

Child adoption as an inheritance strategy: the case of a modern Japanese family
business

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1. Introduction

The smooth bequeathing of fortunes and businesses to the next generation has long been an important strategy for ensuring long-term continuity and secure family ownership of a family business. However, there were serious problems with this strategy because it depended on the existence of grown-up children who could be nominated as the heirs of their family business when the former owner died or experienced critical physical problems. A lack of children could easily cause extinction of the family line along with its businesses. In many countries, including European ones, non-existence of a successor was not an easy problem to solve, largely due to the difficulty of recruiting the heir from family and kinship networks.¹ Some academic researchers, especially anthropologists, have pointed out that this difficulty can be traced back to the spread of Christianity in the Middle Ages, which largely contributed to establishing limitations on the right of inheritance for legitimate children throughout Europe.² In addition, division of succession of the family fortune to formal family members also led to the disruption of long-term family firm development.³ The above indicates the complexities of the problem, which included the legal, social, and managerial factors of maintaining family business ownership, especially in European countries.

These cases demonstrate a strong contrast with the Japanese family business, because multiple cases of long-term ownership and management of such family businesses can easily be found in Japan. Many family businesses in modern Japan,

¹ For general discussion on this theme, see, for example, R. Church 'The family firm in industrial capitalism: international perspectives on hypotheses and history,' *Business History* 35-4 (1993), and L. Davidoff and C. Hall, *Family fortunes: men and women of the English middle classes, 1780-1850* (London, 1987).

² See, for example, J. Goddy, *The development of the family and marriage in Europe* (Cambridge, 1983), M. O'Rourke Boyle, *Divine Domesticity: Augustine of Thagaste to Teresa of Avila* (London, 1987).

³ For the details of this problem, including the methods used to overcome it, see, for example, A. Colli, P. Fernández-Pérez and M. Rose, 'National determinants of family firm development? Family firms in Britain, Spain and Italy in the nineteenth and twentieth centuries,' *Enterprise and Society* 4-1 (2003).

both modernized large firms and merchant houses (which tended to be oriented toward maintaining traditional business or mercantile customs), can be traced back to their origins in the pre-industrial era (Tokugawa Japan). Even some cases of *zaibatsu* (the modern Japanese family enterprise group), such as Mitsui or Sumitomo, have long-term business experience and have maintained family ownership since the Tokugawa period.⁴ Securing continuity of the family business was facilitated by characteristics of the traditional Japanese household system (*ie seido*), which gave primary decision power to the head of the family (basically the male head), including management of the family fortune, and which placed importance on the maintenance of each household (*ie*); securing the continuity of *ie* was necessary in Japanese society.⁵ Consequently, it inevitably led to the development of the adoption system (*Yōshi Seido*) in Japan, which involved recruitment of an heir for each childless or heirless *ie* from their family and social networks.⁶ Moreover, the historical development of the *Yōshi Seido* plausibly provided a strategy for Japanese business and mercantile families who were childless or lacked a male heir to recruit an heir for their household and business. Although the role of the adoption system in securing long-term family ownership was not unique to Japan, its provisions have been systematically utilized by Japanese business families in the modern era, forming one method for business survival in eras experiencing radical economic and business reforms.⁷

The aim of this paper is to discuss and analyze the role of the adopted child (*Yōshi*) as heir for a family business in modern Japan. First, the general background and outlines of the Japanese adoption system will be discussed; the role of this system within Japanese business families will be explained in the second part of this section. More-detailed examinations of *Yōshi* cases will appear in later sections. Attention will be focused on cases of the wealthy business elite in modern Japan, whose detailed personal information was available from published and primary sources. Finally, based on these discussions, some concluding remarks will be presented.

⁴ For general knowledge of *zaibatsu* in the English literature, see for example, H. Morikawa, *Zaibatsu: The rise and fall of family enterprise groups in Japan* (Tokyo, 1992).

⁵ For the Japanese household system, see, for example, C. Nakane, *Kinship and economic organization in rural Japan* (London, 1967).

⁶ For detailed examination of the role of the *Yōshi Seido*, see, for example, S. Kurosu and E. Ochiai, "Adoption as an heirship strategy under demographic constraints: a case from nineteenth century Japan," *Journal of Family History* 20-3 (1995).

⁷ Other cases where the adoption system played a role in the succession of a family business can be found in India. For example, see K. I. Leonard, "Family firms in Hyderabad: Gujarati, Goswami, and Marwari Patterns of Adoption, Marriage, and Inheritance," *Comparative Studies in Society and History* 53-4 (2011).

2. General background

a) Legal and social framework of child adoption in modern Japan

Child adoption (*Yōshi*) in Japan has a long history that can be traced back to the ancient era.⁸ The adoption system has been commonly utilized to maintain each household, largely due to the importance of continuity of *ie* as discussed above, regardless of differences in social class. It is apparent that, from the court aristocracy (*Kuge*), feudal lords (*Daimyō*), and *Samurai* to commoners and peasants, without child adoption they would have faced serious problems with the maintenance of their household and family line.⁹ It should be noted that the adoption system in Japan played a role in creating the possibility of social elevation within the same social strata.¹⁰ In addition, some cases indicate that the adoption system was utilized to solve the problem of marriage caused by class differences.¹¹ This historical evidence and various cases signify that child adoption had been institutionalized and legally confirmed before the modern age.

After the Meiji Restoration, the newly established government conducted radical social reforms including the abolition of the social caste system, which regulated social mobility such as marriage or adoption beyond each social class. However, the reforms, which aimed at so-called modernization and radical revision of traditional customs, did not apply to the adoption system. Instead, the system itself was formally legalized and institutionalized under the considerable legal reforms of the late 19th century. The compilation and establishment of the Japanese modern legal system modeled the contemporary European system, particularly French law.¹² In the case of the civil code legislating family relationships, the Japanese governmental officials who engaged in establishment of the modern legal system applied the Napoleonic Civil Code, which imposed patriarchal characteristics on households. They also partially introduced pre-industrial customs and the legal system under the

⁸ For historical research on child adoption, see, for example, Y. Tabata, *ōChūsei no Ie to Kazoku: Yōshi o Chūshin to shiteō* (Family and household in middle age Japan: the case of the adopted child), *Tachibana Daigaku Kenkyū Kiyō* 12 (1985).

⁹ We can find examinations of the aristocratic family case in English literature. For example, see T. S. Lebra, *ōAdoption among the hereditary elite of Japan: Status preservation through mobility*, *ōEthnology* 28-3 (1989).

¹⁰ See I. Murakoshi, *ōDaimyō Kashin no Yome-Yōshi Sentaku: Tokushima-Han Chigyō-Tori ni kansuru Jūkyū Bunsekiō* (The choice of spouse and Yōshi of the vassals of feudal lords: An analysis of supply and demand in the case of the Tokushima domain), *Shakai Keizai-shigaku* 64-4 (1998).

¹¹ The details of this discussion are in T. Mizuno, *Muromachi Jidai Kankei no Kenkyū* (Studies on the relationship between the court aristocracy and the feudal lords in the Muromachi era: Tokyo, 2005), for example.

¹² For a reference on the influence of the European legal system in English, see C. P. Sherman, "Debt of Modern Japanese Law to French Law" (1918), *Faculty Scholarship Series* (Paper 4435).

auspices of the government.¹³ Through this process of enactment, the adoption system became formally legalized under the newly established Japanese civil code (*Minpō*) at the end of the 19th century.

The institutionalization of the adoption system under the modern Japanese legal system involves a sharp contrast to the European or the US cases because the development of the adoption system in these countries mainly aimed to solve the problem of abandoned children.¹⁴ In this context, the problems of heirship and the right of inheritance of the family fortune were less important issues. By contrast, under the legal rule, the Japanese adoption system mainly focused on recruiting the heirs of childless *ie*; the methods of child adoption took various forms based on pre-industrial customs. According to the legal definition (which was effective until the end of the 1940s), the adopted child, *Y shi*, could fall into any of several categories: simple adoption (*Y shi*), adopted son-in-law (*Muko-Y shi*), the adopted married couple (*F fu Y shi*), or the adoption of all members of the adopted child's household (*Kazoku Y shi*).¹⁵ Although the legal definition was different, there was another category, *Ny fu* (male who became the spouse of the female heir of the *ie*, and changed his surname to his wife's surname), which, was practically regarded as a variation of the methods of adoption.¹⁶ These differences accounted for variations in the context of the inheritance right or the status within the adopting family. This will be discussed in a later section.

b) Child adoption in the case of Japanese merchant and business families

In the case of Japanese merchant and business families, child adoption was plausibly more prevalent than in any other social group since the pre-industrial period. In the case of the Edo (currently Tokyo) merchants, their method of addressing the inheritance of the family business and fortune generally took the form of recruiting the skilled and talented son of an employee to marry their daughter; inheritance

¹³ For debates and processes of the enactment of the Japanese Civil Code, see, for example, H. Akiyama, *Minpō Seitei Katei ni okeru Kazokuseidoō* (A Dispute about Family Patterns in Process of Enactment of the Civil Code), *Kobe Jogakuin Daigaku Ronshū* 20-3 (1974).

¹⁴ For information on the adoption system in the European or the US cases in historical perspective, see E. W. Carp, *Family Matters: Secrecy and Disclosure in the History of Adoption* (Cambridge, MA, 1998); G. K. Behlmer, *Friends of the Family: The English Home and Its Guardians, 1850-1940* (Chicago, 1998).

¹⁵ For details, see Y. Tezuka, *Meiji 23nen Minpō (Kyō-Minpō) ni okeru Y shi Seido: 1-3ō* (The adoption system according to the Civil Code of Meiji 23: 1-3), *Hōgaku Kenkyū* 28-9, 10, 11 (1955).

¹⁶ For details of *Ny fu*, see, R. Shiraishi, *Minpō Hensan Katei ni okeru Onna-Koshu no Chii to Ny fu Konjū* (The legal status of the female heir and the marital status of *Ny fu* during the process of the compilation of the Civil Code), *Hōseishi Kenkyū* 32 (1982).

passing to the son was the rare case.¹⁷ This pattern of inheritance was common with evidence found in many other regions.¹⁸ These studies indicate that, though the aim of child adoption was to recruit an heir, this was not mainly done for practical reasons of being childless, only having daughters, or becoming heirless because of infection to a fatal disease or accident and so on. Rather, the purpose of child adoption for this group was presumably to recruit a suitable individual as a formal family member to secure and maintain long-term family ownership and control in the next generation.

The importance of adoption for mercantile and business families did not change in modern Japan. The legal rule of the new Japanese civil code giving priority to the eldest son as the heir of *ie* was of course ignorable.¹⁹ To some extent, it might influence the method of inheritance among merchants and businessmen. However, there was a legal loophole in the civil code, which defined the method of adoption²⁰ in particular, article 839, which read as follows:

It is prohibited for a male child to be adopted in the case of an *ie* with a legitimate male son that can be the successor of the household, except for the purpose of the adopted male to be the spouse of a daughter.²⁰

Because the general conditions of adoption of the civil code made no restriction on the case of being adopted as a daughter's spouse, the legal rule in fact plausibly offered opportunities for those business families to conduct their historical adoption methods as a part of business strategy, as shown above. Moreover, the priority of the eldest son as the heir was limited, in which case the head of the *ie* was able to warrant that the succession to the eldest son was unacceptable, if the head's decision was agreed with by the relatives.²¹ It is notable that the legal administration widely accepted disinheritance of an heir to protect the family business and fortune before the enactment of the civil code.²² Consequently, it might be said that the modern

¹⁷ See Y. Satō and S. Ishii, *Mibun Sabetsu Shakai no Shinjitsu* (The reality of the social caste system in Tokugawa Japan: Tokyo, 1995), pp. 13-15.

¹⁸ For example, see, C. Yonemura, *Ie no Sonzoku Senryaku: Rekishi Shakaigakuteki Kōsatsu* (Inheritance Strategy of *Ie*: Approaches from Historical Sociology: Tokyo, 1999), esp. p106, pp. 109-11.

¹⁹ The civil code (*Kyōshō-Minpō*) Part 5 Inheritance, Chapter 1 Inheritance of the household, Section 2 the heir of the household, Article 970, defined that the eldest son will be given priority at the time of the inheritance of heirship.

²⁰ The civil code Part 4 Parent and Child, Chapter 2 Adopted Child, Section 2 Conditions of the Adoption, Article 839.

²¹ The civil code Part 5 Inheritance, Chapter 1 Inheritance of the household, Section 2 the heir of the household, Article 975 approved disinheritance of the eldest son due to this reason.

²² See K. Kumagaya, *ōKazokuhō: Hōmei Junbikiō* (Family law during the process of the establishment of the modern legal system), in N. Ukai (ed.), *Kōza: Nihon Kindai Hattatsushi* 3

Japanese legal system had less influence on child adoption by Japanese business families.

Nevertheless, my research, which examined the case of the modern Japanese wealthy business elite based on information collected from published materials and official documents, displays some mixed results regarding the role of adopted sons among this group.²³ On the one hand, one-third of this sample (the sample was stratified based on estimated wealth) in the early 20th century was *Yōshi*. This signified that the adoption system still effectively worked as an inheritance strategy of modern Japanese family businesses.²⁴ The number of cases might be higher if the research were expanded to a multi-generation examination. On the other hand, the case of a sample with possible successors, but who nonetheless recruited an adopted son as heir, was rare. Detailed examination of this group also reveals that the cases fell into several categories and that the characteristics of each category are quite different. This will be discussed in the next section.

3. Patterns of recruitment of adopted children

a) From members of own family or related families

According to the *Yōshi* samples in my research, this group consisted of the majority. Approximately 43 percent of *Yōshi* came from members of the adopting family or families of their relatives. This result demonstrates that a *Yōshi* from their kinship network was a most suitable and reliable choice. If we examine the personal information, for example, birth order within the parental family, approximately three-fourths of the sample was second or later in birth order. Because the eldest son received priority under the Japanese modern household system, this information plausibly indicates that adoption offered a chance for those sons who were ineligible to inherit the headship and fortune of their parental family. However, note that the eldest son case was far from a rare or exceptional case, because they comprised one-fourth of this group. Some evidence implies that recruitment of the eldest son by the adopting family was motivated by the predominant economic and social status of the adoptive family within their family network.²⁵

(The development of the modern Japanese law, Volume 3: Tokyo, 1958).

²³ A detailed examination of this case is in S. Nakaoka, *Yōshi Sozoku to Family Business: Kindai Nihon Fuyō Kigyōka, Shōnin no Jirei Karaō* (Adoption, Inheritance, and Modern Japanese Family Businesses: the case of the wealthy economic elite), *Shakai Keizai Shigaku* 76-4 (2011).

²⁴ This result came from the examination of 671 samples in this category. The definition and criteria of the samples are in *ibid*; pp. 97-99.

²⁵ The case of the famous Tatsuuma Kichieemon is an appropriate example. One of the largest rice wine makers, they diversified their business into shipping and insurance. He was the eldest son of the branch family and was adopted into the main family, which owned and controlled the Tatsuuma businesses. Information collected from *ōirekisho: Ko Tatsuuma Kichieemon Iki*

The recruitment of *Y shi* from one's own family network was strongly motivated by reinforcement of kinship through adoption. Because continuity of the family business usually accompanied weakened family blood ties, adoption or marriage within the family network became an important strategy to maintain family ownership.²⁶ Moreover, for the parental family of the adopted son, it was a great chance for their male children, especially for subsequent sons, to be adopted into the same relative family and become an heir of the adoptive family. In the social context, they have some advantages compared to other groups of the sample because an intimate relationship with the adopted family before adoption played an important role in limiting choices in life events, such as the choice of spouse at the time of marriage. In the context of business activities, adoption offered a business chance for the parental family, and the dense social network was utilized for capital and human resources, leading to expansion and development of business activities.²⁷ Some *zaibatsu* cases also indicated that multiple adoption of their sons consequently functioned as business and social networking leading to significant business development.²⁸

However, in some cases, we found that networking itself worked as a business risk that would become a financial and managerial burden for adopted sons. This is particularly applicable in the case where either the parental or adoptive family's business confronted a crisis. This damaged both businesses and possibly resulted in severe disputes between both families that the adopted son could not escape.²⁹ In another case, the sample accounted for bankruptcy proceedings of the former

Tsuishi no Kenō (Curriculum Vitae: Conferring the honorable rank upon Tatsuōma Kichieōmon), *Joi Saikasho Sh wa 18nen Kan40*, National Archive of Japan, October 10, 1943 (2A-17-1955-14).

²⁶ A particular example was the case of the Mitsui families, who strategically utilized these methods to maintain their kinship network. See S. Yasuoka, *ōMitsui D zoku no Konōn to S zoku-Mitsui Reiko Shi tonō Taidanō* (Marriages and inheritance of the Mitsui familiesō an interview with Ms. Mitsui Reiko), *Doshisha Sh gaku* 30-5 (1979).

²⁷ This is applicable in the case of the Yasukawa and Matsumoto families, whose family networking through adoption contributed to their coal mining business. A detailed analysis of the business of two families is found in H. Nakamura, *ōChih Zaiatsu no Tanj : Fukuokaken Chih ōgun Yasukawa Matsumoto Ke no Jireiō* (The birth of a local zaibatsu: the case of the Yasukawa and Matsumoto Families from the Chih ōregion of the Fukuoka prefecture), in Nakamura (ed.), *Chih kara no Sangyo Kakumei* (Industrial revolution from the local area: Nagoya, 2010).

²⁸ This is the case of Kuhara zaibatsu, ranked next to the group of the big-four zaibatsu in modern Japan. See J. Yonemoto, *Denki: Kuhara Fusanosuke Ōu to Kataru* (Biography, Kuhara Fusanosuke: Tokyo, 1992), esp. pp. 97-98, 123-129.

²⁹ For example, see the Fukumoto Motonosuke case, whose bankruptcy of the parental family's banking business finally resulted in temporary retirement from the business world. Information collected from *ōJiseki: Ko Fukumoto Motonosuke Iki Tsuishi no Kenō* (Personal history: Promotion of the honorable rank upon Fukumoto Motonosuke), *Joi Saikasho Showa 12nen Kan46*, National Archive of Japan, October 27, 1937 (2A-17-1347-23).

adoptive family previously ousted by the sample.³⁰ These cases indicate that dense social networking sometimes caused disadvantages that might be serious problems for a *Y shi* if he confronted the business crises of his parental or adoptive family.

b) From the same social group

Y shi from other merchant and business families, which can be considered the same social group, consisted of the second group within my sample of *Y shi*. Approximately 30 percent of the samples came from this group. Although the parental families of this group were not related to the adoptive families, both had a certain relationship in the context of business and social networks. In particular, some cases of the local samples demonstrate the importance of local business circles for recruitment.³¹ Thus, this network plausibly played a role in the recruitment of adopted sons.

If we compare characteristics of this group with the group chosen from their family networks, certain differences can be found. First, the choice of spouse was mostly limited to the daughter of the adoptive father, in particular, the eldest. Over 40 percent of the samples married the eldest daughter of the adopted father; if we combine other daughters' cases, this figure exceeded 50 percent.³² This result shows a certain difference from the above group. Although the spouse coming from the daughter of the adoptive father accounts for approximately 40 percent even in the above group, the eldest daughter was less than 20 percent of the total cases, which was less than half of the cases for the same social group.³³ This particular characteristic may indicate a strong intention of the adoptive family to reinforce the status of a *Y shi* within the adoptive family by integrating their family network.³⁴

Second, with regard to the legal status difference among *Y shi* samples, the proportion of samples that were adopted as *muko-yōshi* (adopted son-in-law) is higher than the above group, which accounted for nearly 20 percent of this group.³⁵

Because the Japanese civil code differentiated the legal status of *Y shi* and

³⁰ This is the case of Wakao Ippei, a famous local business promoter of modern Japan. Information collected from ōRireki: Wakao Ippei Tokushi Joi no Kenō (Curriculum Vitae: Special conferring the honorable rank upon Wakao Ippei), *Joi Saikasho Taishō 2nen Kan15*, National Archive of Japan, August 16, 1913 (2A-16-405-27).

³¹ The business connection between the parental and adopted family played a certain role in creating trust that ultimately influenced the decision making of the recruitment of *Y shi*. See, Nakaoka, ōY shi S zoku, p. 107.

³² Data from, *ibid*; p. 105.

³³ Data from, *ibid*; p. 105.

³⁴ Several cases applied to these examples are discussed on Yonekawa, *Ie no Sonzoku Senryaku*, pp. 238-245.

³⁵ By contrast, the share of *Muko-Y shi* was only approximately 3 percent of the total in the case of the first group. Nakaoka, ōY shi S zoku, p. 106.

Muko-Y shi with regard to the right of inheritance and the status order within *ie*, this result thus signifies that a certain proportion within this group had lesser status within the adoptive family.³⁶ This assumption is reinforced by the fact that the majority of the sample, regardless of their grouping, who married daughters of the adoptive father had *Y shi* status.³⁷

Third, it should be noted that the proportion who graduated from higher educational institutions, which was rare in early 20th century Japan, was higher than in the above group. Though the sample with collected educational information was a subset of the total, over 60 percent of the sample who were educated studied at a higher educational institution, such as a university.³⁸ This evidence indicates that educational experiences might be a significant condition for the adoptive family for the recruitment of *Y shi* from this group.³⁹

These characteristics demonstrate a difference between *Y shi* from the family network and *Y shi* from the business network of the adoptive family. However, a similarity could be found in that a mutual relationship between the parental and adoptive family through the adopted son certainly contributed to develop both businesses as in the cases in the first group.⁴⁰

c) From other higher social strata

Although *Y shi* from higher social strata were rare within the total sample, recruitment from a higher social group, former *samurai* or aristocracy in the case of Japan, became a new adoption option for business and merchant families. This is largely due to considerable reforms related to the pre-industrial caste system, that

³⁶ The civil code Part 4 Parent and Child, Chapter 2 Adopted Child, Section 2 Conditions of the Adoption, Article 839, and Part 5 Inheritance, Chapter 1 Inheritance of the household, Section 2 the heir of the household, Article 970 defined the lesser legal status of *Muko-Y shi* within the adopted family.

³⁷ Approximately 85 percent of the total sample was *Y shi* in the context of their adoptive legal status, compared to *Muko-Y shi*, with approximately 10 percent of the total sample. Nakaoka, *ōY shi S zoku*, p. 100.

³⁸ In addition, shares of the sample graduated from the imperial university accounted for one-third of the cases who came from same social group. Data collected from *ibid*; p. 100.

³⁹ For example, see the cases of Kajima Seiichi (the owner of the famous construction company) or Yasuda Zenzabur (the second head of Yasuda *zaibatsu*) in Kajima Kensetsu (ed.), *Kajima Morinosuke: Sono Shis to K d* (Biography, Kajima Morinosuke: Tokyo, 1977), p. 62 and T. Yui, *Yasuda Zenjir* (Tokyo, 2010), pp. 230-32.

⁴⁰ For example, see the case of Tamura Komajir , who became an influential woolen textile manufacturer by utilizing the kinship network of his adopted family. Information collected from ōjiseki: Ko Tamura Komajir Ikai Tsuish no Kenō (Biography: Conferring the promotion of the official rank upon Tamura Komajir), *Joi Saikasho Sh wa6 Kan9*, National Archive of Japan, March 31, 1931 (2A-16-1060-27).

broke the social and class barriers against adoption after the Meiji period.⁴¹ Therefore, even though this case constituted a minority, recruitment of the adopted son from a higher social class became a favorable option, especially for the notable wealthy business elite such as *zaibatsu*.⁴² Adoption from this group, particularly from a family of the political elite or nobility, might contribute to the elevation of social status for the adoptive family because this type of adoption had been impossible before the modern period.⁴³

In addition, this benefitted not only the adoptive business families but also the parental families of this group. Sons being adopted by the wealthy business elite would be expected to receive continuous financial support from the adoptive family, support desperately needed by these poor social elite.⁴⁴ Thus, to some extent adoption from this group could be taken as a form of exchanging status and money.

d) Recruitment through apprenticeship (*H k* in Japanese)

This pattern, which formed the last group of the samples and accounted for one-fifth of the total sample, had a significant difference from the other groups.

First, the process of recruitment as a *Y shi* relied heavily on their business skills and talents through their experience as an apprentice in firms or merchants houses. This became an important factor for the adoptive father for the selection.⁴⁵ Because this method of selection traced its root back to the pre-industrial custom among mercantile families, the existence of this pattern of recruitment plausibly indicates the persisting influence of traditional strategy.⁴⁶ This assumption is reinforced by the evidence that in this group, well-educated samples were virtually non-existent.⁴⁷

⁴¹ Adoption between commoners and higher social classes had already been permitted by the government in the early Meiji period. *Daj kan Fukoku Dai 27g* (Decree by the Grand Council of State: Number 27), January 22, 1873.

⁴² An example can be found in the case of Sumitomo Kichizaemon Tomoito, who came from a family of the prominent court aristocracy. The motivation of the Sumitomo family to allow him to be adopted is discussed in H. senkai (ed.), *Sumitomo Shunsui* (Kyoto, 1955), pp. 178-180.

⁴³ Although this is not the case in the sample, some examples from the *Y shi* sample were childless, and therefore were determined to adopt a male child from a family of the nobility. Information on these cases was collected from Kasumi Kaikan (ed.), *Sh wa Shinsh Kazoku Kakei Taisei: Gekan* (Compilation of biographical information on the Japanese nobility, Vol. 2: Tokyo, 1984).

⁴⁴ Some studies pointed out that complementary exchanges of status and money were important motivations for the nobility who formed the kinship network with the business elite. See T. S. Lebra, *Above the Clouds: Status Culture of the Modern Japanese Nobility* (Berkeley, 1993), pp. 226-28.

⁴⁵ For example, see the case of Maekawa Tahei, a Kimono retailer of Tokyo, in H. Kanda, *Maekawa Tarobei Den* (Biography of venerable Maekawa Tarobei: Tokyo, 1936), pp. 66-67.

⁴⁶ For examples of pre-industrial cases, see K. Suenaga, *Kindai mi Sh nin Keieishi Ron* (Modern Business History of mi Merchants: Kyoto, 1997).

⁴⁷ Educational information can only be found in five cases; no samples were studied from higher educational institutions. Nakaoka, *ōY shi S zoku*, p. 104.

Second, status within the adoptive family was lower compared to the other group. Among the samples from this group, half gained *Y shi* status by means of legal definition; the other half was adopted as *Muko-Y shi* or other adopted statuses from the adoptive family.⁴⁸ The clear distinction we found in the different forms of adoption with regard to the inheritance of fortune might influence the degree to which the managerial role of *Y shi* came from this group in an adoptive family's business. Nevertheless, even in the cases of this group, a sample adopted as *Y shi* by legal means could in general inherit the adopted father's business and fortune.⁴⁹

Third, although their skills and talents played a significant factor in the selection, this did not necessarily create a chance for apprentices to come from lower social classes because the weak social network chain largely contributed to recruit samples from this group as *Y shi*.⁵⁰ Therefore, an "American Dream"-style adopted son (in other words, an apprentice from a poor family being promoted to the status of heir of a wealthy businessman) was truly rare even in this group.

Finally, relationships within the adoptive family influenced the fate of adopted sons coming from this group. If we focus on information about the spouse, over 60 percent of the sample from this group married daughters of the adopted father.⁵¹ Because the rate of marriage with members of the adopted family was an indicator of integration into the adopted family's network, it is plausible that without a positive relationship with other members of the adopting family, a *Y shi* could not survive and risked being expelled from the family. In this context, the daughter in an adoptive family such as a *Y shi*'s spouse possessed the power of life and death over them, regardless of sample category. This will be partially addressed in the next section

4. Strategies to accept the adopted child as a member or possible heir of a family business

a) Giving formal family member status: the importance of the *Yoshi* status

Although the legal definition of *Y shi* can be divided into several categories, the majority of the samples were selected as either *Yoshi* (nearly 85 percent) or

⁴⁸ Data in *ibid*; p. 106.

⁴⁹ See the example of Fujiyama Y kichi, a shipping magnate in Hokkaido. Information collected from *ōjiseki*: Fujiyama Y kichi Aiju H shō Kashi no Kenō (Biography: Conferring the Medal of Blue Ribbon upon Fujiyama Y kichi), *K bun Zassan Taishō Anen: Naikaku 6 Shōgun Kyoku 5*, National Archives of Japan, November 13, 1915 (2A-14-1328-1).

⁵⁰ For example, see the case of Yoshiwara Teijirō, the edible oil trader, in N. Hirano, *Yoshiwara Teijirō Den* (Biography of venerable Yoshiwara Teijirō: Osaka, 1973), pp. 20-21, 23-24.

⁵¹ Data from Nakaoka, *ōYoshi S zoku*, p. 105.

Muko-Yōshi (approximately 10 percent).⁵² However, there was a difference between the two categories regarding the issues of inheritance or status within the family. According to the civil code, the principle of seniority (for male successors) applied to the order of succession of the family fortune. In the case of adopted sons, their order was based on the date of entry in the family register (*Koseki* in Japanese).⁵³ This put *Muko-Yōshi* at a disadvantage because their official registry in *Koseki* was based on the date of the marriage with a daughter of the adoptive father; their order of inheritance within the adopting family would be the lowest rank, in contrast to an adopted son whose registry in *Koseki* was based on the date of adoption.⁵⁴ Because of the Japanese legal system in this period, for the smooth and advantageous bequeathing of the family business to a *Yōshi*, the legal option of being *Yōshi* was better than the option of *muko-yōshi*. However, results from my research plausibly indicate that disadvantageous cases of inheritance of an adoptive family's fortune were relatively minor.

In addition, some cases demonstrate that the aim of giving the status of the adopted son of the present head to a male member (selected as the next heir) of the family was to reinforce order within the family, thus preventing a managerial dispute within the family business. For instance, in the case of the Mitsui families, the owner families of a big *zaibatsu* in modern Japan, the head of the household in this period, Takamine, was selected as the heir instead of his eldest childless brother and the previous head of the Mitsui household, Takafuku.⁵⁵ In this case, the inheritance method took a form of adoption; his brother adopted Takamine as his *Yōshi* to officially establish Takamine as the legitimate successor of Mitsui's business, and to reinforce his position within the Mitsui families.⁵⁶ We also can find a case where a young grandson inherits the family business; in this case, his father was already deceased. His grandfather, who was the owner at that time, decided to adopt his grandson as the adopted son.⁵⁷ The aim of this legal action was plausibly to avoid objections from other family members to nominating a younger grandson as the heir

⁵² Data from *ibid*; p. 100.

⁵³ This rule is defined in the civil code, Part 5 Inheritance, Chapter 1 Inheritance of the household, Section 2 the heir of the household, Article 970.

⁵⁴ The inheritance rule for *Muko-Yōshi* is in the civil code, Part 5 Inheritance, Chapter 1 Inheritance of the household, Section 2 the heir of the household, Article 975.

⁵⁵ The details of this case are described in Mitsui Bunko (ed.), *Mitsui Hachirōemon Takamine Den* (Biography: Mitsui Hachirōemon Takamine: Tokyo, 1988), pp. 70-75.

⁵⁶ *Ibid*; p. 74.

⁵⁷ This is the case of Okahashi Jisuke. His grandfather was a famous business promoter in Osaka. Information collected from Osaka Chiji Kanbō (ed.), *Chokujō Hōshōroku* (List and biography of person granting medals and order: Osaka, 1932).

of his family business.

Consequently, it might be said that the adoption system of modern Japan created some legal options for inheritance of family fortunes and businesses in order to give some flexibility to the maintenance of family ownership and to management strategy in this period.

b) Other methods: the role of female members within business families

Another characteristic of the adopted sons sample can be found in their choice of spouse. The data presented in the previous section indicate that the majority of the sample, regardless of their categorization, chose the daughter of the adopting family. Except for the cases of inner-family and relative recruitment, over half of the samples spouses within each category were from the family network of the adoptive family. The pattern of marriage of the adopted sons plausibly signifies some limitation on their choice; that is, the decision making of spouse selection was mainly in the hands of the adoptive family.⁵⁸ The high proportion of these cases signifies that the marriage with the daughter of the adoptive family or kin presumably played a certain role in cementing the social and familial status of *Y shi* within the adoptive family.⁵⁹ A choice of spouse from outside of the family network was probably limited to cases of childless adoptive families.

It should be noted that the importance of the daughter of the adoptive family as the adopted sons spouse might influence the marital relationship.⁶⁰ For instance, even if the head of the family decided on a marriage between an adopted son and the daughter, the daughters consent to and acceptance of the heads plan was necessary.⁶¹ This would be the case even if the Japanese household system had patriarchal characteristics in this period; a daughters status and power within the family could surpass the adopted sons to some extent. Other cases from the samples indicate that dissatisfaction of the daughter (as the spouse of the adopted son) resulted in the adopted sons disinheritance and loss of heir status, even if the

⁵⁸ In the case of the wealthy economic elite, for instance, *zaibatsu*, the marital issue of the family members was a matter for the family council (*D zokukai*), which was regulated by the private family code (*Kaken*). See, for example, Mitsui's case in Mitsui Bunko (ed.), *Mitsui Jigy shi: Shiry hen 3* (Business History of Mitsui: References Vol. 3: Tokyo, 1974), pp. 344-389.

⁵⁹ See, for example, Yonekawa, *Ie no Keish Senryaku*, pp. 243-44.

⁶⁰ One of the characteristics of merchant families; that is, they maintained the pre-industrial customs of bequeathing family businesses to *Y shi*, and married them to the daughter of the adoptive fathers which presumably influenced their relationship. See, for example, the case in T. Tsuchiya, *Nidai Kosuga Tanji* (Biography of Kosuga Tanji the 2nd: Tokyo, 1969).

⁶¹ This is the case of the Yasuda family, one of the big-four *zaibatsu* in modern Japan. Its founder decided to bequeath his fortune and business to the adopted son, who married his eldest daughter, instead of to his physically weak eldest son. See Yui, *Yasuda Zenjir*, pp. 231-32.

daughter was responsible for worsening the relationship with the adopted son (due to adultery with another man); the penalty was imposed on the adopted son, who consequently was expelled from the adopting family.⁶²

As a result, it is considered that the data regarding cases of spouse selection indicate that a favorable relationship within the adoptive family certainly influenced the survival and success of a *Y shi*. Because of this, as the spouse of a *Y shi*, the daughter of the adopting family could control their fate.

5. Concluding remarks

Adoption of a male child as the heir of business families lacking male children in modern Japan was a form of business strategy employed to secure long-term family ownership and control through multiple generations. In the context of business management, the child adoption system in modern Japan was utilized not only for securing the inheritance of family business for the next generation but also for expanding business activities through social networks established through kinship, both marital and adoptive. This indicates that another kinship strategy, adoption, was one of the characteristics of the Japanese family business. This strategy was difficult to find in European cases.⁶³ Adoption gave some flexibility to family management, for example, providing opportunities to recruit talented individuals from outside of a family network. It also may have contributed to reinforcing social networks of businessmen and merchants at the regional and national level.

However, it should be noted that the characteristics of the adopted son (particularly in the case of *Y shi* from outside of the family network of the adopting sons), i.e., his pedigree or quality of education, gradually became key factors in the selection. Therefore, these might have formed barriers to entry for people from poor families. In addition, the patriarchal characteristics of the Japanese civil code in this period might gradually have changed the pattern of the *Y shi* recruitment. That pattern consequently informed the pre-industrial custom of Japanese mercantile families, giving priority to *Muko-Y shi* in the inheritance of family businesses, as a relatively minor example. Furthermore, even if a *Y shi* was selected as the heir of the adoptive

⁶² This was the case with the first adoption and marriage with the first adoptive father's daughter. The sample succeeded in business after the second adoption. See, ōRireki: Wakao Ippei, ō *Joi Saikasho Taishō 2nen Kan*15.

⁶³ In the European cases, for example, social networking through marriage had a limited role compared to the Japanese case because engagement of the son-in-law into the family business was considerably different, even though the aim of marriage was similar to those of the Japanese examples. See, for example, L. Davidoff and C. Hall, *Family Fortunes, men and women of the English middle classes, 1750-1850* (London, 1987), esp. pp. 208-22 and P. Fernández-Pérez, ōTolerance and endogamy: entrepreneurial strategies in eighteenth-century Spain,ö *The Journal of European economic history* 29-2/3 (2000).

family, his status or power within the family largely depended on relationships with other family members. Failure to maintain such relationships successfully would lead to the downfall and expulsion of the *Y shi* from the adopting family. In this context, the *Y shi*'s spouse from the adopting family played an important role in reinforcing the *Y shi*'s status. This evidence also indicates that business and family relationships were inseparable in the case of the modern Japanese family business⁶ and that they caused benefit and risk not only for the *Y shi* but also for his adoptive and parental families.

Kommentar [中岡1]: