

1	Nurturing Intermediaries between Japan and France through Deeper Interaction and Exchange
7	Innovation
14	Classes at Hitotsubashi
16	Global Report
20	Chat in the Den

Nurturing Intermediaries between Japan and France through Deeper Interaction and Exchange

French business school École des hautes études commerciales de Paris (HEC Paris; Master in Management Program) was established in 1881 by the Paris Chamber of Commerce. It is one of the most prestigious of the French grandes écoles (higher education institutions established to train elites in various fields in the unique French system of higher education). HEC Paris consistently scores highly in rankings by major financial papers and magazines and is highly regarded in the global business world and beyond. Since the conclusion of an academic exchange agreement in 1983, Hitotsubashi University has deepened its relationship with HEC Paris. We invited Eloïc Peyrache, Associate Dean at HEC Paris, to give a memorial lecture at our AY 2017 Entrance Ceremony. As representatives of HEC Paris and Hitotsubashi University, which is aiming to develop a world-class professional school, we exchanged opinions about university reforms and future collaborations between our institutions.

Students should carefully think for themselves about what they want to do

Tadenuma: Thank you for your wonderful lecture during the Entrance Ceremony. I'm sure it left a strong impression on the new students. A particularly memorable part of your speech was when you told the students to define their great dream that could make the world a better place, using the example of a student who worked on solving poverty issues in the Philippines. I reaffirmed my belief that helping students to find and pursue great dream is an important mission here at Hitotsubashi University as well. What message would you most like to give to today's youngsters?

Peyrache: I think this is true for both HEC Paris and

Hitotsubashi University, and also at many other universities: just after being permitted to enter university, the students are now at a time when they have overcome the most difficult challenge. Many students are probably still thinking, "The rest is going to be easy." That, to me, is the major problem. Because, on the contrary, students still have so many things to do. They should begin by asking themselves, "What do I want to do?" Then it's time for them to move forward toward that goal. The students need to carefully think, not about what their country and people around them expect them to do, but about what *they* want to do. Rather than relaxing with an easy mind after entering HEC Paris or Hitotsubashi University, they need to go forth and seize, on their own, the myriad opportunities and possibilities they have been given. Many students spend four years at university before searching a job in the real world. However, when the time comes to



President, Hitotsubashi University

Koichi Tadenuma

Graduated from Hitotsubashi University Faculty of Economics in 1982; earned a PhD in Economics from the University of Rochester in 1989; appointed Lecturer in the Faculty of Economics at Hitotsubashi University in 1990. He was an Associate Professor in the Faculty of Economics from 1992, Professor in the Graduate School of Economics from 2000, and Dean of the Graduate School of Economics from 2011 to 2013 before being appointed President of Hitotsubashi University in December 2014. He specializes in social choice theory, welfare economics, and game theory. His recent publications include *Shiawase no tame no keizaigaku: Kōritsu to kōhei no kangaekata* (Economics for people's happiness: The criteria of efficiency and equity. Tokyo; Iwanami Shoten, 2011).



start working, they realize, “This job isn’t what I want to do.” But by then, it is already too late. So, how can you avoid this kind of a situation? I want the students to think about this during their four years at university. All students, both at HEC Paris and Hitotsubashi University, are excellent. After graduating, they are bound to achieve many things, for their countries as well as their people. To become that kind of person in these four years, I want them to think carefully and then act.

Tadenuma: Certainly, Japanese students enter university through rigorous examinations. It’s similar to the grandes écoles, I think. Then, before entering university, it may have been sufficient to simply understand and absorb what they were taught; however, once they are here, they need to think about what they achieve and how they can contribute to society, and then learn whatever they need to do so. Thank you for sharing such an important message with the new students.

Now, I would like to ask you about your own history. I heard that you spent your childhood in Japan. Could you tell me about your memories in Japan and your impression of the country? What were you happy about and what difficulties did you experience?

I spent an important part of my life in Japan, as a child from age 8 to 14

Peyrache: I came to Japan when I was 8 and left at 14. So, I was living here as a child and teenager, which are crucial stages of life. The thing I remember is visiting a park on the day I arrived in Japan. A small child came up to me and said something, but I had no idea what the child was saying. At that time, I remember thinking, “I absolutely must learn Japanese. I have no choice!” (laughs). Japanese became my second native language.

In Japan, I was able to build strong connections with



various kinds of people—it was a truly wonderful experience. I learned judo at Kodokan, and I made lots of friends. You know, I’m still in touch with them, even today. In fact, during this visit, I returned to visit a family that I met on exchange 30 years ago. Japan is nothing less than my second home. Every time I travel abroad, which is quite often, there are things I find bewildering. But when I come to Japan, where I’m familiar with the customs, I feel secure as if I’ve just returned home.

Tadenuma: As a Japanese person, I’m happy to hear that you consider Japan your second home. The story about not understanding anything when you first arrived and feeling the need to learn the language was a very telling one because it demonstrates exactly why people need to try going abroad. We also send our students on international exchange, and I think it’s important for them to live in foreign societies and actually feel with their bodies and minds what they need in order to live in the world. And as you say, you experienced this process at the age of 8.

Next, could you tell me about the system of higher education in France? I think that the French higher education system is quite unique and different from that in Japan. Before the war, the Japan education system was more similar to the European one, and after the war, we incorporated much of the American system. Therefore, most readers of *Hitotsubashi Quarterly (HQ)* would be unfamiliar with the French system.

Associate Dean, HEC Paris (Master in Management Program)

Eloïc Peyrache



Graduated from France’s École Normale Supérieure and passed the Agrégation in Economics in 1999; earned a PhD from the Toulouse School of Economics in 2003; worked as a visiting researcher at Northwestern University in Chicago, the Institute for Economic Analysis in Barcelona, and the National Institute of Statistics and Economic Studies in Paris. His research focuses on both the challenges of information transmission in the job market and problems related to market intermediation. He has taught as an economics professor at HEC Paris (Master in Management Program) since 2003, as Director of Development (2006–2008), and as Associate Dean and Director since 2009. Moreover, he has been a member of l’Agence Française d’Accréditation des Ecoles de Commerce (French Agency for Accreditation of Business Schools) since 2011 and a permanent board member of l’Association des Grandes Ecoles françaises (Association of Grandes Ecoles) since 2013. He is also a director at several French companies and foundations.



In the French higher education system, universities and grandes écoles exist side by side

Peyrache: In the French higher education system, universities exist side by side with higher education establishments called grandes écoles. Although anyone with the baccalaureate (an academic qualification to enter university) can enroll in the universities, graduating can be somewhat difficult. More than a few students withdraw after the first or second year. However, in the case of the grandes écoles, students face strict selection. At Hitotsubashi University, students can gain entry by passing the entrance examination, but only students who complete a two-year course called the classes préparatoires aux grandes écoles (preparatory classes) can take examinations for the grandes écoles. The preparatory classes themselves make it quite difficult to get into the grandes écoles. Those who learn liberal arts then go on to study subjects such as business and management for 2 years at the grandes écoles. The learning that takes place at the grandes écoles may well be similar to that undertaken at Hitotsubashi University, but Hitotsubashi students are selected at the beginning of a four-year program, whereas the students at the grandes écoles are selected after two years.

Tadenuma: How are the grandes écoles positioned in the French higher education? What kind of mission does society require them to undertake?

Peyrache: I think grandes écoles business schools are slightly different from regular MBA courses. In my view, the most important mission of the grandes écoles is to help students realize their dreams. One interesting thing about the grandes écoles is that they offer students a wide range of options and foster a broad range of skills with the students' aims in mind, which opens up various doors for them in the future. As a result, our graduates go on to work in high positions in various industries—finance, con-

sulting, the film industry, and so on. The number of students who choose to set up their own businesses has also increased in recent years, and the number of startups by HEC Paris graduates is growing.

Tadenuma: What do you actually teach the students?

Peyrache: At HEC Paris, the curriculum not only fuels entrepreneurial spirit but also helps students acquire a wide range of knowledge and skills through subjects such as computer studies. It is important to give students the opportunity to actually set foot in the field (even if it is a little complicated) and acquire considerable experience to gain a wide range of practical knowledge and skills. Students can only discover answers through these experiences in the field. For example, I think students understand a lot about Japan after living here for 6 months. Students can also stimulate their entrepreneurial spirit in the Philippines, for instance, or they can set up a new company on the campus. Also, in the case of HEC Paris, all students live on campus. This enables them to meet various people, exchange ideas, and develop a network of acquaintances.

We emphasize another point: the degree of impact that the students and graduates have on society. I feel that we have to educate our students thoroughly with this point in mind. To do so, we emphasize providing opportunities for students to venture outside the campus and encounter different kinds of people.

Also, in France, equal opportunities are an important issue, and HEC Paris has its doors open to economically handicapped students, and we are encouraging our female students to start their own businesses.



Why France's business schools are highly regarded globally

Tadenuma: Many French business schools, including HEC Paris, and École Supérieure des Sciences Économiques et Commerciales are highly acclaimed and feature in the top ten institutes in world rankings. Why do you think this is so?

Peyrache: There are several reasons. First, the entrance examinations are extremely tough. So only students with outstanding merit make it through. Within France itself, fierce competition and a spirit of friendly rivalry exists among the grandes écoles. Moreover, the schools are also competing with business schools in the UK, Spain, and the US. Through this kind of competition, we are able to foster innovation.

The second reason is that we've had a close relationship with business for many years. Many years ago our professors were involved with numerous businesses as consultants. At present, we are deepening our relationship through research activities for businesses rather than consulting. The businesses also want to be connected with our professors in order to stimulate innovation. So



businesses often run joint lectures and seminars in collaboration with the schools. In this way, the schools strengthen their relationships with businesses from a variety of angles and develop human resources for them.

The third reason, as I see it, is that as autonomous entities, the grandes écoles can conduct various activities with a high degree of freedom, instead of being a part of universities. So the schools themselves can demonstrate entrepreneurial spirit and take a pioneering approach toward reforms. Thus, we can be the first to respond when something changes in the world.

Our high ranking can be attributed to the fact that our own aims are in line with international evaluation standards. Our high level of international mobility is recognized in the evaluations, as well as our high graduate-level salary is another indicator.

Tadenuma: In Japan, there seems to be a certain image of business schools as places that teach the knowledge, skills, and practical expertise to make money. But this is not the case: our true purpose is to nurture leaders who can do a better job of leading society, through the activity of business. Hitotsubashi University has established the motto “Captains of Industry.” I’m sure you’ll agree about the need to convince society that this is what business schools are actually trying to achieve.

Peyrache: Absolutely. To add to what I said—and this is something I really believe: in the future, business will play a big role in determining our future direction. One of my colleagues at HEC Paris is conducting research on the agents responsible for alleviating poverty throughout the history of mankind. According to that research, in the past, there is the view that the church performed good deeds to save our souls after death. After that, the state took responsibility for poverty issues. We transferred that task to the state through electoral systems. And now, business has developed considerable influence. Consumers may have changed, but they have begun to pay attention to how businesses behave. In that sense, businesses have a major impact. So you see, we are nurturing the individuals who will be responsible for making decisions in business in the future. As a result of our endeavors, these individuals will eventually go on to resolve various social issues, such as poverty and the environment. So, it means that we have a massive responsibility to nurture these future “Captains of Industry.”



HEC Paris boosted its reputation through reforms and benefits from a strong sense of belonging

Tadenuma: The motto “Captains of Industry” captures a certain spirit, which I think is necessary whether you work in a large company or start your own business. This is because businesses always operate within the market,

and when doing something new, it is necessary to demonstrate a spirit of “Captains of Industry” or entrepreneurship. Companies also have a high degree of freedom. So, in solving environmental problems or poverty issues, businesses, which enter the market system and can grasp our needs, have an impact and will become even more important in the future, rather than large, inflexible organizations such as government bodies. It is very meaningful that you pointed it out. This very impact creates a cycle in which the business gains recognition, and also makes money. Money is not an end in itself; rather, the market system is necessary for capturing society’s needs.

In addition, your comments about the strengths of the grandes écoles were very interesting from the view point of university administration. Now, knowledge has developed more, and global competition among universities has intensified. I feel that we now live in an age in which constant reform is necessary, and universities themselves will not survive without demonstrating entrepreneurial spirit. On this point, I heard that HEC Paris has implemented some major reforms during the last 20 years. Could you tell me about these reforms and their aims, obstacles you faced, and the results you have achieved?

Peyrache: Over the last 20 years, HEC Paris has achieved significant results under the leadership of the Dean. First, it was necessary to strengthen each segment: our masters courses, MBA courses, courses for executives, and so on. Then, we developed a strategy to integrate each segment’s brand. Previously, our MBA and executive programs had different names, and in the rankings as well, we thought it was fine to achieve results in each segment. However, as HEC Paris, we have sought to reform our institution based on the idea that it is necessary to improve anything containing the “HEC” name. This means that we must avoid internal conflict within the institution in our

brand strategy. Each segment must work toward enhancing the HEC brand. Competition with external forces is already extremely intense, so competition within the institution should be completely avoided. I think we need to pursue a brand strategy in a unified manner. For example, when establishing the brand image of the Business School, we had to consider whether its identity as a business school should be foregrounded with the university name less prominent or vice versa. In the case of Hitotsubashi University, I think it would be better to make the “Hitotsubashi” label more pronounced and then place the business school within that larger framework. In other words, we achieved great results by enhancing all of our segments in an integrated manner.

Another strength is our graduates’ strong sense of belonging to HEC Paris. A major factor behind this sense of belonging is that the students spend a long time living on the campus and can develop strong connections. In addition, the students may be more likely to change their

own lives because we strengthen the connections outside the university and provide opportunities for a variety of experiences in more open ways. This sense of belonging is also beneficial for the university, in that it encourages donations.

We also invest in research in a large scale. In the world today, more and more emphasis is being placed on innovation. Research is absolutely necessary. Our full-time professors conduct high-level research, and they are required to generate knowledge that has an impact on society while evaluating one another. As well as conducting valuable research, it is important to make society recognize our efforts broadly and appreciate our value.

Toward a greater global presence and digital reform

Peyrache: Of course, we also have challenges in three areas. The first challenge is to improve our global presence. HEC Paris is home to excellent students from around the world. After graduating, some students may stay in France, but as you might expect, many want to find work elsewhere on the global stage. To create platforms where they can do this, we need to strengthen our brand. However, that is no mean feat. For example, if you mention Hitotsubashi University or HEC Paris to people walking down a street in Chile, Canada, or New Zealand, most of them won't have heard of us. So we need to continue investing. My dream is that, wherever I go in the world, people will recognize the name "HEC Paris" and that we create brands in which our students not only work in France or Japan but can operate on the global stage. Then, people all over the world will tell us that their sons or daughters are our students.

The second challenge is digital reform. Until now, we've taught students about digitization as a corporate strategy, but we ourselves are now impacted by digitization. We too need to learn to manage digital innovation. First, the way in which the students learn has changed considerably. There are now more opportunities for students to learn in virtual classrooms. Increasing numbers of students are no longer satisfied with just coming to university and listening to unilinear lectures. This situation presents an excellent opportunity for us, but it is also a matter of concern—because it creates a kind of polarization. On the one hand, students—including students in Africa, for example—can benefit from taking classes without physically attending the university, unlike before. We can now reach out to a larger number of students. On the other hand, some people cannot keep up with digitization, and some get left behind. At the same time, for universities as well, digitization also creates a situation in which there is a group of "winners," who can teach more students, and a group of "losers," who cannot. There is no middle ground. If you end up in the losers' group, you'll have to differentiate yourself as best



as possible from there, or set your sights on the mass market even if the quality is low. In any case, we must do our best to maintain our place in the winners' group.

The third challenge concerns the value of our existence. Disruptive technologies will likely continue to be created, and excited students will continue to learn and start their own businesses. At that time, there may be some students who think that it's better to undergo training in business incubators or suchlike than to attend university. For companies as well, there may come a time when they consider such students more "battle-ready" and prefer that kind of training over a degree. With this in mind, we would have to develop the ability to adapt. We must also change our educational framework, I think. In addition to that, various new competitors would also enter the arena. For example, when Airbnb (providing a C2C accommodation platform) first appeared in the hotel scene, the big hotels in particular failed to take them seriously, dismissing Airbnb as "ultimately a service for people without money." However, Airbnb has become now a major competitor. So universities must also take care not to fall into a similar trap.

Changing universities with digitization and management challenges

Tadenuma: When you talk about strengthening your university brand to date, it seems to closely reflect Hitotsubashi University's forthcoming initiative to unify its business schools. Your account has given me confidence in the direction we have chosen. Moreover, the same kind of strong sense of belonging among graduates exists at Hitotsubashi University. I think this is because HEC Paris and Hitotsubashi University are very similar in terms of their histories and our major fields of research and education. Moreover, attaching importance to social impact in the area of research is also something that we want to aim for in the future.

So what I want to ask you is: Universities have a variety of different roles. On the one hand, we must conduct state-of-the-art research. At the same time, we must educate our students. Furthermore, as the information and digital revolution forges ahead, we also need to change. This means that if we stick to the system of one-sidedly imparting knowledge in large classrooms, we will be replaced by digital learning methods. Teachers and students interact at the university, which serves as a platform for direct communication, but with digitization, I think the way of allocating time in relation to education changes significantly. To become a leader using digital technology, as well as conducting research at a considerable level, one needs an advanced ability to convey content in an easy-to-understand way. This also requires investment. In addition to that, because face-to-face learning is also necessary, it seems that the work of university



convince them that their classes will not disappear, but they will need to change their existing teaching methods.

Our responsibility to nurture leaders for multinationals in Japan and France

Tadenuma: Because there's a limit to what one person can do, I also feel that it's necessary to put in place a team of professors with a variety of different strengths and to build strength as an organization. But I agree that this process is a difficult one.

Now, I am very grateful to HEC Paris for engaging in close exchange with Hitotsubashi University over the years. We are also hoping to further deepen our relationship in the future. At the moment, the mainstay of our relationship is our undergraduate exchange program, but in the future, we hope to expand this exchange into other dimensions. For example, we would like to consider the possibility of exchanging students at the master's degree level, or developing a double degree program. What kind of relationship does HEC Paris hope to develop?

Peyrache: Japan and France are home to a great number of multinational companies, which are establishing bases around the world. When I come to Japan, I often meet with CEOs of French firms that have expanded into Japan, most of whom are French. Similarly, many of the CEOs from Japanese firms that have expanded into France are Japanese. I think the situation in both countries needs to change. Japanese people, who really understand the Japanese market, should occupy top positions in the French companies in Japan and vice versa. The top executives in the overseas offices need to maintain tight communication with the headquarters. We need individuals who can understand and communicate in both Japanese and French. French companies would be delighted to welcome individuals who have graduated from an outstanding university like Hitotsubashi and attended a top-rate business school. Many of the top French executives in French companies with bases in Japan graduated from HEC Paris. There are also many people who grew fond of Japan during their year-long studying abroad at Hitotsubashi University and then later married a Japanese person. There is a growing need for such people among companies, so we too must take steps to meet this demand. In the coming years, more and more people will move between France and Japan for work. Thus, I think it will be necessary for even more people to spend even longer periods overseas. This means that there needs to be more French people studying masters courses in Japan, and more Japanese people doing so in France. It might be necessary, for example, to develop double or joint degree programs. It would seem that companies particularly struggle to find these kinds of people, so I think that much is expected of us in terms of working together to nurture that supply.

Many French people travel abroad to learn foreign languages, but to get more of these people to come to Japan, I want to try to convince them about the amazing oppor-

teachers becomes more advanced and more complex. That being the case, I feel that the question of how to manage in a way that strengthens the institution as a whole poses an extremely difficult challenge.

Peyrache: I agree. It's a big challenge. Till date, HEC Paris has achieved great success under the motto "learning by doing," but if more students are to learn digitally, the question of how students apply what they learn becomes an issue. The campus must be a place where students apply their learning in practice. We could digitize content as much as we like, but practice cannot take place virtually. I think the question of integrating theory and practice poses a difficult challenge. It will not be effective if we simply keep the same team of professors as before. We need to have full-time professors who focus on research or theory building, as well as a separate line up of instructors—from businesses, for instance—who can handle activities and instruction on the practical side. We also tried out the system in which full-time professors work alongside assistant instructors at HEC Paris, but managing the issue of how to organize and integrate education is a prickly task. However, it will be absolutely necessary in the future, so I think we have to continue addressing this as an issue. For the system to function well, we must make sure that full-time professors and assistant instructors respect each other while carrying out their duties.

When embarking on the task of digitization, we must obtain the consent of our existing team of professors. But that is also difficult because professors are concerned that digitization will spell the end of their classes. We have to

tunities that Japan has in store. The students also need to see examples of people working overseas. On the other hand, Japan's unemployment rate is currently very low, and most students enter companies immediately after graduating from university. When I consider the future, there seems to be a need to gain more experience overseas. There would be lots of ways to create such opportunities and respond to those needs.

The effort for the coexistence of different cultures on campus

Tadenuma: I agree about the need to nurture individuals who serve as intermediaries between Japan and France in the business world. Hitotsubashi University and HEC Paris have similar faculties and graduate schools in the area of social sciences, and I think there are opportunities to work together to nurture those individuals on various levels. I'd like to press forward with this mission. That being said, HEC Paris' internationalization efforts over the last 10 years have been nothing short of amazing.

Peyrache: The only way to enhance our international reputation is to internationalize, but in order to do that, our staff must also change along with our professors and students. Since we welcome international students from various countries, our staff must at least be able to speak English. This is the only way to earn recognition internationally. Additionally, when a class contains students from 30 different countries, a diverse range of cultures are brought together, and this greatly influences our educational methods. Faced with a different kind of educa-

tional training to what they have previously experienced, students experience a severe culture shock. For example, Japanese and French people do not ask many questions during class, but American and Brazilian students do. So, the atmosphere in the classroom is substantially different. This is a wonderful thing, I think. Students being able to interact with a wide range of cultures on campus would help them after graduation, when they work with people with different nationalities.

Therefore, in an effort to attract international students to the university, lessons in English are absolutely necessary to lower the language barrier. On the other hand, in France we say, "Even if you can't say 'bonjour' when you arrive, be able to say 'merci beaucoup' when you leave." So, if you take the trouble to visit a country, it is also important to learn the local language and culture. If Hitotsubashi University wishes to internationalize, it should conduct its masters programs in English. It is also necessary to have enough classes in English at undergraduate level for foreign exchange programs, but I think full-blooded international exchange takes place at the masters level.

Tadenuma: Thank you for that useful advice about furthering the internationalization at Hitotsubashi University. Hitotsubashi University is also trying to strengthen its executive programs, but the scale is still small and staff is short. Finally, please tell me about the strengths of the executive programs at HEC Paris and their future direction.

Peyrache: Generally speaking, executive programs are becoming increasingly globalized, and several universities have begun implementing programs in other countries. Of course, HEC Paris is also conducting its programs in collaboration with influential universities around the world. I talked about multinationals sometime back, but I think these programs can also achieve significant results in training top managers for those firms. At HEC Paris, we offer degree programs, MBA programs for executives, and short-term, intensive open enrolment programs. I heard that the number of these kinds of courses is also increasing in Japan—I think there are great advantages in terms of enabling people in different companies to come together and interact.

What we want to focus on in the future is our custom-made courses, which are tailored to businesses' needs. These courses are designed in partnership with the businesses, and I think there is potential for Japanese and French universities to join forces and collaborate in this area. Although these courses are still rare in Japan, this also means that there is a large market, so we are hoping to collaborate even more.

Tadenuma: I think Japanese companies have had those kinds of needs in the past, and there are areas where we didn't provide for them. I'm sure that HEC Paris and Hitotsubashi University will open up great possibilities by working together, leveraging our strong relationships with large firms in France and Japan. I look forward to furthering our cooperation. Thank you for talking with us today.

