore. In 1941, he borrowed a statistical machine from IBM and established a research laboratory for management calculation, and the laboratory became an independent research institute, which was the first institute of machine computing within national universities. Following its success, he set up a new school, a training institute for recording machines for management. Although it was not a faculty of the university and its succeeding institute was short lived due to the turbulence of the war, the experiment of Hirai was unprecedented in Japanese universities and led to the new concept of accounting information.

However, accounting information had not been a subject of classes before 1985. In that year, the class on principles of accounting began to be taught for freshmen, and accounting information was incorporated as a part of the class. The class was taught by the faculty members in rotation for several years before 1991, after which Goto Masatoshi, who had joined the Faculty of Business the previous year, became in charge of the class.



Photo 10.4 The Rokkodai main building and the city of Kobe as seen from the mountain side

Goto's research focus was how various kinds of information around the capital market would be incorporated into the market and transactions between the corporation and related parties. His first book was about the relationship between predictive information and accounting. His research has been developed to examine the usefulness of accounting information from a larger context by using the methodologies of experimental study and fMRI.

Kitagawa Norio joined the Graduate School of Business Administration in 2008. He has studied the usefulness of accounting information. He has tried to incorporate two approaches around accounting information, one focusing on the capital market's reaction to accounting information and one focusing on the role of accounting information in contracts.

9. International Accounting

In the Faculty of Business of Kobe University, the course of international accounting was established in 1975. Reflecting the globalization of economies and the deregulation of interest rates and foreign exchange, Japanese companies acted much more globally than before. The expected role of the international accounting course in the accounting division was education and research on international aspects of accounting. The first professor in charge of the course was Kuroda Masanori.

Before his move, Kuroda had served the course of bookkeeping after joining the Faculty of Business. In the new course, Kuroda took advantage of his linguistic skills and published many pioneering works. He secured his reputation as the leading

academician in the area of accounting in Europe. He classified the problems of international accounting into three categories: (1) accounting for foreign subsidiaries, including consolidation, foreign currency translation, and transfer pricing; (2) international comparative accounting, including accounting for inflation and international comparison of accounting figures; and (3) international harmonization of accounting standards, including the directives issued by EC.

After the retirement of Kuroda, Chitoshi Koga, who had joined the Faculty of Business in 1995, succeeded. Koga's research interest was first on accounting for derivative instruments, which increased in importance due to the globalization of corporate activities. He also conducted research on the harmonization and later convergence of accounting standards. His findings about Anglo-Saxon countries added to those about Continental European countries done by Kuroda.

In 2002, Yosano Tadanori joined the Graduate School of Business Administration. His research was on accounting for stock options, and he published a book about it. He extends his research to include areas such as M&As, accounting for intellectual capital, measurement and disclosure of nonfinancial information, and integrated reporting. He now focuses on issues related to information that has been ignored in traditional accounting practices.

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Chapter 11

Division of Commerce



Kenichi Shoji 

11.1 Introduction: What Is Commerce?

The purpose of this chapter is to provide an overview of developments in the Division of Commerce (“Sho-gaku”) at KUBS. The Division of Commerce here encompasses a wide range of fields that are not limited to those directly related to the sale and purchase of goods. In addition, while there are academic societies in the Divisions of Business Administration and Accounting to which many of the faculty members belong in common society, this is not the case in the Division of Commerce. Thus, this division is characterized as a federation of several groups that are highly independent from each other. Each of these groups is a leader in their own field. This is due to the history of KUBS since its roots in Kobe Higher Commercial School opened in 1903.

As explained in the preface, the need for modern commercial education was widely recognized, as Japan made its start as a modern nation after the Meiji Restoration, and in Kobe, a prefectural commercial school was established in 1878, which was reorganized into the Kobe Commercial School in 1886. Later, with the further growth of the Japanese economy and expansion of trade, awareness of the need for personnel with modern commercial education increased, and there was a growing demand for a place for more advanced commercial education. In response, Kobe High School of Commerce, a national government-run second highest commercial school, was established.

This chapter owes much to Kobe University Centennial History Editorial Board (ed.) (2002), Kobe University Centennial History: General History 1, Predecessor School History, Kobe University, and Kobe University Centennial History Editorial Board (ed.) (2005), Kobe University Centennial History: Departmental History, Kobe University.

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It is said that the reason why the school was established in Kobe, following Tokyo (Hitotsubashi), was that Kobe was an appropriate place to train useful personnel to engage in overseas trade, as there was a trading port there and a customs office.¹ As the Japanese economy became interwoven into the international economy, there was an urgent need to train merchants who had both specialized knowledge and practical talents to compete with foreign countries. This was precisely the educational focus of the Kobe Higher Commercial School. In his address at the opening ceremony in 1903, Tetsuya Mizushima, the first principal of Kobe Higher Commercial School, stated, “The purpose of this school is to train individuals who can manage large-scale commercial activities or foreign trade on their own.”² At that time, most of the lectures were commerce, including eight in commerce, three in economics, one in accounting, and three in law.

Kobe Higher Commercial School was later promoted to a university, and in 1929, it started as the Kobe University of Commerce, a government-affiliated single-department college. Looking at the lecture offerings by field at that time, commerce had the largest number of lectures (23), followed by economics (20), business administration (4), accounting (5), law (17), and others (liberal arts, foreign book subscriptions, research seminar, foreign languages, etc.) (22). Compared to the time when Kobe Higher Commercial School began, the number of subjects increased and subdivided, reflecting the progress of research during this period, as well as the expansion of content considered important for human resource development. In addition, the rapid increase in the field of economics and the emergence of the field of business administration indicate that a differentiation from commerce was taking place in response to academic advances.

In fact, in the commerce field, there are no lectures that are no longer offered in undergraduate education today. For example, the transportation field was quite subdivided, with four different types of lectures: transportation theory, shipping theory, railroad theory, and warehouse theory. On the other hand, at this point in time,³ all of the current major fields of study, such as commerce, transportation, insurance, finance and securities, and trade, were already positioned as specialized subjects. From today’s perspective, there was not necessarily a faculty member in charge of each of these subdivided lectures, and one faculty member often gave more than one lecture.

Commerce, which had been at the center of research and education at Higher Commercial School and commercial universities, was also differentiated into economics and business administration, and when the nation’s first Faculty of Business Administration was established in 1949 with the inauguration of the new Kobe

¹ Kobe University Centennial History Editorial Committee (ed.) (2002), *Kobe University Centennial History, General History 1, Predecessor School History*, Kobe University, p. 97.

² Gakuyu Kaiho, No. 1, March 1904, p. 2, in Kobe Daigaku Hyakunenshi Editorial Board (2002), *Kobe Daigaku Hyakunenshi, Tsushi 1 Predecessor School History*, Kobe University, p. 101.

³ To be precise, in 1925, before the promotion to a university, there was a specialization that made independent the content of various courses that had been taught by different teachers under the name of “commerce.” The number of commerce courses had increased from 8 to 14.

Photo 11.1 Statue of Shinji Tasaki, the first president of Kobe University of Commerce (one of the predecessor schools of Kobe University)



University (consisting of two departments at that time: the Department of Business Administration and the Department of Commerce), there were five courses: Commerce I, Commerce II, Financial Institutions Theory, Transportation Theory, and Insurance Theory. Although the small course system has since been abolished and faculty members specializing in fields other than these have become important staff members in the field of commerce, it is fair to say that this group still forms the core of the field of commerce today. It is clearly beyond the author’s ability to introduce the entire fields, so please forgive me if I only give an overview of these and other fields⁴ (Photo 11.1).

11.2 Marketing Distribution

When the new Kobe University was established, there was no mention of marketing or commercial studies in the course titles. “Marketing” has been used since 1964, and until then, the name of the course was “Commerce I.” Today, this field, which is an extension of commercial studies since the Kobe High School of Commerce, has the largest number of staff in the commerce division, encompassing fields such as distribution systems, marketing management, and customer relationship management, in addition to marketing.

Renkichi Uchiike was in charge of commercial science at the time of Kobe High School’s founding. Uchiike left behind many achievements not only in commercial science but also in a wide range of other fields, such as market theory, warehouse theory, and even finance, which is now considered a branch of economics.

In his “Introduction to Commercial Science” (Doyukan, 1906), one of his major works, he considered the content covered by commercial science to include the

⁴ Please note that this is only an introduction of staff members who were appointed in 2015, and due to space limitations, it does not cover all staff members who have been with KUBS.

three fields of commerce and society, commerce and the state, and commerce and managers and viewed it as a broad discipline that encompassed the entire field of social science. He then considered the field based on the relationship between commerce and management as commercial studies in a narrow sense and explained that it was necessary to systematize it. This narrowly defined commercial science consisted of the theory of pure commerce, the theory of industrial management, and the theory of commercial auxiliary business. The theory of commercial auxiliary business consisted of the theory of banking, warehousing, transportation, insurance, and substitute business (later, the theory of brokerage).

Subsequently, Uchiike assumed that distribution was an essential function of commerce and published two books focusing on the social movement of goods: "Theory of Market Organization" (Ganshodo, 1924) and "Theory of Market" (Tokyo Bank Gathering House, 1925). Uchiike studied in the U.S. at his own expense in 1906 and in 1919 as an overseas researcher for the Ministry of Education and came into contact with marketing theory, which was beginning to show remarkable development at the time. It is assumed that this experience strongly influenced his orientation toward marketing and market theory after his return to Japan.⁵

After Uchiike, Keitaro Fukuda became professor of this course and in charge of commercial studies and distribution theory. A graduate of Kobe Higher School of Commerce, Keitaro Fukuda's work, until approximately 1924, was in the field of economics and economic thought. During his time at Kobe Higher Commercial School, his advisor, Shinji Tazaki, the principal of Kobe Higher Commercial School, assigned him to major in commercial studies, with a particular focus on the theory of exchanges. He then had the opportunity to study in Europe and the U.S. and spent two years at Harvard Business School (HBS), where his advisor was Copeland, who is considered one of the pioneers of marketing theory. Fukuda returned to Japan in June 1928 after graduating from HBS and became an assistant professor at the Kobe University of Commerce in April 1929, the same year that the Kobe University of Commerce was established.

Fukuda's research works covered a wider variety of topics than Uchiike, including principles of commerce, market theory and market history, distribution theory, commerce and distribution, marketing, securities and securities markets, exchanges and commodity trading theory, consumer economics, and consumer issues. At first glance, these may seem unconnected to each other, but for Fukuda's "commercial science," they constituted a system.

Fukuda defined commerce as consisting of the "theory of commercial ideals," the "theory of commercial phenomena," and the "theory of commercial management." Of these, he defined the "theory of commercial phenomena" as "commerce in the narrow sense," which includes organizational and professional studies of the transaction economy in relation to "transactions." He also considered "commerce" as an organization that systematically orders and executes individual transactions and

⁵ Kobe University Centennial History Editorial Committee (ed.) (2002), *Kobe University Centennial History: General History 1, Predecessor School History*, Kobe University, p. 338.

divided it into the theory of commerce, which studies the organization and functions of commerce, and the theory of the market, in which one type of commerce establishes business relationships with other business entities. He also stated that since the objects of transactions include not only commodities but also capital and services, market theory must be discussed accordingly. Fukuda's research centered on the theory of distribution, which studied the social distribution of products (not including capital and services), and the theory of securities markets, which today plays a role in the field of finance.

Fukuda always strived to investigate the truth or law behind complex phenomena, and to this end, he believed that the first step was to accurately grasp the facts without a priori dogmatism. In developing his logic, while focusing on economics, he also actively incorporated the achievements in sociology, cultural anthropology, psychology, and other fields. This approach has been maintained to this day. After the establishment of the new Kobe University, Fukuda remained active as a professor of the Commerce I course, publishing a series of books, including "Shijo Riron" (Shunju-sha, 1950), "Shogaku Soron" (Chikura Shobo, 1955), and "Shogaku Rinri" (Chikura Shobo, 1966), which were so successful that they were called "Fukuda Shogaku." In 1949, he became the first dean of the Faculty of Business Administration of the newly established Kobe University, and in 1956, he became dean of the Faculty again and served as president of Kobe University (1959–1963). He was also a leader in the academic world, becoming the executive director of the Japan Society of Commercial Science (later, Japan Society of Marketing and Distribution) when it was founded in 1951 and serving as its president from 1965 to 1979.

He was succeeded by Yukichi Arakawa, who became an assistant professor at Kobe University of Economics in 1947. Arakawa's research achievements can be largely divided into marketing and distribution systems. In marketing, he vigorously conducted research in the three areas of analytical frameworks for marketing research, marketing management theory, and marketing science methods, while in distribution systems, he focused on empirical research and then developed his arguments into policy theory and the construction of analytical frameworks for commerce in general. After conducting empirical research on distribution systems, he developed the discussion into the construction of an analytical framework for policy theory and commerce in general.

Arakawa's first book was "Modern Distribution Theory" (Chikura Shobo, 1960), which showed that functionalism and institutionalism could be an important foundation for a marketing research framework, for which he received the Japan Society of Commercial Science Award. He subsequently published "Retail Commercial Structure Theory" (Chikura Shobo, 1962) and "Commercial Structure and Distribution Rationalization" (Chikura Shobo, 1969), empirical analyses of Japanese commerce, both of which were selected for the Japan Society of Commercial Science Award.

Since then, for example, "Commercial Science" (Yuhikaku, 1974), coedited with Ryusuke Kubomura, became a representative text in this field; "Genealogy of Marketing Science" (Chikura Shobo, 1978), which pursued marketing science methodology; "Systematic Marketing Management" (Chikura Shobo, 1968), coedited with Fujiya Morishita; and "Principles of Commerce" (Chuo Shuppan,

1983), which systematized commercial science around the concept of transactions (Chikura Shobo, 1968), which he co-edited with Fujiya Morishita, and Principles of Commerce (Chuo Shuppan, 1983), which systematized the study of commerce based on the concept of transactions.

He was also active in a wide range of academic societies. He was a founding member of the Japan Society of Marketing and Distribution, the Japan Marketing Science Society, the Japan Small and Medium Business Association, the Japan Association for Planning and Public Management, and the Japan Society for Social and Economic Systems Studies and served as vice president and president of the Japan Society of Marketing and Distribution. Furthermore, his direct students alone produced more than 10 distribution and marketing researchers, including Masanori Tamura and Junzo Ishii.

In 1978, the marketing course was divided into two courses: marketing and distribution systems.

After Arakawa, Junzo Ishii took over the Chair of Marketing course and was transferred from Doshisha University to the Faculty of Business Administration at Kobe University as a professor in 1989. His major works include “Power and Conflict in Distribution” (Chikura Shobo, 1983), an empirical study that won the Japan Society of Marketing and Distribution (JSMD) Excellence Award in 1984. In the field of marketing, his works include “The Myth of Marketing” (Nihon Keizai Shimbun, 1993) and “Bland: Creation of Value” (Iwanami Shinsho, 1999), which won the 1994 Business Administration Literature Award, and “Machizukuri” (Community Development and City Planning), coauthored with Takemasa Ishihara, which won the 1993 JSMD Excellence Award, in the field of distribution system-related works. In the area of distribution systems, he coauthored with Takemasa Ishihara “Machizukuri no Marketing” (Nihon Keizai Shimbun, 1992), which won the Excellence Award of the JSMD in 1993, and “Merchant Family and Market Society” (Yuhikaku, 1996), which also won the Excellence Award of the JSMD Science in 1997. In academic circles, he has served as president of the JSMD.

In 2003, Kei Kuriki was appointed from Okayama University as an assistant professor of the Marketing. A graduate of Kobe University, Kuriki majored in marketing under Ishii and received his doctorate in 1997, after which he joined the Faculty of Economics at Okayama University. His works include “Reflective Flow” (Hakuto Shobo, 2003) and “Re-examining Marketing Concepts” (Yuhikaku, 2012). In 2009, he received the Best Paper Award from the Japan Society of Marketing and Distribution for “Rethinking Marketing Research from a Constructivist Perspective (Part 2)” (Journal of Distribution Research, 10(3), 2008).

In 1978, the Distribution System Course was newly established to focus on the social distribution of goods at the national economic or industrial level, and Masanori Tamura became the professor of this course in 1979.

In 1972, Tamura received the Excellence Award of the Japan Society of Marketing and Distribution for his “Marketing Behavior System Theory” (Chikura Shobo, 1971), after which he energetically conducted empirical research on the distribution system in Japan. He published a number of works, including “Retail Market Structure and Pricing Behavior” (Chikura Shobo, 1975), “The Large-Scale Store Problem”

(Chikura Shobo, 1981), which again received the Excellence Award of JSMD in 1982, and “The Japanese Distribution System” (Chikura Shobo, 1986), which won the Nikkei Prize for Economic Book. In these series of studies, Tamura systematically and historically clarified the impact of the ascendancy of major distribution companies on Japan’s postwar distribution system and empirically clarified how the three coordination mechanisms involved in the distribution system—competition, monopoly, and politics. Since then, Tamura has continued his energetic research, and in 2009, he received the Excellence Award of the JSMD for the third times with his book “Location Creation” (Hakuto Shobo, 2008).

After Tamura’s retirement (2001), the course was taken over by Ogawa Susumu, a student of Tamura. Ogawa conducted empirical research on the innovative activities of distribution companies, and in 2001, he received the Incentive Award from the Japan Society of Marketing and Distribution and the Takamiya Award from the Japan Society of Organizational Science for his book “The Logic of Innovation” (Chikura Shobo, 2000). He has published many academic books and presented his research results in overseas journals, including “Reducing the Risks of New Product Development” (MIT Sloan Management Review, 47(2), 2006).

In 1989, the course of Market Management was newly established to address policy and strategic management in the marketplace, and in 1991, Katsuyoshi Takashima, a former student of Tamura’s, was appointed to this position. The course was renamed Marketing Management in 1993. The main theme of this course is the examination of decision-making issues related to these market activities and the management of the organizations that make these decisions. In 1995, Takashima received the Excellence Award of JSMD for “Marketing Channel Organization Theory” (Chikura Shobo, 1994); in 2001, the JSMD Best Paper Award for “A New Perspective on the Selection of Sales Management Style” (Distribution Studies, 3–2, pp. 1–6, 2000); and in 2016, “Retail Firms’ Foundation Strengthening” (Yuhikaku, 2015), for which he again received the Excellence Award of JSMD. He has also published a series of studies on relationship marketing and sales theory. In academic circles, he has served as president of the Japan Society of Marketing and Distribution.

In 1995, HUANG Lin, another student of Tamura’s, was transferred from Otaru University of Commerce, which had shifted from a small course system to a “large course system” since 1993, and HUANG mainly teaches international marketing. In addition, he has published many works, including “Market Strategy in Emerging Country” (Chikura Shobo, 2003), which won the Excellence Award of JSMD in 2004 and the Society for International Business Research Award in 2004. He has also served as vice president of the JSMD.

In 1995, the course of Consumer Culture Analysis was newly established in the field of marketing, and Junichi Yoshida, who had studied at the Vienna University of Economics, was appointed from the University of Marketing and Distribution Sciences, where he was engaged in research and education on the cultural stratification of consumer behavior. He retired in October 2001. In 2002, Chieko Minami, a former student of Tamura’s, arrived from Yokohama City University and took over the teaching of consumer culture analysis (now changed to customer relationship management) in the department.

Fig. 11.2 Keitaro Fukuda (c. 1950), when the new Kobe University was established in 1949, argued for the establishment of a Faculty of Commerce and disputed with his colleague Professor Yasutaro Hirai, who argued for the establishment of a Faculty of Management



In 1999, Minami received the Incentive Award from the Japan Society of Marketing and Distribution for “Gift Marketing” (Chikura Shobo, 1998), and in 2017, she received the 2017 JGSMS Best Paper Award from the Korean Scholars of Marketing Science for the “A study of the authenticity of traditional cultural products: focus on Korean, Chinese, and Japanese consumers.” She has also served as Vice President of the Japan Society of Marketing and Distribution, Vice President and President of the Japan Association for Consumer Studies. In 2016, she served as Guest Editor of the Journal of Marketing Channels’ Special Issue, “Evolution of Marketing Channels in Japan” (Photo 11.2).

11.3 International Trade

This field, which is now taught in English under the name Globalization and International Trade, also has a long history at KUBS. In fact, the Commerce II,⁶ which existed at the time of the establishment of the new Kobe University, was in fact a

⁶ In 1957, the Commerce II was established again, and Keitaro Fukuda from the Commerce I was appointed as its chief professor. This course later became the Securities Market Theory Course (see below). The Commerce I course was taken over by the aforementioned Arakawa (then assistant professor).

trade theory course, as seen from the fact that its faculty members were Professor Shigeru Fujii (also professor in the Faculty of Economics) and Associate Professor Itaro Irie. In 1953, the course renamed the “Trade Theory” course.

Trade practice is a subject that has been taught for a long time since the days of Kobe High School of Commerce and Kobe University of Commerce. Roy Smith was in charge of this course from the beginning. He returned to the U.S. temporarily from 1942 to 1947 due to the war but came back to teach at the request of the university despite his advanced age (over 70 years old). In 1968, he retired from the university and became a professor emeritus.

According to records, the first lecture on trade practice was established in 1925 during the Kosho period. In the same year, a lecture on international economics was also started in the economics department, and Mitsuzo Masui was in charge of those. Trade Practice was offered to first-year and third-year students of the Kobe High School of Commerce. After being promoted to a university position in 1929, Smith first took charge of commercial English, but from 1930, he began teaching research on Foreign Trade, and from 1931, he began lecturing on Trade Practice. In 1931, he began lecturing on trade practices. From 1933 to 1940, Ikushima gave lectures in English on the subject of trade under the name of “Commercial Studies”. In 1933, 1935, and 1937, Masui gave lectures on trade management.

After the establishment of the new Kobe University, Shigeru Fujii, a professor of the Faculty of Economics, also served as the head of Commerce II and the Trade Theory course at the School of Business Administration until 1956. Irie was the first full-time instructor of this course in the School of Business Administration. Irie published most of his articles in the *Kokumin-Keizai Zashi* (Journal of Economics and Business Administration, Kobe University), for example, “International Economic Integration and Customs Union”, 97(1), 1958, and “Export Growth and International Competitiveness”, 105(6), 1962. In addition to trade, he conducted research on growth and national aid, exchange and capital flows, and multinational corporations. Irie also enthusiastically led the study groups on international economics and on multinational enterprises, which brought together young researchers.

After Irie, Akihiro Amano was in charge of trade theory. Amano studied at the University of Rochester in the U.S. from 1960 to 1963, earning a Ph.D. and wrote dissertation, which was the basis for the publication of “Trade and Growth Theory” (Yuhikaku, 1965). At that time, few Japanese economists had their papers published in foreign journals, but Amano published “Factor Endowments and Relative Prices: A Generalization of Rybczynski’s Theorem,” *Economica*, 30, 1963; “Biased Technical Progress and a Neo-Classical Theory of Economic Growth,” *Quarterly Journal of Economics*, 78, 1964; and a series of other papers on trade and economic growth.

In the 1970s, Amano vigorously conducted econometric analysis of the balance of payments, developing an econometric model of the balance of payments and a macroeconomic model including the determinants of exchange rates and elucidating the causes of exchange rate fluctuations and trade surpluses. These results were published in the book “Japan’s Balance of Payments and Exchange Rates” (Yuhikaku, 1982), which won the Nikkei Prize for Economic Book. In 1979, he led the Economic Planning Agency in the development of a world economic model, which enabled the

analysis of structural relationships and exchange rates through trade products among major countries and regions.

In the 1990s, he moved toward analyzing the relationship between global energy consumption and global warming and analyzed global warming mitigation measures using an ultra-long-term global environmental and economic model. At the same time, he studied policy measures to mitigate global warming and policy instruments such as environmental taxes and emission trading schemes to integrate the environment and the economy. These results were published in “Sekai Keizai Kenkyu” (Yuhikaku, 1994) and “Kankyo Keizai Kenkyu” (Yuhikaku, 2003). In this way, Amano contributed not only to trade theory but also to the development of economics more broadly, and he also served as president of the Theoretical and Econometric Society of Japan (later the Japan Economic Association). For his outstanding achievements in academic research, he was awarded Medal with Purple Ribbon in 2000.

Fumio Dei, who taught trade theory after Amano, was a student of Amano's. In 1983, Dei arrived at Kobe University's Faculty of Business Administration from the University of Toyama and published many papers in international journals. Among his early publications are “International trade and foreign investment: A simple model,” coauthored with Professor Jones of the University of Rochester, *Economic Inquiry*, 21, 1983, and “Voluntary Export Restraints and Foreign Investment. Restraints and Foreign Investment,” *Journal of International Economics*, 19(3/4), 1985. In addition, he has conducted analyses that take multinational corporations into account, including “A Note on Multinational Corporations in a Model of Reciprocal Dumping,” *Journal of International Economics*, 29(1/2), 1990. These studies were summarized in “Multinational Corporations and International Investment” (Toyo Keizai Shinposha, 1991).

In addition, he published “Human Capital Accumulation in the Middle-Income Country and World Trade,” *Review of International Economics*, 2(1), 1994, and with Takari Yano, Keio University, “Trade. Vertical Production Chain, and Competition Policy,” *Review of International Economics*, 11(2), 2003. In addition, Yan Ma coauthored “Product Quality, Wage Inequality, and Trade Liberalization,” *Review of International Economics*, 17(2), 2009, and “Quality of Labor Markets in a Developing Country. Labor Markets in a Developing Country,” *Review of International Economics*, 19(4), 2011, and many other papers.

He was also involved in the founding of the International Economics and Finance Society Japan, serving as President from 1995 to 2001 and as Secretary General from 2004 to 2012.

Yan Ma, who succeeded Dei, has been a staff member of KUBS since 2005. After teaching at Jilin University, China, Yan Ma studied under Dei at the Graduate School of Management, Kobe University. Her research interests include the relationship between the domestic distribution sector and international trade and the relationship between product quality and international trade. She published many papers such as “Trade theorems in a model of vertical production chain,” *Finance*, 18(1), 2009; “The product cycle hypothesis: The role of quality upgrading and market size,” *International Review of Economics & Finance*, 39, 2015.

11.4 Financial Systems, Financial Institutions

This field also has a long history at KUBS in the field of commerce, and in fact, lectures such as Bank Management, Special Banking, and Trust Business were established at the time of the Kobe University of Commerce's establishment. These lectures were taught by Kinji Tanaka and Hiroshi Shinjo, two of the pioneers of Japan's financial academia, before and after World War II.

After graduating from Tokyo Higher School of Commerce in 1919, Tanaka was appointed to a position at Kobe Higher School of Commerce, where he lectured on monetary and financial issues for 36 years until his retirement in 1957. Tanaka's research areas included monetary theory, financial theory, international finance, and banking theory, and in the field of international finance, he published many papers on the return to and withdrawal from the gold standard and the International Monetary Fund, which was a major theme at the time. In 1952, he was awarded a doctorate in economics for his "Retrospect and Prospect of the Gold Standard" (Chikura Shobo, 1951). He distinguished banking theory from financial theory by defining banking theory as "the clarification of various principles of bank management from a private economic perspective" and focused his research on credit multipliers and specialized banks. In 1935, he coauthored a book entitled "Theory of Bank Management" (Chikura Shobo, 1935) with Hiroshi Shinjo, which analyzed the banking systems of various countries, including the United Kingdom and Germany, and showed the developmental trends in bank management.

In 1928, Shinjo was appointed to his alma mater, Kobe Higher Commercial School, and then to Kobe University of Commerce (1929) before becoming a professor in the Faculty of Economics at the newly established Kobe University (1949). In the Faculty of Business Administration, he served concurrently as Dean of the Faculty of Economics in 1956 and from 1960 to 1965, teaching lectures such as banking theory and foreign exchange theory.

Shinjo was a member of the Science Council of Japan, a member of the Financial System Research Council of the Ministry of Finance, and a member of the Fiscal System Council and has long been a leader in Japan's financial world. Shinjo's research achievements include monetary theory, international finance, and monetary theory, but his most famous work is "Monetary Theory" (Iwanami Shoten, 1952), which theoretically and historically clarified the process leading to the establishment of the international gold standard from the perspective of understanding money in terms of international relations.

In the preface to his book "Shinpan Kinyu Riron" (New Edition of Financial Theory) (Yuhikaku, 1965), Shinjo wrote, "Research on financial theory has become so much 'economics' that I wonder how many specialized books on finance are truly useful for financial specialists." As he wrote, "I cannot help but feel a responsibility to analyze real financial phenomena directly and accurately and to develop my own theory on comprehensive and systematic theorizing of the subject." This point was shared by Tanaka as well, indicating that he was conscious of the need to harmonize theory and practice in the financial field.

Following Tanaka and Shinjo was Ryuichiro Ishii, who was assigned to teach the theory of financial institutions. Ishii, a student of Tanaka's, was hired as an assistant professor at the School of Business Administration after completing his master's degree in 1955.

Ishii's main chopstick work, "Modern Banking Theory" (Chikura Shobo, 1965), analyzed banking institutions and monetary policy while systematizing the institutional and historical characteristics of financial markets in Western countries. Ishii, who has written many works on international finance, regards the theory of financial institutions as a branch of financial economic theory, and his main task is to investigate how central banks, commercial banks, and other financial institutions perform their functions within the structure of the financial economy. Like Shinjo, Ishii was also critical of excessive abstraction in economics. Ishii continued to conduct research on banks' optimal behavior, competition among banks, and the stability of the financial system, but unfortunately, he passed away suddenly in 1984, while still in his current position, due to illness.

In 1987, Yuzo Honda from Kobe (Prefectural) University of Commerce was appointed to this vacant chair. His research areas were econometrics, financial theory and macroeconomics, and in the latter area, he focused on the theory of banking behavior, the stability of the demand function for money, the incompleteness of capital markets, and the effects of financial regulation. The culmination of his research in the former area is "Large Sample Tests in Economics" (Kobe University Research Series Publish Association, Yuhikaku, 1990), which won the Nikkei Prize for Economic Book in 1990. He has also published numerous articles in domestic and foreign journals, including "A size correction to the Lagrange multiplier test for heteroskedasticity," *Journal of Econometrics*, 38–3, 1988.

In 1988, KUBS started a system of "quasi-academic professors" in which people active in the business world were invited to teach and research at KUBS on a fixed-term basis. Masao Asaoka, from the Bank of Japan's Institute for Monetary and Economic Studies, was one of the first to join the faculty and remained until 1991, teaching courses on financial systems and other topics. Asaoka's research area was mainly historical research on macroeconomics and finance, and during his tenure, he worked on the changes in macroeconomic structure and the restructuring of the financial system of Japan in the prewar period.

In 1995, the year following Honda's transfer to Osaka University, Kenya Fujiwara arrived from Hiroshima University in 1996 (although he held a concurrent appointment at Hiroshima University in 1996). Fujiwara's research is a theoretical and empirical analysis of financial systems based on the economics of information and other analytical approaches, and he has published many works, including "Economic Analysis of Financial Institutions and Organizations" (Chuokezai-sha, 2006), which analyzed the bad loan problem and the post-bubble financial system. He received the Forum's Excellence Award from the Osaka Bankers Association in 2019 for his "Research on the Diffusion Process and Economic Impact of the Cashless System."

In 2002, Kenji Kutsuna joined the course from Osaka City University. In 2007, Kutsuna coauthored a paper with Smith of Claremont Graduate University, "Why

Does Book Building Drive Out Auction Methods of IPO Issuance? Evidence from Japan,” *Review of Financial Studies*, 17(4), 2004, which won the first Entrepreneurial Research Forum Best Paper Award. In 2010, he was awarded the Prize for Excellence Japan Society for Economic Studies of Securities for his book, *IPO Market Price Formation* (Chuokeizai-sha, Inc., 2008), which summarizes the characteristics of IPO (Initial Public Offering) price formation in various markets and identifies problems in IPO price formation in Japan. In 2016, he was instrumental in the conceptualization of the new Graduate School of Innovation in Science and Technology at Kobe University and served as Deputy Dean of the Graduate School after its establishment.

11.5 Transportation Theory, Logistics Systems

Although the lecture’s name “transportation” can be found in documents from the time Kobe University of Commerce was established, actually lectures in this field had been given before that, as Yukijiro Shibasaki, who specialized in shipping, arrived in November 1903, when Kobe Higher Commercial School was opened, and gave lectures focusing on shipping practice. After Shibasaki moved to Nagasaki High School of Commerce as principal in 1909, Shinjiro Tazaki was put in charge of the transportation field. In 1925, Tazaki succeeded Mizushima as the second principal of Kobe Higher School of Commerce, and in 1930, he was appointed the first president of Kobe University of Commerce after it was promoted to a university, a post he held until his retirement in 1942.

Tazaki emphasized the importance of harmonizing study and practice, establishing theories that were relevant to actual situations, and advocating the importance of applying studies to actual situations. Tazaki made many achievements, especially in the fields of shipping, marine insurance, and general average. One example is “The Present Situation and Development of Tramp Shipping in Japan” (*Kokumin Keizai Zasshi*, 11(3), 1911). Tazaki was also well versed in the business world and provided guidance. He was also deeply involved in the South American colonization project and devoted himself to immigration-related projects, including the establishment of the national Kobe Emigration Agency.

In 1929, Goro Kitamura replaced Tazaki, who became president of the university, as the main lecturer in the field of transportation. Kitamura continued to teach mainly in the field of shipping theory until the end of the war. Kitamura’s research fields were also diverse, but in the field of transportation, for example, he wrote “On the ‘Time Charter Party’” (*Kaiun (Shipping)*, 147, 1934). In 1949, when the new Kobe University was established, Kitamura became a professor at the Faculty of Law, where he was in charge of economic law.

When Kobe University of Commerce was first established, Kitamura was in charge of shipping, Uchiie was in charge of warehousing, and Daisuke Watanabe, a professor at Tokyo University of Commerce, gave lecture on railroad theory. From 1934, the year after his return from three years of study abroad, Torasaburo Nomura first taught railroad theory, followed by land transportation, transportation theory,

and warehousing theory. After the new university system was introduced, he took charge of transportation, shipping, and warehousing.

Under Uchiike's tutelage, Nomura was initially involved in research on port warehouses, but his studies in Germany led him to develop a theory of transportation and shipping. Unlike in the U.K. and the U.S., where the focus at the time was on individual modes, in Germany, Nomura delved into transportation issues from a general perspective. Inspired by this, Nomura also aimed for a comprehensive systematization through research on each theory as well as on each field. He positioned the locational movement of goods as the central object of transportation theory and developed a discussion that was not limited to the individual theories of each transportation mode. Furthermore, he focused on competition among transportation modes, and through theoretical and empirical studies of the conditions of competition, he worked to synthesize and systematize transportation theory, culminating in his 1961 dissertation, "Transportation Coordination Theory."

Among the wide range of Nomura's research achievements, his studies on transportation costs, transportation pricing, and transportation coordination are still important themes today. He also had a strong interest in the relationship between regional and national economies and transportation, and upon retiring from his post, he compiled "A Theoretical Study on the Relationship between Regional Development and Transportation" (Kobe University Research Institute for Economics and Business Administration, Research Book, 1966). In 1941, when the East Asia Transportation Society (now the Japan Society of Transportation Economics) was established, he was an active member of the society and helped to establish the Japan Port Economics Association, the Japan Academic Society of Tourism, and the Japan Society of Shipping Economics.

From 1961, Kazuo Akiyama, who became an assistant professor of the transportation theory course in April 1953, took charge of lectures on transportation theory. Akiyama's research achievements were very diverse, but many studies in the first half of his career came to fruition as "Theory of Transportation" (Kobe University, Faculty of Business Administration, Yuhikaku, 1964). He was awarded a doctorate in commerce for this work, which presented a new system of transportation theory based on a critique of various conventional theories. Ryohei Kakumoto described the book as "a representative study of transportation studies in Japan in the 1960s."⁷ Akiyama's research since then has been marked by a greater awareness of real-life transportation problems. Some of his works include "On Transportation Demand Forecasting" (*Kokumin Keizai Zasshi*, 116(1), 1967), "Theory of Common Fare System" (*Kotsu Gaku Kenkyu: 1974 (Japanese Journal of Transportation Economics)*, 18, Japan Society of Transportation Economics, "Some Thoughts on the Transportation Infrastructure", *Kokumin Keizai Zasshi*, 135(2), 1977, "Discussions on Motorization Problems", *Kokumin Keizai Zasshi*, 141(1), 1980, etc.

⁷ Development of Transportation Studies (4) "Transportation Studies since the 1950s," *Waseda Journal of Commerce*, 321, 1987.

Akiyama has participated in various meetings of national and local governments and has exerted his academic influence. He has also made many contributions to academic societies, including serving as the secretariat of the Study Group on Shipping Economics, the parent organization of the Japan Society of Shipping Economics and vice president of the Japan Society of transportation Economics for four years. Moreover, Akiyama joined the Institute of Urban Transport in Kansai (established in 1965), which is a centre for transportation studies in the Kansai region, since its founding and served as director for four years from 1995 to 1999.

In 1952, a new course on shipping theory was added, and Hiroshi Suguro, who had been conducting research mainly on marine insurance, was appointed as the chair professor in December. However, due to the sudden death of Saburo Shirasugi, Professor of Insurance Theory, Suguro was transferred to the chair in 1956. In response, Ren Ishizu was appointed from Yamaguchi University in the same year. Ishizu is regarded as an authority on general average, but he was also well known for his research in the field of shipping, including the publication of “Kaiun Keizai Kenkyu” (Economic Research on Shipping) (Soubunkaku, 1939), a laborious work that examined the national economy and shipping, management aspects of shipping, and an international comparison of shipping policies.

In 1959, two years before Ishizu’s retirement, Tadayo Takamura, a former student of Nomura’s, arrived from Nagasaki University as an associate professor of the Shipping Theory course. After graduating from Kobe University of Commerce in 1943, Takamura worked for a shipping company before entering academia, where he published “Theory of Contract Freight Rates” (Shunju-sha, 1957). After his assignment, Takamura wrote “Amerika Jikoku Kamotsu Jikoku Sen Shugi (U.S. principle of own country’s cargo on own country’s ship)” (Shunju-sha, 1961), an analysis focusing on the preferential loading and unloading system for cargoes, which he combined with the former in his thesis entitled “Research on American Shipping Policy”. His subsequent research interests focused on practical issues, particularly in the field of international intermodal transportation.

Kunio Miyashita, who was hired as an assistant professor in 1968, succeeded Takamura, who retired in 1982. Miyashita’s initial research focused on behavioral analysis of the shipping and shipbuilding industries, and the results were first published in “Kaiun Shijo Riron” (Chikura Shobo, 1978), which analyzed the mechanism for determining freight rates in the shipping market, for which Miyashita was awarded a doctorate in commerce. This was followed by the publication of “Capital Investment Behavior of the Shipping Industry” (Yuhikaku, 1981), which investigated ship procurement behavior in the shipbuilding market, for which he received the Japan Society of Transportation Economics Award the following year.

After that, Miyashita shifted his research focus from the traditional field of shipping to international logistics and logistics in general. In 1994, he published “Japan’s International Logistics System” (Chikura Shobo, 1994), Japan’s first full-scale research book in the field of international logistics, which won the second Japan Society of Transportation Economics Award and the Japan Society of Shipping

Economics Award. In 1991, after receiving approval from the Ministry of Education, the name of the course was changed from “shipping theory” to “international transport theory,” and the name of the lecture was changed accordingly.

Miyashita also published “Global Competition in the Japanese Logistics Industry” (Chikura Shobo, 2002), which was the first book in the field of logistics and transportation economics to receive the Nikkei Prize for Economic Book and later received the Japan Society of Transportation Economics Special Award. In 2011, he published “The Innovative Power of Logistics in the Japanese Economy” (Chikura Shobo), for which he received the Japan Society of Transportation Economics Award for the third time and again the Japan Society of Shipping Economics Award.

Miyashita has also made significant contributions to maritime policy, receiving the Commendation from the Minister of Transport in 1997 and the Medal with Blue Ribbon in 2003. He also devoted himself to the development of academic societies, serving as president of the Japan Society of Logistics and Shipping Economics (English name changed from Japan Society of Shipping Economics in 2002) for six years (2009–2015) and president of the Japan Society of Transport Economics for four years (2007–2011).

In 2004, Miyashita was succeeded by Hideki Murakami, a former student of Miyashita’s who was hired as an assistant professor in 1992. Murakami, whose main research field is international aviation, received the Japan Society of Transportation Economics Award for outstanding Paper for “Measurement of Economic and Time Effects of Low-Cost Airline Entry: Case of U.S. Three-Carrier Oligopoly Market,” 2005 *Kenkyu-Nenpou*, Japanese Journal of Transportation Economics 60, 2006. He has received a total of seven awards, including the Japan Society of Transport Economics Award for Outstanding Paper and the Japan Society of Shipping Economics Award for “Time effect of low-cost carrier entry and social welfare,” *Transportation Research Part E*, 47, 2011. Unfortunately, he passed away suddenly in 2015 at the age of 51. The full-time staff position in this course has been vacant for some time since then, but in 2019, Yushi Tsunoda, a student of Murakami’s from his undergraduate days, arrived as an associate professor.

After Akiyama’s retirement in 1988, he was succeeded by his former student Ken’ichi Shoji, who arrived at KUBS in 1978 and conducted reality-based research focusing on urban transportation management, transportation policy, and private railway management. One result was “Urban Public Transport Policy: Private Supply and Public Regulation,” published in 2001, which received the following year’s Japan Society of Transportation Economics Award and the International Association for Traffic Safety Award. Shoji has been active in exchanging opinions with overseas researchers, including by participating in the International Conference Series on Competition and Ownership in Land Passenger Transport (commonly known as the Thredbo Conference, held every other year), the foremost international conference in the field of regulatory reform in land transportation, since the second conference. On the other hand, He was also dedicated to fostering young researchers and has produced four winners of the Japan Society of Transportation Economics Award for Outstanding Papers by 2015.

Like Akiyama, he participates in various national and local government conferences and has been involved in the activities of the Institute of Urban Transportation since 1985 and has served as its director since 2019. He also served as president of the Japan Society of Transportation Economics for two years and received the 2020 Transportation Culture Award from the Minister of Land, Infrastructure, Transport and Tourism.

In 2005, Nobuhiro Sanko, who holds an MBA degree in addition to a doctorate in engineering, was appointed as an assistant professor. Sanko's research focuses on disaggregate mode choice models. In 2006, he received the Encouragement Award City Planning institute of Japan for his "Disaggregate Analysis of Changes in Traffic Behavior Using Multitemporal Cross-Sectional and SP Data," and in 2011, he and Morikawa coauthored the paper "Temporal Transferability of Updated Alternative-Specific Constants in Disaggregate Mode Choice Models. Alternative-Specific Constants in Disaggregate Mode Choice Models", *Transportation*, 37–2, 2010, which received the Japan Society of Transportation Economics Award for Outstanding Paper. He has also been a member of the International Steering Committee of the Thredbo Conference since 2019 and co-chair of The Sixth International Choice Modeling Conference held in Kobe in 2019, he served as.

In the transportation field, Hiroshi Hoshino, who later became a professor at Kyushu University after working at the Research Institute for Economics and Business Administration, Kobe University, and served as president of the Japan Society of Logistics and Shipping Economics, and Go Nishimura (New Kansai Airport Service, ANA Research Institute), who taught courses with Shoji as a part-time lecturer when Murakami passed away suddenly, added to the depth of education and research in the field of transportation had joined fixed term as a quqsi-academic professor (Photo 11.3).

11.6 Securities Market

As previously mentioned, at the time of the establishment of the new Kobe University, the main focus of Fukuda's (professor of Commerce I) research fields were distribution and securities markets, and this course (renamed the Commerce in 1952 with the establishment of the Trade Theory course) dealt with both commodity trading and securities transactions. In 1957, newCommerce II⁸ was established to address areas related to securities trading, and Fukuda was appointed as its chief professor. In 1953, Hideo Hirata, who had been hired as an assistant professor under Fukuda, was also placed in this position. In 1964, the Commerce II was renamed the Securities Market Theory.

In 1961, Masanori Kamibayashi from Chuo University was appointed as a professor in the course, which had only Hirata as an associate professor after Fukuda

⁸ It should be noted that although the name is the same as the Commerce II at the time of the inauguration of the new university, the content is different.

Fig. 11.3 Kanematsu Memorial Hall, which also housed the offices of some KUBS faculty members. The building is constructed in an Art Deco style



was appointed as the president in December 1959. After publishing “Commodity Exchange Theory” (Iwanami Shoten, 1935) and “Securities Market Theory, Volumes 1 and 2” (Hakuyosha, 1948 and 1949), which showed that the secondary market for existing securities was important in securities transactions, Kambayashi continued his research with a focus on comparative analysis of securities markets in other countries, and in 1963, he published “The Organization of Securities Markets” (Diamond Inc.). He left many achievements, including the publication of “The Organization of Securities Markets” (Diamond inc., 1963), and retired in 1965.

Hirata’s major works are contained in his posthumous book, “Securities Speculation and Investment Management” (Chikura Shobo, 1973). With regard to securities speculation, the book closely examines the functions of speculation, the conditions under which speculation occurs, and the mechanism of speculation. Guides are discussed. Unfortunately, Hirata passed away in April 1972 at the young age of 43 in the midst of his ambitions.

In 1974, Yusaku Futatsugi was appointed from Kobe (Prefectural) University of Commerce as an associate professor of the Securities Market Theory course, which had been left vacant after Hirata’s sudden death. His main research themes were interfirm relations and the ownership structure of stocks, the former of which was summarized in “Gendai Nihon no Kigyō Shudan (Modern Corporate Groups in Japan)” (Toyo Keizai Shinposha, 1976). While Japanese intercorporate relations were characterized by cross-shareholdings and affiliated financing relationships, Futatsugi

used corporate balance sheets to classify corporate assets into funding from other firms, funding from individuals, funding from foreign countries and public institutions, and surplus funds of the company itself and then solved these as a large system of connected equations. By solving these equations as a large system of linked equations, he was able to identify the final provider of funds and revealed that large Japanese corporations operate as a corporate group and that funds are distributed within that group. In “Nihon no Kabushiki Hoyu-Kozo (Shareholding Structure in Japan)” (Dobunkan Shuppan, 1982), which was published in 1982, he showed that cross-shareholdings and incorporation of shareholders are characteristic of Japan and that the shares of companies belonging to former zaibatsu groups are often held by companies belonging to the same groups. While he continued to conduct various studies on the securities market, he was also strongly interested in the issue of lost profits as the basis of damages for traffic accidents and published “Traffic Death” (Iwanami Shinsho, 1997) and “A Study of Lost Profits” (Chisen Shokan, 2010).

In 1961, this field was strengthened with the establishment of a new endowed course in securities theory at Nikko Securities. The first professor to take up this position was Saichiro Suminoe, who arrived from Ritsumeikan University in 1962. Suminoe is sometimes referred to as the leading expert on the Dividend Discount Model (DDM), and his main research theme was the analysis of various factors that affect stock price formation. He published “Fundamental Theory of Stock Price” (Diamond Inc., 1959), which won a prize from the Japan Society for Commercial Science. At Kobe University, he taught courses on securities pricing and securities institutions and was instrumental in the creation and development of the Securities Research Center in the Faculty of Business Administration at Kobe University. He continued to be active in society for many years, including as a founder of the Nippon Technical Analysts Association (1978).

After Suminoe’s retirement in 1968, the position had been vacant for some time until 1971, when Jiro Ono, an assistant professor at the Mechanization Division of the Research Institute for Economics and Business Administration, Kobe University, took up the position. Ono’s research themes, under the tutelage of Yasutaro Tamba, a graduate student specializing in corporate finance, were very diverse, including corporate valuation, corporate finance, and management information systems. In the area of corporate valuation, he has made pioneering achievements in the investigation of the problems of CAPM, its elaboration (multi-periodization), the efficient market hypothesis, and the significance of accounting information. He has also made achievements in the areas of unlisted stock valuation, corporate mergers, and international finance, as well as in the evaluation and recommendation of the stock market from the viewpoint of information processing systems. In addition to his wide-ranging research achievements, he also devoted himself to teaching, but unfortunately, he fell ill in 1984 and died suddenly while still a professor.

After Ono’s death, the post of professor of securities theory remained vacant for four years until 1988, when Sadakazu Ishihara was appointed as a professor from Otaru University of Commerce. Ishihara’s main research theme was structural analysis of securities markets, and he analyzed Japanese and U.S. securities markets from the perspectives of ownership structure, institutionalization phenomenon, and

securities market regulation. He has published several books, including “Transformation of the U.S. Securities Market and Securities Policy” (Chikura Shobo, 1997), which analyzes the U.S. securities market since the 1970s from the perspective of international management policy, expansion of investment banking business, and the role of life insurance companies in M&As.

In addition, Daisuke Abe was appointed as a “quasi-academic professor” for two years in 1988 from Nomura research Institute, followed by Shinsuke Ikeda as an assistant professor for two years from 1986 and then as a lecturer and associate professor for two years from 1990 in the Securities Theory course. Under Amano’s tutelage, Ikeda mainly conducted research on the fields of macroeconomics and finance, publishing works such as “Arbitrage Asset Pricing under Exchange Risk,” *The Journal of Finance*, 46–1, 1991. After moving to Osaka University, he continued his energetic research on asset price vapors, valuation pricing in incomplete markets, new decision-making theories, etc. He received the Nikkei Prize for Economic Book for “Jimetsu-suru selections” (Toyo Keizai Shinposha, 2012) and was also president of the Japan Association of Behavioral Economics and Finance.

In 1993, the small course system was abolished as a result of organizational reform, and securities market theory was placed within the field of finance. In 1997, Yuichi Fukuda was appointed as an associate professor from Wakayama University. Fukuda specializes in research on rational bubbles and the term structure of interest rates and is the coauthor with Saito of “Forward Discount Puzzle and Liquidity Effects: Some Evidence from Exchange Rates among the United States, Canada, and Japan,” *Journal of Money, Credit and Banking*, 34(4), 2002, etc., In 2003, he moved to Osaka University.

In 1999, Nagamiki Nishikawa from the Sakura Research Institute (later the Japan Research Institute) and Kengo Inoue from the Research and Statistics Department of the Bank of Japan were appointed as full-time professors for working professionals. Unfortunately, Nishikawa, who specialized in project finance, passed away in January 2001, and Inoue, who had been conducting research on macroeconomic policy since his days at the Bank of Japan, died suddenly in March of the same year.

In 2005, Takashi Hatakeda joined Nihon University as an associate professor in the field of securities, a position that had been vacant as a result of the above. A graduate of Kobe University, Hatakeda has been interested in the behavior of financial institutions, the financing behavior of Japanese firms, and corporate and bank share buybacks and has coauthored with Isagawa, “Stock Price Behavior Surrounding Stock Repurchase Announcements: Evidence from Japan,” *Pacific-Basin Finance Journal*, 12, 2004, and “Factors Influencing Corporate Environmental Protection Activities for Greenhouse Gas Emission Reductions: The Relationship Between Environmental and Financial Performance,” *Environmental & Resource Economics Environmental & Resource Economics*, 53–4, 2012.

11.7 Risk Management

Insurance theory, which is now part of the field of finance, is another traditional course that has existed since Kobe University of Commerce, as already mentioned above. Furthermore, a look at the lectures offered at the time of Kobe University of Commerce shows that there were six lectures in the field of insurance, including insurance theory, general average (G.A.), marine insurance, fire insurance, social insurance, and life insurance, indicating that the school offered a fairly full range of lectures in this field.

Tasaki, who has been in charge of this field since his days at Kosho, was the same Tasaki who appeared in the part on transportation theory. Tasaki's specialty in the insurance field was marine insurance and general average, and he published several articles, including "Mutual Marine Insurance in England" (*Kokumin Keizai Zasshi*, 2(3)&2(4), 1907) and "International Law on General Average" (*Kokumin Keizai Zasshi*, 32(1)&32(42), 1922). After retiring in 1942, he continued to work on the establishment of The Japan Ship Owners' Mutual Protection & Indemnity Association (founded in 1950), which he had advocated for since his tenure.

In 1906, Zenichi Takitani, whose main research area was fire insurance, joined the staff in the insurance field. The results of his research culminated in a major work, "Fire Insurance Rate Theory" (Houbunkan, 1935), which totaled 694 pages. The book was a study of industrial organization based on statistical and mathematical considerations of the fire insurance premium rate system, breaking away from introductory theories of other countries' systems, and it earned Takitani the first doctorate in commerce of Kobe University of Commerce.

In 1925, Tasaki became principal, and for a while only Takitani lectured at the school, but in 1928, Kitamura, who had also appeared in the transportation section and would later become a professor at the Faculty of Law, joined the school and began lecturing on marine insurance. Kitamura's achievements included not only shipping economics but also marine insurance theory, public enterprise theory, maritime law, and economic law, and approximately 20% of his published works were related to insurance studies.

In addition to Takitani and Kitamura, Tasaki and Kazuo Mizutani were also involved in the six lectures mentioned above, hired as a lecturer in 1926, Mizutani was primarily a senior professor of statistics until his retirement in 1961 as a professor of economics at Kobe University, but he also conducted research on life insurance and fire insurance. Among his works, "Game Theory and Life Insurance Management" (*Kobe University Journal of Economics*, 1, 1955) and "Game Theory and Fire Insurance Management" (*Kokumin Keizai Zasshi*, 92(5), 1955), in which he applied game theory to the analysis of insurance management, considering that Nash equilibrium was formulated in 1951, it deserves special mention.

Furthermore, in 1934, Saburo Shirasugi, who had been hired as an assistant professor in 1929, began teaching insurance theory as a lecturer. Although not all of the lectures were offered every year after that, the documents show that a variety of lectures, with the exception of social insurance theory, continued to be offered.

Unfortunately, in 1955, Shirasugi fell ill and died suddenly at the age of 50 while still in his current position. During this period, Shirasugi published numerous papers, the results of which were published in his dissertation, "Theory of Possession" (Tokosha, 1953). Shirasugi used modern probability theory, such as the central limit theorem and the compound Poisson distribution, to open a new dimension to the traditional retention decision theory, which was biased toward mathematical risk theory. He attempted to solve the problem of retention decisions in relation to premium rates and reserves by taking into account management factors such as additional premiums, business expenses, reinsurance commissions, and profits.⁹ In 1949, he also published a representative text in this field, "General Theory of Insurance" (Chikura Shobo, revised edition in 1954).

After Shirasugi, Hiroshi Suguro, who was also well known for his work in transportation field, was assigned to teach the insurance theory course. Katsuro had a deep knowledge of marine insurance, as evidenced by the title of his dissertation, "Basic Problems in Marine Insurance Contracts" (1954), and became the chair professor of the Insurance Theory course after Shirasugi's sudden death.

After Suguro retired in 1967, the chair of Insurance Theory was taken over by Kazuya Mizushima, who was hired as an assistant professor in 1953 and served as an associate professor under Katsuro from 1958. Mizushima's first book was "Modern Insurance Theory" (Chikura Shobo, 1961), in which he discussed the proposition of "modern insurance as capitalism's insurance" by taking up representative companies and making it correspond to changes in the socioeconomic structure. For this work, Mizushima received a doctorate in 1965. In 1975, Mizushima further advanced his research in this field and published "Kindai Hoken no Seisei (The Generation of Modern Insurance)" (Chikura Shobo), in which he added a corporate historical methodology. Mizushima studied in Germany for a year immediately after the publication of his first book. Influenced by the cutting-edge discussions taking place there, he published "A Competitive Theory of Insurance" (Chikura Shobo, 1967), which clarified the importance of competition and made him aware of the issues facing the insurance industry in Japan. His arguments, which subsequently promoted research in this field as well, had a social impact, as they were incorporated into the 1975 National Insurance Council Report.

In addition to these works, Mizushima has also published numerous works on mutual company issues, has also conducted research on insurance culture, and has been a longtime leader of the insurance academic field in Japan. Mizushima was always aware of the particularities of the insurance field, but he always stressed the need to pay attention to the general nature of the debate. His "Modern Insurance Economics" (Chikura Shobo), still regarded as a representative textbook in this field, has been published in a number of editions since its first edition in 1979 and is now in its 8th edition (2006). In academic circles, he served for many years as a secretary of the Japanese Society of Insurance Science in 1958 and as a member of its board of directors from 1970, and in 1996, he was appointed chairman of the National Insurance Council, an advisory body to the Minister of Finance.

⁹ Kazuo Mizutani, "Book Review: Theory of Possession," *Kokumin Keizai Zasshi*, 91(2), 1955.

The various lectures in the field of insurance, which had been offered as previously mentioned, were reorganized in the 1960s and grouped into general insurance theory and individual insurance theory. After Suguro retired, from 1969 to 1972, Masuzo Imada of the Institute for Life Insurance Research continued to help with lectures in this field as a part-time lecturer. Atsushi Takao, who had been hired as an assistant professor in 1977, was promoted to the position of lecturer, bringing the number of staff in the course back to two, a position that remained until Mizushima's retirement in 1994. In 1980, the course subjects were reorganized, and General Insurance and Insurance Theory were combined into Insurance Theory. In 1998, the name was changed to Risk Management to reflect the change in course content, which continues to this day.¹⁰

Atsushi Takao graduated from Nagasaki University in 1971 and joined Tokio Marine & Fire Insurance but returned to academia the following year. His research achievements include "Insurance Structure" (Chikura Shobo, 1991), in which he applied microeconomics to analyze insurance phenomena and was awarded the Prize for Management Science Literature. In 1998, he published "Insurance and Options," which listed the structural similarities and differences between insurance and options and showed that insurance itself is included in the category of options, and in 2005, he received the Japan Society for Risk Analysis Award.

In 2005, Takashi Yamasaki was hired as an assistant professor (and the following year as an associate professor), and until 2013, when Takao retired, the insurance field¹¹ again had a two-person team. Yamazaki received the Japanese Society of Insurance Science Award (paper division) for "Do Typhoons Cause Turbulence in Property-Liability Insurers' Stock Prices?," *Geneva Papers on Risk and Insurance—Issues and Practice*, 41 (3), 2017, among others, and his research focuses on the establishment of risk finance schemes in catastrophic events. He has also published work on corporate finance and received the 2009 Japan Finance Association Award for "Analysis of Long-Term Abnormal Returns in the Japanese Stock Market," *Journal of Business Finance Research*, 28 (1), 2008 (Photo 11.4).

11.8 Market Economic Analysis

At KUBS, a unit called "Market Economics Analysis" was created based on a lecture called "Fundamentals of Commerce," which was established in 1984. This unit was designed to conduct research and education on the principles of the market economy (business economics), which form the basis of all commerce-related fields.

¹⁰ The unit of risk management was reverted back to its original name, insurance theory, in 2012 when the graduate school was reorganized, but later, in light of the trend of the times, the name was changed back to risk management in 2018 and thereafter.

¹¹ As previously mentioned, the 1993 reorganization abolished the small-course system, and insurance became a part of the finance group.



Photo 11.4 A calligraphy by Tetsuya Mizushima still hangs in the dean’s office of KUBS. It means ‘Endure the trials of life and be as fragrant and beautiful as a chrysanthemum’

Later, when the emphasis on graduate school was completed in 1999, the unit changed its name to Market and Economic Analysis, which it continues to use today.

The first professor appointed to this unit was Masayoshi Maruyama. Maruyama was appointed professor at KUBS in 1993 from Okayama University, where he remained until 2017. During this period, he also served as a visiting senior researcher at the Economic Research Institute of the Economic Planning Agency from 1988 to 1991 and as a consultant to the OECD’s Bureau of Economic Statistics from 1991 to 1992.

Maruyama has received numerous awards, including the Incentive Award from the Japan Society of Marketing and Distribution for his work on “Economic Analysis of Distribution” (Sobunsha) in 1988 and the Nikkei Prize for Economic Book and the Japan Society of Marketing and Distribution Excellence Award for his work on “Competitive Structure of Japanese Market” (Sobunsha) published in 1992. In addition, he has published many textbooks and articles in foreign books and journals.

The Market and Economic Analysis Unit is currently headed by Kenji Matsui, Maruyama's successor, and Yusuke Zenyo, a student of Maruyama's. They are actively engaged in international research activities by submitting and publishing papers in many leading international peer-reviewed journals.

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Chapter 12

Conclusion: KUBS Mission for the Future



Norio Kambayashi , Kyohei Hirano, and Izumi Mitsui

12.1 A Pioneer in Business Administration

KUBS celebrates its 70th anniversary in 2019. Although its publication has been delayed for more than a year, this book was originally planned to commemorate the 70th anniversary of the founding of the Faculty of Business Administration.

The 70th anniversary of the founding of the university is counted from 1949, when the first department in Japan was named. For example, the monument in the front yard of the main building on the Rokkodai campus, which reads, “Here is born our Management Science”, is based on the establishment of the Faculty of Business Administration (1946), as described in Chapter 1.

To be more precise, however, the history of business administration in Kobe is even older. It has already been 95 years since 1926, when Yasutaro Hirai offered the nation’s first chair in “management studies” at Kobe University of Commerce, and nearly 120 years since 1902, when Kobe Higher Commercial School was founded.

The history of Kobe University’s School of Management is truly the history of business administration in Japan, and the predecessors who appear in this book are pioneers who have literally pioneered and created business administration in Japan. With this in mind, we have titled this book “Pioneers of Business Administration”. If you read this book from the beginning to the end, you will understand how the

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academic field of business administration was born in the course of the times and how our predecessors in the Faculty of Business Administration at Kobe University struggled to establish and develop the discipline of business administration in Japan.

12.2 National University Reform

National universities in Japan have been caught in a whirlpool of major changes over the past 30 years, including the government's policy of emphasizing graduate schools since the 1990s, the consolidation and reorganization of national universities in the 2000s, and the incorporation of national universities. In the Faculty of Business Administration of Kobe University, too, the university has been constantly exposed to waves of reforms, such as the completion of the policy to emphasize graduate schools in 1999, when all faculty members became affiliated with the Graduate School of Business Administration, and the subsequent incorporation at the university-wide level in 2004, when the Faculty of Business Administration was positioned as a department of "National University Corporation Kobe University".

In essence, the series of national university reforms were aimed at making each university corporation determine its own *raison d'être* (training world-class researchers, contributing to the local community, etc.) and conduct autonomous management, including financial management, to achieve its goals. To achieve autonomous university management, it was necessary to manage the university as a corporation at the university-wide level, not as a department (faculty), as had been the practice at national universities up to that time.

As a result of these reforms, the educational and research performance of the corporation was evaluated by a third-party organization, and the results were reflected in the allocation of internal resources. The salary system for faculty members, which had been almost uniformly assessed until then, was changed to allow payment based on ability and performance. At first glance, it appears that reforms have been promoted toward the full management of the organization. There are certainly some advantages to these reforms.

In contrast, however, there are many aspects that have been lost as a result of the reforms. Although it is beyond the scope of this paper to discuss them in detail, the most important aspect that is often forgotten in the name of reform and that is now in danger of extinction is the system of training researchers that has operated under the chair system.

12.3 Chair System as a System for Training Researchers

As mentioned in Chapter 5, the chair system is a system in which a set of three levels of faculty members (one professor, one associate professor, and one assistant professor) are engaged in research and education in each specialized area of study.

Depending on the situation, it is also allowed to have four levels of faculty members, with a lecturer between an assistant professor and an assistant professor, as was the case in the Faculty of Business Administration of Kobe University.

Although it is not well known to those who are not affiliated with national universities, the chair system was originally an organizational principle unique to imperial universities, which had research as well as teaching functions and was inherited by the new universities (Kobe University was not one of the former imperial universities, but the Faculty of Business Administration, as a faculty with research functions, was exceptionally allowed to have the chair system, along with some other faculties). (Kobe University was not one of the former imperial universities, but its Faculty of Management, along with some other faculties, was exceptionally allowed to have a chair system as a faculty with research functions.)

On the other hand, a different organizational principle from the “chair system” exists in national universities, called the “department system.” Under this system, one professor or assistant professor is assigned to each subject area on a voluntary basis, according to the main subjects required for education (not research). Institutions of higher education that are not expected to perform research functions, such as high schools and vocational schools under the old system, have adopted the department system, which is clearly differentiated from the chair system.

By using these two systems, the Ministry of Education deliberately differentiated between them, reflecting the differences not only in the assignment of faculty members but also in the budget allocation to each national university, especially in the allocation of school expenses per faculty member, student capacity, and the establishment of graduate school doctoral programs. The two institutions were intentionally differentiated from each other.

The greatest difference between the chair system and the department system is that the former is an organizational principle for research and education, while the latter is an organizational principle for education. This is clearly stated in the Standards for the Establishment of Universities issued by the Ministry of Education in 1956. In other words, the function of fostering researchers was expected only from universities with a chair system [[1], p. 195].

The official abolition of the chair system as a system in a series of university reforms means, first, the loss of the conventional researcher training function at national universities. National universities, which had been responsible for training researchers under the chair system, were forced to rebuild their researcher training systems under the graduate school system, which had been substantially consolidated and reorganized under the policy of emphasizing graduate schools.

12.4 KUBS Chair System

In the KUBS, there is a rule that when a professor of a chair hires an assistant or associate professor to succeed him or her, the age difference between the two should be approximately 20 years. In other words, it is a system in which the successor is

promoted to the rank of professor around the year when the professor who is the boss of the chair retires and is expected to succeed to the chair. While the professor was still in the chair, his successor would attend seminars given by the professor and participate in discussions together with him or work on research projects together with the professor, and in this way, the ideas, wisdom, and know-how related to research and education specific to the chair were naturally passed on to his successor.

Unlike departments that provide coursework to students, the system of chairs is such that research and education in a particular area is passed on to future generations even as times change. The core areas of business administration research are defined as each chair, and it is impossible for research and education in these areas to suddenly become unnecessary or to be discontinued, given the organizational principles. In other words, the chair system was a mechanism for passing on the wisdom and methods of academic research to future generations. The chair system in the Faculty of Business Administration of Kobe University was a communal organizational principle that transcended the mere posting for teaching in the field.

The chapters of this book describe the history of how the chair system in KUBS has functioned and produced researchers. Even after the institutional framework of the chair system and department system itself disappeared from the Standards for the Establishment of Universities in a series of university reforms, and the government no longer provides budgetary support for the chair system, the Faculty of Business Administration of Kobe University still calls the old chairs “units” and is trying to continue the conventional system of training researchers in effect. This is because we believe that as a long-established school of business administration, the importance of such a researcher training function has not changed over time.

As shown in Table 5.3 in Chapter 5, the areas that are considered to be the core of research and education in the College of Business Administration have been succeeded by the old chairs under the name of their respective units even after the chair system was officially abolished. The basic problems and new issues in each area, which are the foundation of business administration, are studied in each unit. In addition, for areas where new research and education are considered necessary in response to the needs of the times, non-unit chairs are established as needed (e.g., “Human Resource System Design,” “Supply Chain Management,” etc.) to supplement research and education in the units as appropriate, although there is a budget constraint allocated by the university. The system is designed to complement research and education in the units as appropriate.

In this way, the Faculty of Business Administration of Kobe University has continued to explore fundamental issues in each field while building on the history and traditions of its past chair system and has also taken on the challenge of meeting the demands of the times and meeting the new issues required in each era. We hope that readers will be able to read the efforts of Kobe University’s Faculty of Business Administration in the context of each era in this book.

12.5 Business Administration in Japan

With the rapid progress of globalization in all aspects of the economy and society, there is now a suspicion that Japanese business administration is lagging behind Western business administration, and there is a great concern in the academic world as to whether research and education should be conducted aiming at world standards in the world of business administration as well.

For example, the 94th Annual Meeting of the Japan Society of Business Administration (September 2020) featured such a theme as a unifying theme (“Where Should Japanese Management Scholars Go From Here: ‘World Standard’ Management Studies and Japanese Management Studies”), and serious discussions were held on the topic. The Organization Science Association of Japan (OASJ) published a special issue of its journal, *Organization Science* (2020, Vol. 53, No. 4), on the theme of “Reexamination of the Significance of Studying ‘Japanese’ Organizations” (Fujimoto, 2020).

Certainly, research in business administration with a global perspective is necessary and should be challenged to a great extent. In the field of business administration, there is a growing interest, especially among young researchers, in research styles that aim for publication in highly ranked foreign peer-reviewed journals, and at Kobe University, under the leadership of the university president, such a research stance is highly recommended from the perspective of raising the university’s ranking.

However, aiming for the world should not be an act of aiming to assimilate with the rest of the world, ignoring the fact that the discipline of business administration was born out of the unique Japanese context, as seen in this book, and has developed to the present day. In envisioning the future of research and education in business administration, the history of Japanese business administration should never be forgotten, and there are many things we must learn from this history.

In particular, unlike the natural sciences, where everything can be “visualized” and viewed objectively, business administration, which directly studies people, society, and value consciousness, does not have a firm “global standard” that is universally accepted. In this sense, social scientists should not be encouraged to take a research attitude that places absolute importance on various rankings and only aim for a rise in the rankings.

It is the mission of the Faculty of Business Administration of Kobe University, which has led the field of business administration in Japan, to pass on to future generations the struggles and efforts of our predecessors and the various innovations and wisdom in research and education that have been developed each time we encounter obstacles to the development of the discipline of business administration (Photo 12.1).



Photo 12.1 Looking toward the Rokkodai Main Building from the main gate of Kobe University

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Appendices

Appendix 1 Brief Chronology of KUBS

1902	March	Kobe Higher Commercial School established (Tsutsuigaoka, Fukiai Ward, Kobe)
		The first principal was Tetsuya Mizushima
1903	May	Classes begin at Kobe Higher Commercial School
1909	April	Lectures on commercial and industrial management at Tokyo Higher Commercial School
1914	August	Research Section established at Kobe Higher Commercial School
1919	October	Research Division renamed Commercial Research Institute
1921	June	Opening of Kanematsu Memorial Hall at Kobe Higher Commercial School
1923	March	Decision by the Imperial Diet to elevate Kobe Higher Commercial School to a university status
1924	September	Inauguration of the Ryosokai as an alumni association of Kobe Higher Commercial School
1926	April	Lecture on business administration offered at Kobe Higher Commercial School
	July	Inauguration of the Japan Society for the Study of Business Administration (now Japan Academy of Business Administration) as Japan's first academic society related to business administration
1929	April	Establishment of Kobe University of Commerce
		The first president was Shinji Tasaki
		Establishment of the Faculty of Commerce attached to Kobe University of Commerce
		Commercial Research Institute is renamed the Commercial Research Institute of Kobe University of Commerce
1932	April	Abolition of the Commercial College attached to Kobe University of Commerce

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1934	July	Moved to Rokkodai, Nada Ward, Kobe
1940	April	Establishment of Kobe College of Commerce Preparatory Course
1944	April	Commercial Research Institute of Kobe University of Commerce renamed the Greater East Asia Research Institute of Kobe University of Commerce
		Establishment of Kobe University of Commerce Management Accounting Course
	August	Establishment of Kobe University of Commerce Institute of Management Mechanization
	October	Kobe University of Commerce renamed Kobe University of Economics
		Department of Economics, Department of Economics and Public Administration, Department of Greater East Asia Economics, Department of Business Administration
1945	October	The Greater East Asia Research Institute of Kobe University of Economics is renamed the Institute of Economic Research, Kobe University of Economics
1946	July	Decision by General Headquarters, Supreme Commander of the Allied Powers (GHQ/SCAP) to confiscate part of the buildings of Kobe University of Economics
	August	Establishment of the Faculty of Business Administration attached to Kobe University of Economics
1947	March	Abolition of Kobe University of Economics Management Accounting Course
	June	Establishment of the Second Faculty of Kobe University of Economics
1949	May	Establishment of Kobe University
		The first president was Yasutaro Tanaka
		Inauguration of the Faculty of Economics (with evening course), the Faculty of Business Administration (with evening course), the Faculty of Law, the Faculty of Arts and Sciences, the Faculty of Education, and the Faculty of Engineering
		Department of Business Administration and Department of Commerce are established in the Faculty of Business Administration
		Annexed to the Research Institute of Economics and Business Administration, Kobe University
1950	March	Abolition of Kobe University of Economics Preliminary Course
1951	March	Abolition of the Faculty of Business Administration attached to Kobe University of Economics
	September	Yasutaro Hirai is awarded the Doctor of Business Administration by Kobe University as the first Doctor of Business Administration in Japan
1953	March	Abolition of the Second Faculty of Kobe University of Economics
	April	Graduate school (master's and doctoral programs) established at Kobe University
		Graduate School of Economics and Management, Graduate School of Business Administration, Graduate School of Law

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		Establishment of the Department of Business Administration and Accounting and the Department of Commerce in the Graduate School of Business Administration
1962	March	Abolition of Kobe University of Economics
1968	March	Department of Accounting is established in the Faculty of Business Administration
		Business Administration, Accounting, Commerce
		Department of Accounting is established in the Graduate School of Business Administration
		Three departments will be organized: Business Administration, Accounting, Commerce
	December	Sealing of administrative offices due to university dispute
1969	August	Lifting of blockade due to university conflict
1975	April	Reorganized the Master's and Doctoral programs of the Graduate School of Business Administration into Doctoral programs (Master's and Doctoral programs)
1987	April	Top Management Course offered at the School of Business Administration, with lectures given by executives from companies and other organizations
1988	April	Start of full-time instructor system for working professionals
1989	April	Experimental MBA Program for Working Adults Launched at Graduate School of Business Administration
1991	April	Establishment of the Department of Japanese Corporate Management as an independent master's program in the Graduate School of Business Administration
1993	April	Transition from the chair system to the multiple chair and unit system
		Abolition of the second program in the College of Business Administration
		Daytime and evening courses established in the School of Business Administration
		Department of Business Administration, Department of Accounting, Department of Market Systems, Department of International Business Environment
		Establishment of the Department of Japanese Corporate Management in the Doctoral Program of the Graduate School of Business Administration
		Founded the Society for Research in Contemporary Management Studies as a platform for industry-academia collaboration
1995	April	Introduced a third-year transfer system for the daytime course in the College of Business Administration
		Reorganized the Graduate School of Business Administration into the Department of Business Administration, the Department of Accounting, and the Department of Commerce
		Management Systems, Enterprise Systems, Business Analysis, Japanese Business Management
1998	April	Initiation of the Graduate School Prioritization Plan

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		Management Systems and Accounting Systems (formerly Comprehensive Management Analysis) were converted to graduate courses
		Reorganized the Department of Business Administration, the Department of Accounting, the Department of Commerce, and the Department of International Business Environment in the Faculty of Business Administration into the Department of Business Administration
1999	April	Completion of the Graduate School Emphasis Plan
		Converted the Department of Market Science (formerly the Department of Corporate Systems) and the Department of Modern Business Administration (formerly the Department of Japanese Corporate Management) into graduate courses
2001	April	Accounting Professional Development Program started at the School of Business Administration to foster accounting professionals
2002	April	Reorganized the Department of Contemporary Business Administration, Graduate School of Business Administration, to establish a specialized graduate school
		Organizational Development, Management Policy, Business Creation Strategy, Business Model Innovation
	May	Kobe University Centennial Commemorative Ceremony
2003	March	Rokkodai Main Building, Rokkodai Auditorium, Kanematsu Memorial Hall, and Social Science Library are registered as Tangible Cultural Properties of Japan
	April	Professional graduate schools were transferred to professional graduate schools in accordance with changes in the graduate school system by the Ministry of Education, Culture, Sports, Science and Technology (MEXT)
		Selected for the 21st Century Center of Excellence (COE) Program (Grant-in-Aid for Establishment of Research Centers, etc.)
2004	March	Establishment of Osaka Management Education Center
		Establishment of China Collaboration Center
	April	With the enforcement of the National University Corporation Law, the establisher of Kobe University was transferred from the national government to the National University Corporation (national university incorporation)
		Reorganization of the Research Institute for Advanced Management Studies (RIAM) as a non-profit organization
2006	April	Suspension of student recruitment for evening courses in the School of Business Administration
		Expansion of professional graduate school capacity
2009	July	Renamed Rokkodai Auditorium to Idemitsu Sazo Memorial Rokkodai Auditorium
2012	April	Reorganization of the Doctoral Programs of the Graduate School of Business Administration into the Department of Management Systems, the Department of Accounting Systems, the Department of Market Science, and the Department of Contemporary Management Studies

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		Reorganization of the Master’s Course in Management Systems, Accounting Systems, and Market Science in the Graduate School of Business Administration to the Department of Business Administration
		Establishment of the Education and Research Division of Social Sciences
2013	April	Establishment of the SESAMI Program Course of Study in the Master’s Program of the Graduate School of Business Administration
2015	April	The Master’s Course in the SESAMI Program of the Graduate School of Business Administration was renamed the GMAP in Management (SESAMI) Program of the Master’s Course in the Graduate School of Business Administration
2016	April	Reorganized the Education and Research Office of Social Sciences into the Center for Social System Innovation
		Started the Special Study Program in Business Administration, which provides special small-group seminar education at the School of Business Administration
		Launched the KIMERA program, which offers bachelor’s and master’s degrees in business administration in five years, with the aim of fostering global, highly specialized professionals
	October	The whole university will be reorganized into new academic areas called <i>gakuiki</i> in Japanese. KUBS becomes part of the Gakuiki of Business Administration

Appendix 2 Transition of Chairs and Units in KUBS

1949	1968	1989	2023
Establishment of the Faculty of Business Administration	Three department system	Experimental start of MBA	Present
<p>Chair name</p> <p><i>Department of business administration</i></p> <ul style="list-style-type: none"> • Business administration I • Business administration II • Business administration III • Industrial management • Agricultural management • Business statistics • Bookkeeping • Accounting I • Accounting II • Cost accounting <p><i>Department of commerce</i></p> <ul style="list-style-type: none"> • Commercial science I • Commercial science II • Financial institutions • Transportation • Ocean transportation • Insurance 	<p>Chair name</p> <p><i>Department of business administration</i></p> <ul style="list-style-type: none"> • Business administration • Human resource management • Business organization and combination • Business finance • Industrial management • Public utility management • Business statistics <p><i>Department of accounting</i></p> <ul style="list-style-type: none"> • Bookkeeping • Principles of accounting • Auditing • Cost accounting • Management accounting • Tax accounting <p><i>Department of commerce</i></p> <ul style="list-style-type: none"> • Marketing • Securities theory • Foreign trade • Financial institutions • Transportation • Ocean transportation • Insurance 	<p>Chair name</p> <p><i>Department of business administration</i></p> <ul style="list-style-type: none"> • Business administration • Human resource management • Administrative management • Business finance • Industrial management • Public utility management • Business statistics • Business mathematics • Information management <p><i>Department of accounting</i></p> <ul style="list-style-type: none"> • Bookkeeping • Principles of accounting • Auditing • Cost accounting • Management accounting • Tax accounting • International accounting <p><i>Department of commerce</i></p> <ul style="list-style-type: none"> • Marketing • Distribution system • Marketing management • Securities market • Securities theory • Foreign trade 	<p>Unit name</p> <p><i>Management</i></p> <ul style="list-style-type: none"> • Business strategy • Administrative management • Corporate finance • Business-government relations • Human resource management • Business statistics • Decision science • Business information • Business history • Strategic management • Human network • Production network <p><i>Accounting</i></p> <ul style="list-style-type: none"> • Bookkeeping and accounting history • Financial accounting • Auditing system • Tax accounting • Cost management • Management accounting system • Accounting information • International accounting • Social and environment accounting <p><i>Commerce</i></p> <ul style="list-style-type: none"> • Marketing • Distribution system

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(continued)

1949	1968	1989	2023
Establishment of the Faculty of Business Administration	Three department system	Experimental start of MBA	Present
Chair name	Chair name	Chair name	Unit name
		<ul style="list-style-type: none"> • Financial institutions • Transportation • Ocean transportation • Insurance 	<ul style="list-style-type: none"> • Marketing management • Customer relationship management • Financial system • Transportation • Securities market • Financial institutions • Risk management • International trade • Logistics system • Market economy analysis

Note 1 The chair system that had existed since the founding of the Faculty of Business Administration was replaced by a multiple chair system with an emphasis on postgraduate studies, and units were established under these multiple chairs to replace the traditional chairs

Note 2 Contains information on the changes since 1949, when KUBS was re-launched as a part of the new university system