

Chapter 4

Business Education in Japan: Adapting to Changes in Japanese Management

Jusuke J. J. Ikegami
Waseda University, Japan

ABSTRACT

In Japan, the most prominent players in business education are corporations because they provide on-the-job training to their employees, particularly new graduates. However, with the low growth of the Japanese economy after the collapse of the bubble economy around 1990 and the recent drastic changes in the international environment, it is necessary to reexamine business education. To cope with the drastically changing environment, many Japanese companies are evolving their education model to emphasize off-the-job training in addition to on-the-job training. The main target of such training now includes senior executives, in addition to junior- to mid-level executives. Business schools play a role in educating senior executives. Although major Japanese companies utilize top business schools overseas, Japanese business schools are still the major education providers. This chapter discusses the recent changes, prospects, and issues concerning Japanese business schools.

INTRODUCTION

One of the reasons for the phenomenal growth of post-war Japan was the spread and development of education while realizing the principle of equal opportunity. The low growth of the Japanese economy after the collapse of the bubble economy around 1990 and the dramatic changes in the international environment in recent years, call for a reexamination of business education in Japan. Specialized educational institutions and intracompany education both play a major role in Japanese business education, which contributes to the uniqueness of Japanese management. This book presents information on the trends and future of business education worldwide. This chapter aims to explain the relationship between Japanese management and business education and discuss the state of Japan's business education in the

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past, present and future. It provides suggestions for reforming business education in Japan and encourages innovations in business education in other countries.

This chapter also introduces the history and structure of business education in Japan and its relationship to the corporate world. Since human resource education strongly influences corporate behavior, this chapter is also intended to help people outside Japan to better understand the management of Japanese companies.

Japan has three major players in business education: 1) companies that provide on-the-job training (OJT), 2) universities, and 3) private education providers. Local governments and chambers of commerce can also offer business education programs through universities, corporations, and private education providers. Companies are the biggest players in the Japanese business education ecosystem. Japanese companies have traditionally emphasized OJT for business management education without paying enough attention to the education that new graduates receive at university. This approach has been underpinned by the Japanese management system, which is symbolized by lifetime employment, seniority-based wage systems, enterprise labor unions, and the simultaneous recruitment of new graduates.

Therefore, the education provided by most universities and private institutions is limited to basic business knowledge or knowledge related to specific professions like accounting, law, and engineering. Companies generally have low expectations regarding the level of business management education provided by universities. Thus, OJT has proven to be highly effective in transferring internal business/management knowledge and instilling corporate culture and values.

However, Japan's compulsory education system, high schools, and universities provide the foundation for OJT; hence, companies can educate new employees in various fields to suit their needs and build a high level of competence.

OJT as a part of the business education has been one of the key foundations of Japanese management. However, there are suggestions to reconsider this educational model following the Japanese economy's long-term slump. For Japanese businesses to cope with disruptive environments, it is necessary to examine the current status of and changes in higher education institutions (HEI) and corporate business education. This chapter focuses particularly on corporations and business schools, which are HEIs that provide business education.

AN OVERVIEW OF JAPANESE BUSINESS EDUCATION

Background and History of the Japanese Education System

Japan's population increased by about 2.7 million from 123,611,167 in 1990 to 126,309,690 in 2019 (as of February 1, 2019). Its population has been declining since its peak in 2007, and it may be difficult to expect further economic growth based on the increase in population. The youth population began to decline before the rest. The population of 18-year-olds, which is the general age for enrolling in higher education, declined from 2.01 million in 1990 to 1.18 million in 2019. The number of universities increased from 507 in 1990 to 786 in 2019. From 1990 to 2019, the percentage of students enrolled in higher education increased from 24.6% to 53.7% for universities, decreased from 11.7% to 4.4% for junior colleges, and increased from 16.0% to 23.6% for special training colleges.

The Japanese education system starts with preschool and is followed by six years of primary education, six years of secondary education (three years each of lower secondary education and upper secondary

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