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A Pioneer of Management Research and Education in Japan

Challenges from Kobe University
Business School

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Norio Kambayashi · Kyohei Hirano · Izumi Mitsui
Editors

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School



Springer

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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 Rikkodai 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)

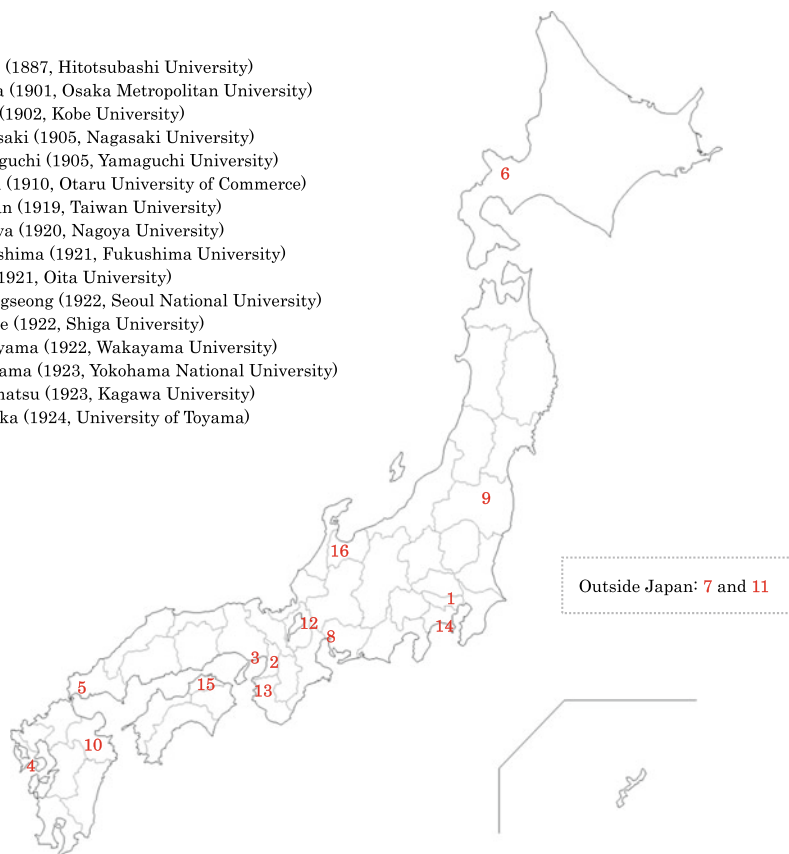


Fig. 1.1 Establishment of higher commercial schools. *Note* Year of establishment and current university name in brackets. *Source* Jointly prepared by Kyohei Hirano and the author

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 Rokkodai 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



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.