

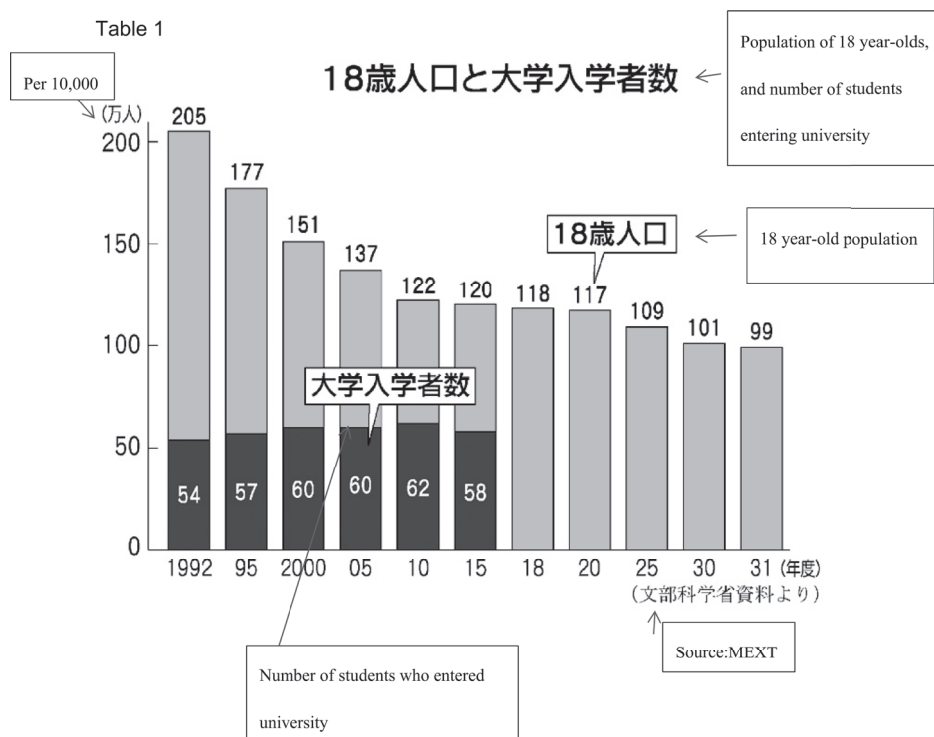
# The Crisis Facing the Private Japanese University Industry: The Effects of the Declining Birthrate and Common Strategies Being Adopted by Universities to Survive

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Since 1992, a 41% decrease in the number of 18 year-olds in Japan, and a 38% increase in the number of private universities has created a crisis for private universities in Japan. This paper looks at the present situation of the private university industry, and common strategies many universities are adopting to survive.

## The Challenge Facing Private Universities

According to the Ministry of Education, Culture, Sports, Science and Technology (MEXT), in Japan in 2015 there were a total of 580,000 high school graduates that progressed to university. This may sound like a very large number indicating a healthy and robust industry, however, it is important to remember these students are shared between 782 private and public universities. To get a good grasp of the crisis facing universities in Japan, statistics provided from MEXT provide a clearer picture.



From these statistics in table 1, it is clear to see that the population of 18 year-olds is shrinking rapidly. In fact, between 1992 and 2015 there was a 41% decrease in the number of 18 year-olds from 2,050,000 to 1,200,000. Over approximately the same period from 1990 to 2013, the number of private universities increased from 372 to 606 (MEXT, 2014). Imagine the university industry as a business; this means that the customer base has shrunk by 41% while competition has grown by 38%. In addition, note the figures in the lower part of the graph bars that indicate the number of students that entered university peaked in 2010. Moreover, due to the shrinking birth rate and demographics, from 2018 the number of 18 year-olds in Japan is expected to decrease sharply again — the so-called 2018 Problem (2018 年問題). This unavoidable decrease will add extra pressure to an already over-supplied university market, and it is certain many private universities that lack characteristics to distinguish themselves from the competition and attract students will be forced to merge with another, downsize, or close down. Table 2 lists some of the universities that have closed down or become insolvent. The number indicates the year that the institution announced closure, closed, or stopped accepting new applicants.

Table 2

2015	Kyoto Seibo College	京都聖母女子
2015	Fukuoka International University	福岡国際大学
2015	Poole Gakuin University	プール学院大学
2014	Shukugawa Gakuin University	夙川学院大学
2012	Tokyo Jogakkan University	東京女学館大学
2010	Fukuoka Social Medical Welfare University	福岡医療福祉大学
2009	LEC Tokyo Legal Mind University	LEC 東京リーガルマインド大学
2009	Aichi Shinshiro Otani University	愛知新城大谷大学
2009	Kobe University of Fashion and Design	神戸ファッション造形大学
2009	St Thomas University	聖トマス大学
2009	Mie Chukyo University	三重中京大学
2006	Towa University	東和大学
2005	Hagi International University	萩国際大学
2004	Tohoku Bunka University	東北文化大学
2003	Risshikan University	立志館大学

Table 3

University Name	Year Established	Number of Departments
Kyoto Seibo College	1949	1
Fukuoka International University	1998	1
Poole Gakuin	1996	2
Shukugawa Gakuin	2007	1
Tokyo Jogakkan	2002	1
Fukuoka Social Medical Welfare	2002	1
LEC Legal Mind	2004	1
Aichi Shinshiro Otani	2004	1
Kobe University of Fashion & Design	2005	1
St Thomas	1963	2
Mie Chukyo	1982	1
Towa	1967	1
Hagi	1999	1
Tohoku Bunka	1999	3
Risshikan	2000	1

Acknowledgment: Tables 2 and 3 adapted from: Shimano 2015

The reason a university closes down is basically due to one factor: a failure to attract enough students to fill the quota. Looking at Table 3, there is a common point of all the universities that failed — size. All of these universities were extremely small in size offering only one or two departments. A university that is only offering one or two departments — unless it has an area of expertise or an excellent reputation — is still competing with other universities that offer the same or similar departments and courses. Take, for example, the LEC Tokyo Legal Mind University. This particular university had an intake of only 160 students per year (Shimano, 2015) making it extremely small in comparison to some bigger universities that take in thousands of students every year. Another common point of the universities in Table 3 is that of age. Most of them are relatively young in terms of higher education institutions, however, there are always exceptions and three of them had a history of approximately 50 years or more.

### Warning Signs

When a university is in financial trouble or having trouble attracting students to fill the intake quota, there are several things it may do to try to become financially viable, or become more attractive to potential students. The following is a list of common tactics from the many options available that universities employ when they are not attracting enough students.

- Closure of a campus
- Renaming the university
- Opening new courses and departments
- Reduction of intake of new students
- Non-disclosure of entrance data
- Intake of foreign students
- Adoption of coeducation

### Closure of a Campus

The benefit of closing a campus is that the university can cut the enormous costs required to staff and maintain a campus, and at the same time reduce the overall intake of students enabling it to meet the lower intake. Some Universities that have had to close a campus due to lack of demand or to cut cost include: Tokai University, Osaka Shoin Women's University, and Kokugakuin University (University Ranking, 2012). There also some prosperous universities that are closing campuses in order to open new ones in areas of convenient access. An example of this is Kansai Gaidai University. This foreign studies university which is well-known for sending more students abroad than any other private or public university in Japan (University Ranking, 2012) has a main campus in Hirakata city and an older campus in an inconveniently located area on the JR Gakkentoshi Line which has been scheduled to be closed in the near future to make way for a new campus that will be opened in 2018, also in Hirakata city. Ritsumeikan University and Kansai University are also pursuing this path of opening new campuses in areas of convenient access. Also, in the past many institutions that offered night schools have closed them due to the high cost involved, and lack of demand. Just because a university has closed the night school or a campus does not necessarily mean it is in financial trouble as this could just be a cost-cutting procedure. Ritsumeikan, Waseda, Doshisha, and Hosei are just some of the prosperous universities that have shut

down their night schools (University Ranking, 2012).

### Renaming the University

Usually when a university changes its name, it is an indication that something is wrong; however, there are also cases when a popular university changes its name, for example, Kindai University. While most universities are pondering ways to attract more students, Kindai University has become so attractive to students that it has had the most applicants per year for the last three years consecutively, and for the year 2016 even achieved an increase of 5,700 with a total of 119,453 (Mainichi Shimbun, 2016). This is quite a remarkable achievement in such a squeezed industry, and it has even overtaken prestigious universities in the Kanto region including Waseda, Meiji, Nihon, and Hosei in the number of students taking the entrance examination (Table 4). As Kindai University expands and becomes more topic of discussion both domestically and internationally, the name has been seen as needing to be changed due to the connotations linked to it. From April 2016, the university formally changed the name to “Kindai University.” On the other hand there are universities that have changed their name due to a lack of students wanting to enter. Some universities that have undergone a name change to try to attract more students are:

Eichi University	—————>	St Thomas University
Hiroshima Akijoshidaigaku	—————>	Risshikan University
Matsusaka University	—————>	Mie Chukyo University
Akita Keizai Hoka University	—————>	North Asia University

Table 4: 2015 Most Applicants in Japan

Institution	2015 Applicants	Change from 2014
Kindai University	113,704	+ 7,814
Meiji University	105,702	+ 190
Waseda University	103,494	– 1,930
Nihon University	94,373	– 2,466
Hosei University	93,986	– 822

Acknowledgment: adapted from President

## Opening New Courses and Departments

This strategy seems to be in fashion as many universities— including both well-known and struggling ones—have been doing this for many years. The purpose of opening new departments and courses that sound exciting and have originality is to appeal to potential students. Some of these departments have extremely unorthodox names that often require some head-scratching to imagine what they actually are. Departments such as *Career Design*, *City Life*, *Global Media Studies*, and *Global Japanese Studies* are examples of some of the new departments that universities are offering to attract more students. In Japan now there are approximately 600 different majors that students can choose their undergraduate degree from, however, 60% of these majors are only available at individual universities (University Ranking 2012) indicating how far the trend of creating new faculties, departments, and courses has gone. Even the prestigious Waseda University has 13 different departments, five of which were established in 2007. Table 5 and 6 provided an insight into the trend of establishing new departments.

Table 5

Waseda University		
2003	スポーツ科学部	School of Sport Sciences
2004	国際教養学部	School of International Liberal Studies
2007	文化構想学部	School of Culture Media and Society
2007	先進理工学部	School of Advanced Science and Engineering
2007	文学部	School of Humanities and Social Sciences
2007	基幹理工学部	School of Fundamental Science and Engineering
2007	創造理工学部	School of Creative Science and Engineering

Source: University Ranking 2012

Table 6

Hosei University		
2000	情報科学部	Department of Media and Communication Studies
2000	現代福祉学部	Faculty of Social Policy and Administration
2003	キャリアデザイン学部	Department of Lifelong Learning and Career Studies
2007	デザイン工学部	Faculty of Engineering Design
2008	グローバル教養学部	Department of Global and Interdisciplinary Studies
2008	理工学部	Faculty of Science and Engineering
2008	生命科学部	Faculty of Bioscience and Applied Chemistry
2009	スポーツ健康学部	Faculty of Sports and Health Studies

Source: University Ranking 2012

### Reduction of Intake of New Students

When a university cannot attract enough students to fill the quota of places, there are several proactive steps they can do to try to gather more students. In contrast, there is another last-resort step they can do to fill the quota – reduce it. This is now a very common practice in many private universities in Japan and to be put in the category of “not filling the intake” is without doubt seen as negative and a red light for potential students. In order to avoid not meeting the intake, universities simply cut the intake which in turns makes it easier to fill the places. This is referred to a 定員割れ (*teiin ware*) in Japanese. In 1989, only 14 universities were not filling the quota of places offered compared to 266 in 2008 (Yamazaki et al., 2010). If a university has an intake of 200 students but only fills 140 places, it is achieving 70% of its intake, therefore, the university may reduce the intake the following year from 200 to 140 knowing it will most likely achieve that number. By doing this, when students are researching possible universities to apply to, the university can show through their data that they are maintaining the required number of places. Ideally, a university wants to achieve 100% intake of places offered as this ensures vital income, and boosts the university’s entrance data statistics. In a business world, this would be seen as meeting or exceeding expected sales. If a university or department takes in more than 130% or less than 50% of their projected intake of students, their government funding may be cut. To avoid losing this vital government funding, universities have to set an intake target of students they know they can get. An example of a university that has actually reduced its intake is that of St Thomas University located in Hyogo Prefecture. Established in 1963 as Eichi University, it started reducing its intake from the year 2000. In May 2007, it changed its name to St Thomas. In 2009, it filled less than half of its intake of 250 students, and stopped accepting new students from the year 2010 (University Ranking, 2012). After all the last students had graduated, this university closed its doors in 2015.

### Non-disclosure of Entrance Data

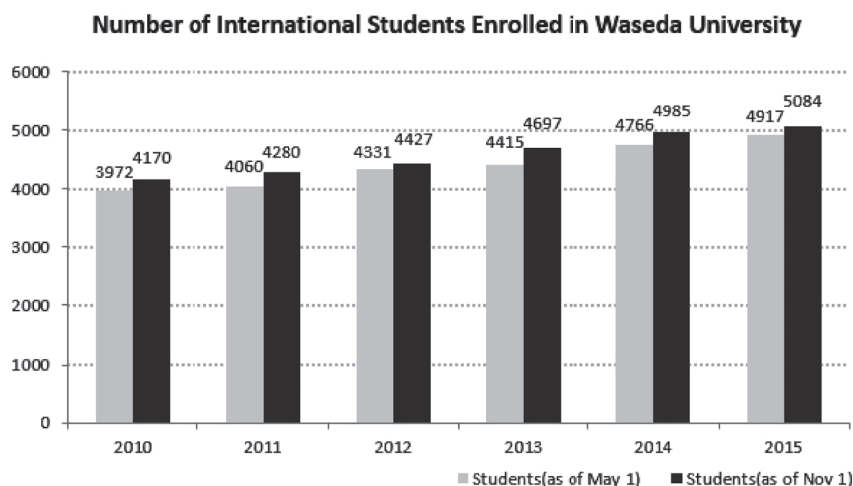
There are penalties from MEXT to universities that do not disclose entrance data. Failure to release entrance data may result in funding cut by the government. The more staff, students, and facilities a university has, the more funding it receives. The biggest university in Japan, Nihon University, received ¥9,840,370,000 in 2013 compared to a much smaller one, for example, North Asia University in Akita prefecture that

received only ¥12,360,000 in the same year (Shimano, 2015). The most important data is the entrance data as this shows how many students are actually taking the entrance examination, and the number of new enrollments per year. Looking at this data shows how popular the university is. If the entrance data shows that a university is not popular and failing to meet its intake, students will avoid applying to that particular institution. According to Shimano (2015), in 2013 there were four universities that did not release entrance data: Aikoku Gakuen, Shoin University (Kanagawa Pref.), Nara Gakuen, and Nihon Keizai University. These four universities have a serious dilemma: if they release their entrance data, students will be reluctant to apply, but if they do not release their data, they miss out on much-needed government funding. This has raised the question of why the government keeps funding universities that are going down.

### Increased Intake of Foreign Students

In Japan there has certainly been an increase in the number of foreign students studying in universities. Statistics provided from the Japan Students Services Organization (JSSO) show that there were 65,865 foreign students studying at undergraduate institutions, and 39,979 studying at graduate programs in Japanese universities in 2014. Some universities that actively accept foreign students include Waseda University, Kokushikan University, Tokyo Institute of Technology, and Osaka Sangyo University (University Ranking, 2012). From the data in Table 7, it is obvious to see that Waseda University is increasing its intake of foreign students annually.

Table 7



Source: Waseda University Data Center



### Adoption of Coeducation

Universities that accept females only are essentially halving their potential intake of students. Girls-only universities that have an excellent reputation such as Tokyo Joshi University are still attracting more than enough applications. Even though this university is exclusively girls-only and has only one department, data released by the university showed that it received 4,144 applicants for the standard entrance examination in 2016 for only 890 places (Tokyo Women's University). However, other girls-only universities that are forced to reduce intake numbers in order to maintain 100% capacity can potentially solve this problem by accepting boys. Below are some girls-only universities that adopted coeducation.

Shoin Women's University	—————>	Shoin University (Kanagawa Pref.)
Mimasaka Women's University	—————>	Mimasaka University
Baiko Joshi Gakuin University	—————>	Baiko Gakuin University

### In Conclusion: What to Look For

The easiest and most reliable way to check whether a university is in trouble or not, is to dissect the entrance data. Looking at the following points is recommended: 1) the number of entrance examination applicants, and 2) the number of students who enter against the number of places offered. The greater the number of entrance examination applicants per year, the more income a university can generate. The next point is that of the number of students who enter against the number of places offered. It is advisable to compare this data over a number of years as this will show if the institution is reducing its intake to maintain 100% placement. Simply looking at one random year will not show the true situation of a university. It is important to keep in mind that around 70% of a private university's income is from entrance examination fees, entrance fees, and tuition fees (Shimano, 2015) which is why a university must get as many entrance examination applicants and tuition-paying students as possible to ensure survival in this extremely harsh and competitive industry. The thorough dissection and analysis of the data and information released by universities is of particular importance to potential students, instructors—both part-time and full-time, researchers, academics, and administration staff. Choosing a healthy and vibrant university to study or work at is an extremely important decision with serious consequences.

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