

# The Role of the company sponsored funeral from the viewpoint of BusinessHistory

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# The Role of the company-sponsored funeral from the viewpoint of Business History

Kensuke Hiroyama

Japanese economy has revived from the burnt land of World War II. The manager and the employee united and endeavored with the company in this process. They became leading parts of continuing highly developing economic growth, which is called 'Japan's Miracle.' In Japanese society of postwar days, the enterprise was one of important units that composed society. The enterprise activity and the managers of successful companies came to receive social commending more than till then. The company-sponsored funeral had been established during the postwar period, and became held widely on such a background. However, it was not approved of the funeral by which the company only took part by putting and formulating dignity.

The company-sponsored funeral is a social device necessary for enterprise management. The ceremony done at the death of the manager declares the succession of management to the outside, and commends the lament manager. The solidarity is given to the employee who participates in the ceremony, and unity and the loyalty are encouraged for the inside. Moreover, the company-sponsored funeral is located in the top of the welfare system for the employee. The reason for the participation of the enterprise in ceremonial occasions is to be rationalized as a result in a

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sense. The enterprise holds this ceremony by the above-mentioned reason, and society is also requesting such a funeral.

The writer thinks that an anthropological analysis and a historical analysis are necessary to clarify the approval of the company-sponsored funeral besides a business administrative analysis. The case with the Kounoike family is taken up in this article to trace the history of such commending ceremonies.

The Kounoike family was a millionaire from the 17th century. The family business was a moneychanger. Moreover, it is said that the asset was the same level as the Mitsui. Kounoike's case with a traditional large merchant will become a clue where we think about the succession of management and commending to the manager in 300 years from the Edo era to the Showa era.

## **I No company-sponsored funeral in the Edo era (1600–1867)**

**Shop curtain and family business** 'Noren wo Mamoru' in Japanese, or 'Value the shop curtain' means 'not to damage the honor of the family business'. This has been a tradition from the Edo era. In the Edo era, the value assumed to be the most important to the merchant was maintenance and succession of the family business, and a social evaluation to management was often measured by the degree of the continuance of the family business. It is from the Kyouhou era (the 18th century) that such a tendency especially became strong. Japanese economy changed radically from the growth and expansion tendency till then and faced maintenance and stagnation.

Basic policies of the management and the maintenance of the family asset were provided by many merchants with the documents which were called family rules and/or family creeds. These made the standard of commercial management an expressed statement. The example of the

Mitsui, which was one of the biggest merchants in the Edo era, is given below.

The founder Hachirobei Takatosi of Mitsui was born at Ise Matsuzaka, now Mie prefecture, in 1622. Received the cooperation of his six children in 1672 at the age of 50, he determined to open a new branch shop in Edo, now the Tokyo metropolis, which was a new city then. He opened the stocking shop at Kyoto in 1673, doing the rent of the shop in Edo. Sales of dry goods were started then. In 1683, the dry goods shop moved to the Suruga-cho and he also opened the exchange shop in Edo. Mitsui accumulated many capitals by sales with these shops by the end of the 17th century. This was a starting point of the Mitsui Zaibatsu. Mitsui introduced the purchase-on-cash sales in the retail shop, besides wholesale to the merchant, by using the trademark of Echigo-ya. As a result, the Mitsui defeated the competition with other dry goods shops which had been established before.

The Mitsui became a specified trader of the shogunate at the end of the 17th century, and became a socially admitted large merchant after this. In 1705, dry goods shops in Kyoto and Edo were united, and 'one volume at the headquarters' was approved. In 1710, *Omotokata*, which was a general organization for the investment and management of the Mitsui, was set up. Takahira, the second successor of the Mitsui, provided "*Souchiku Isho* (the will)", on November 1722, in which basic matters such as the family system of the Mitsui, business policy, and the organization of *Omotokata* were expressed literally. About the family asset that was the basis of the sales capital, he told, "My house has continued the family business from the founder, and it is ancestor's fortune that this prospers. The descendant should be welcome of this." It is emphasized that the family asset is a transmission from the ancestor. It also regulated the funeral cost of the family as follows: Motokata lends

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the expenditure of the funeral when a seedling of Mitsui dies, and the heir repays it by the loan of 15 years. This shows that the head of the house had a deep concern even in the funeral of *Dozoku*, or the pseudo family.

**The Kounoike and its Dozoku** The Kounoike family is one of the roots of The Sanwa Bank. The family could be traced back to the 16th century. Its headquarter has been located in Osaka since the beginning of the 17th century, where was the largest economic center during the Edo era. At the Meiji restoration, the Kounoike family had the equaled asset with the Mitsui. They are called the descendant of Yamanaka Shikanosuke, who was a very famous Japanese warrior in the 16th century. His eldest son, Shinroku, the founder of the family, started the brewing industry in Itami near Osaka in 1600, and he moved brewing industry to Osaka in 1610s to expand the business.

The Kounoike diversified their business in marine transportation industry in 1625, during when Kujoyojima Island was developed for Osaka's marine transportation base. Then, Edo would have been developed as a new city about 350 miles away from the Kansai area, Kyoto and/or Osaka. The Kounoike transported many necessary city consumption items to Edo, besides with the business for feudal lords in the West Japan. As a result, their business had grown up to be diversified during the 17th century, the Kounoike opened the branch office in Edo at the end of the century, having more than 100 sailing vessels.

The founder, Shinroku had a very strong belief core. He often visited Kouyasan temples in Wakayama, which has been the head of *Shingon Buddhism* since the 9th century. He revived the Buddhist temple *Jyochiin* in 1615, which had the deep relationship with Yamanaka Shikanosuke and of which building was a mere ruins then. At the age of 75 in 1644, the founder became tonsured at the Kouyasan.

The first successor of the house, Zen-emon Masashige, was born in 1608 at Itami as the eighth son of Shinroku, and he moved from Itami to Osaka in 1639. The Kounoike family had brewed sake, Japanese rice wine, in Itami and Osaka. Masashige took charge of the business by which sake was sent to Edo where many people had been drinking the unrefined sake. He opened the money exchange shop in 1656, and died in 1693 at the age of 86.

The second succeeded the family asset at the age of 21 in 1633 from Masashige who was 56 years old then. In the middle of the 17th century, the Kounoike Zen-emon family became independent of the Kounoike of Itami. This family extended the business in Osaka after the independence. It played the important role of the chief house of the Kounoike in Osaka. The second became the member of *Jyunin-Ryogae*, which was the central banking and finance committee in the Edo era, with the very famous banker, Tennojiya-Gohei, in 1670.

He bought huge housing and shop lot at Imabashi Osaka in 1674, where he built the financial headquarter of the Kounoike. This corner is now one of the centers of Osaka financial market, and there have been many national-wide financial institutions since then. Munetoshi, the third successor, succeeded the family business in 1695 at the age of 29. The Kounoike withdrew from the brewing industry and the marine transportation in his age. From 1705 to 1708, Munetoshi engaged in the development of the new rice field named *Kounoike-shinden* about 200-hectare, which was a lead of the marsh exploitation to the east of Osaka. Thus the family business of the Kounoike had integrated into the management of banking, mainly loans to feudal lords, and rice cultivating farm estate, '*Kounoike-shinden*', during the age of Munetoshi.

**Enactment and succession of family rules** Family rules were maintained along with the conversion of such management in Munetoshi's

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age. The code '*Senzono-Kihan-narabini-Kamu*,' which means 'The ancestor's code and family rule' was provided in 1716. At the beginning of this, he declared, "The descendant of the Kounoike should successfully pass the whole asset of the family to his heir. If it were not, he would be blamed for undutifulness to the ancestors of the family, and he could never hope for the prosperity of his descendants." The article follows; "If present master's conduct is bad, the family business cannot be maintained. The managers then have the obligation that they have the present master to retire without reservation after consulting themselves, and to replace him with another heir."

This code was partially revised several times, and it is said that in 1733 the rules were completed as the appearance transmitted now. On January 1723, Soueki, the fifth successor of the house, inherited the entire asset of the Kounoike at the age of seven. Then, the retired master of the house, Munesada, who had been the fourth successor, was 26 years old, and he did not give the name of Zen-emon to Soueki. Munetoshi and Munesada then gave Soueki the remembrance note for the family master named '*Iesadame-Kiroku-Oboe*.'

This document became the highest principle of the management of the family business and the housekeeping in the Kounoike. It says that the prosperity of the family business and the maintenance of the family asset should be the highest management purposes. Therefore, the concrete management policy was provided for in detail by this '*Oboe*'. As for the Kounoike, the banking, the loan to the feudal lords, and the management of the rice estate were the principal occupations according to this standard. It is described that the family business that has been transferred safely was a favor of gods and Buddha's divine protections. Moreover, family asset is expected to be succeeded after the next generation further. It also says about the expected attitude of successors as follows;

the heir to the head of the house should manage the family asset in goodness while he is managing the property. Moreover, he should defend the family tradition at any processing.

As we have seen above, from the early 17th century large merchants such as the Mitsui or the Kounoike had the idea that family asset from the ancestor was the one being necessary to be succeeded to the next generation with care.

**Meaning of the funeral** The company-sponsored funeral being now held is chiefly executed for the corporation director or the man of merit for the enterprise. The corporation is bearing the majority of the expenditure. There are two effects of the company-sponsored funeral for real business. The first is the “Effect to maintain unity in the enterprise, and to improve the loyalty.” The second is “Effect to declare legitimate succession of the enterprise management to the outside.”

These functions were accomplished by the *Dozoku* system in the Edo era. “Clerk management” was done in a big merchant, and the business management was being seized by the executive managers named “*Oibun*” or “*Shihaiyaku*.” The head of the family was near to a no-function shareholder of the present point. His function was essentially different from a present representative director though he assumed a final management responsibility. Paying attention to the function of the character that a present company-sponsored funeral targets, the historical prototype is obtained not to the heads of a large-scale merchant, but to the superlative employees in the Edo era.

Many new university graduates are entering company with a rising aim to be a representative director in the hierarchy. An employee, who had belonged to the merchant as an apprentice, had the rising intention even under the feudal system. His dream was to have reached the position of a head of a subordinate family, “*Bekke* or *Bettaku*.” The position of a



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director is not successive now, and it does not guarantee the life of his family after his retirement or death. However, a position of the head of a subordinate family in the Edo era was the one at all one's life, and this was the one succeeded by his heir. Pioneering in a new market became difficult since the 17th century, and, as a result, it became difficult for an employee to be independent and to open a new shop. *Tsukin-bantou-seido*, the system of "Commuting manager" who was a head of subordinate family and was directing everyday work in a head office of whole business, was installed in this condition. The hierarchy, "apprentice → manager → head of a subordinate family", was institutionalized. Moreover, as founding of a new subordinate house was controlled, it was increased for a man of merit to become a head of another house as the succession by adoption. The management of a large merchant was continued in such an environment by the succession of a family asset with its name both in the head and the subordinate.

However, when legitimacy was secured by the family succession of the head who was the representative, it was little to relate to the funeral. Succeeding before the death was usual for a large-scale merchant. The head's death was different from the succession of the family business. Therefore, the funeral by which the family was concerned might be executed by the subordinate family's hand. But it was rare that the funeral for the business was held.

In the case of the Kounoike, the maintenance of the family asset is severely provided. The succession of family business by a head's death was not usual, but that by the retirement of a head was common. The relation between an ex-head's funeral and business was thin, so the funeral was held as the family's event. *Oboe* provides articles for the procedure of a retired head, who is corresponding to an ex-president now. According to those, "The head of the family takes the responsibility for

the expense of an ex-head's funeral including money, and executes the responsibility to the Buddhist ceremony after the death, etc.” was promised for the future. The meaning of the company-sponsored funeral is in commending of the company for the bereaved family and the dead. It is socially requested “What role does the deceased play in the company, and how is it evaluated?” to be clarified. If the social evaluation of the company-sponsored funeral is not decided, the funeral as commending of the deceased cannot be executed.

In the Edo era, it greatly became a topic when the shop executed the funeral, and it was likely to have become commending of the deceased as a result. But in the business world of Edo era, there was the basic and social scale of an evaluation for individual commending. It was important that the family was set up, and it would be succeeded to. The highest praise to the deceased who had been the merchant employee was that his shop and/or subordinate family would continue after his death. These can be found also with the case of the Sumitomo.

Izumi-ya Rihei put out the act named '*Sumitomo-sotedai-tsutomekata-Kokoro*' in 1750. At the end of the act, it says “It is important to know that it is natural to carry out the loyalty to the master and that if the house prospers since the loyalty is carried out, the result becomes your prosperity.” In feudal Japan, unity the family principle was requested, and the prosperity of the community had the meaning.

After 1890's, the large merchant's family system, '*bekke-seido*' or '*Dozoku*' was canceled. As a result, the structure of commending to the employee began to change.

## II Changing of family system and new way of funeral

**New business environment** The silver standard chiefly used in the Kansai area was abolished in 1868. The debt of Daimyo (feudal

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lord) was processed in 1870's. These gave big shock to the moneychangers who was putting the business chiefly on loan to the feudal lords. The large moneychangers such as the Ten'nouji-ya in Osaka and the Ono-Gumi and the Shimada-Gumi in Kyoto, disappeared. For the period from the Meiji restoration disturbance to the enterprise rise in 1890's, reorganization was forced on the management such as the Mitsui, the Sumitomo, and the Kounoike which had been large in capital by family systems. The merchants that had been managing the business continuously during the Edo era tried to recover from the crisis of failure by the reformation of family systems.

A complete reformation to the *Dozoku* uniting, especially the *bunkebekke* system, was necessary so that the conventional large capital might change into the modern capital. On the other hand, the *Zaibatsu* of the Iwasaki, the Yasuda, or the Okura, etc. was approved at the Meiji era. Moreover, huge management such as the spinning companies and the railway companies that had concentrated the capital by the joint-stock company system emerged. The separation between ownership and management in a Japanese meaning was achieved in the modern management which had been formed at the Meiji era centering on the big enterprises.

The present master at the *Zaibatsu* and the family members put the distance with the business. The manager of the university graduate was employed as an executive employee in place of them. This gave the possibility as a modern enterprise to the huge capital. In not only the management which had continued since the Edo era such as the Mitsui, the Sumitomo, and the Kounoike, but also the enterprises such as the Mitsubishi, professional managers had the substantially highest authority.

The base of praise and commending to the achievement of those employed managers was not expanded to a wide and social one but

remained within transitional. The company and/or the group was able to bear the funeral cost. However, the form of the company-sponsored funeral held to society as present execution of the funeral was unusual. There remained the atmosphere by which commending by the owner was still assumed to be the first.

**Modernization of the Mitsui** “*Mitsui Kaken*”, the Mitsui family rules, was enacted in June 1870. The preamble is written as follows; “Now, the time changed. The case that cannot be restricted by an old example and the standard has come out. It is necessary to enact a new rule to pass on the prosperity of the house at posterity. Therefore, new family rules has been enacted while basing the outline and the soul of an old rule. *Dozoku* (the Mitsui family) was corresponding and agreed to this rule.”

It shows that family rules were enacted as for the changing in the times. The present masters and the family estate heirs to eleven families were newly provided for the Mitsui *Dozoku* by these family rules. The *Dozoku* association was set up as the highest administrative organization of the Mitsui business and the Mitsui family.

*Dozoku* was made a regular member of the association, the retirement of *Dozoku* and the presumption family heir(s) (male and adult) were organized as those who attended it, and this association meeting was held once or more every month. The matter of a capital calculation of each sales shop, the change in the certificate of incorporation, and the appointment or dismissal of the director, besides the matter of the family, *Dozoku*, were discussed in this association. The director in each sales shop is enabled to be attended the meeting when necessary.

These family rules controlled the matters concerning *Dozoku* and/or the business management of the Mitsui. Succession was fixed as follows in detail. The person who wishes to retire in *Dozoku* should be authorized

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beforehand by the *Dozoku* association. In this case, the *Dozoku* association should authorize it only in an unavoidable case. The authorization of the *Dozoku* association is requisite to exclude or to cancel the presumption heir. Thus, the intention of the entire *Dozoku* was extending over the retirement, the family asset succession, and the wills, etc. in these rules.

At the beginning of the 20th century, three unlimited partnerships of the bank section, the distribution section, and the mining section were made joint stock companies, and the *Dozoku* association came to be a corporation in the Mitsui. The Mitsui unlimited partnership, which managed the property as a whole, was established in October 1909, and the transformation to the modern capital was tentatively completed for the Mitsui.

The Sumitomo had been running the business centering on Besshi copper mine in Ehime prefecture, which was opened in 1691. After the Restoration, they managed the mining and the banking. The Sumitomo headquarters, *Sumitomo-honten*, was changed the title as a Sumitomo total headquarters, *Sumitomo-so-hontenn*, and came for it to control all businesses in 1909. It became a partnership company named *Sumitomo-goshigaisha*, in 1921. An emotional confrontation happened among conventional *Dozoku* and new senior managers in the process of this change in the Sumitomo. There was an antipathy to Rizaemonn Minomura who had taken charge of the reformation in the Meiji era, from the Mitsui *Dozoku*. Saihei Hirose, the highest director, had been expelled from the Sumitomo just before the completion of the reformation.

Then, a modern separation between ownership and management was not established though management by the professional manager was done. Therefore, the evaluation and commending to employed managers were done in the relation to the owner.

**The failure of modernization of the Kounoike**      The Mitsui and

the Sumitomo changed into the huge modern capital in the 19th century. However, the Kounoike chose to become a *rentier* at the same period. The household reformation corresponding to a new business environment had been attempted several times by the Kounoike family since 1970's. As for the management of the Kounoike in the Edo era, the investment relations and the employment habitual practices were composed by the *Dozoku* relation that centered on the Zen'emmon family. All branch families of the Kounoike were participating in this structure. Moreover, actual management was being done by senior managers, *Oibun*, who had been selected from branch families. The reformation of the Kounoike before the 20th century had aimed to dismantle such a traditional management mechanism. The abolition of *Oibun* system was included in it.

This reformation had not advanced easily. When the 13th national bank in Osaka, which was one of mother bodies of the following Kounoike bank, was established after the failure of the reformation in 1876 while the fixation of the branch family's asset (investment share) was attempted again. In addition, Michio Doi who had become Kounoike's family adviser in 1884, planned the rearrangement of the family system. This was also too lukewarm. Therefore, the plan failed in the point of modernizing the employment habitual practice, and establishing a modern separation between ownership and management. As a result, it was judged that the conventional custom relied only on the family creed and rules were not suitable.

It was requested to renew the house management mechanism corresponding to the time, and to express it in the statement, and they planned to manage branch families and the asset of the main house by a new standard. So 'the Kounoike family constitutio', which took the place of past family creeds, was enacted in March 1889. The preamble remarks, "To correspond to the tendency at the time, family rules were revised."

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In addition, it is reconfirmed that the perpetuity of the family business and the maintenance of the family asset are important. The followings are fixed; “As *oibun*, senior managers, manage the family asset, the owner of the house cannot dispose of it”; “When the property is distributed to a new brother family, it is necessary to follow the family creed of the 18th century”; “Without the permission of the head of the house, a brother or branch family cannot be succeeded”; “Without the permission of the head of the house, a brother or branch family cannot change their business.”

There are regulations for the religious service and the religion; The head of the house and his wife should attend the ceremony of fixed anniversaries of the ancestors; They should visit the temple at the anniversaries of the ancestors; The Zen’emon family believes in the *Soto Zen* sect from generation to generation; They should eternally maintain the Buddhist temple, *Kenkouan*, firmly; The head of a house should attend some Buddhist ceremonies. There were no regulations concerning the funeral though there were regulations concerning worship.

*Oibun*, senior managers, took charge of all the management of the family in this constitution. The number of *oibun* was from 3 to 4 people. Personal feelings were not able to be placed while the head of the house had the appointment right. The position of *oibun* was to have done all inside and outside clerical works concerning the family asset and its business instead of the head of the house. Kounoike family constitution in 1889 strongly dragged what should be of the past large family system. The separation between ownership and management concerning the family asset is admitted there. But it was pre-modern of having required the *bekke* system.

Let’s see the ideal way of the funeral then. The visit of condolence of the present master and listening to the will was fixed when lamenting for

*oibun*. Thus, it was fixed to look and to take lamenting, and it had imposed the obligation that the present master intimately attended a CEO's last. The highest commending to the employee of the Kounoike was the attendance of the present master. This shows the situation from which the funeral was made internal in the large family of the Kounoike. The funeral was structurally a funeral of the house, and there was no necessity of the company-sponsored funeral in present meaning yet.

**Dismantlement of the large family** By the enforcement of the Civil Law, new "Kounoike family constitutions" was enacted in 1898, and enforced on January 1899. The household association, *Kasei-kai*, was set up as Kounoike's highest administration. The association was organized with the master of the house, his brothers, ex-masters and their brothers, the adviser of the family, and senior managers (*Oibun*). *Oibun* was assumed five people or less, their duties were the management of the property, the reception of the person, and the enforcement of the commerce and industry, and the master was prohibited from taking charge to these businesses. However, there was no essential change about the content compared with family rules of 1889.

Takayasu Mitsui, the father in law of Yukikata, who was the master of the Kounoike then, mediated Kaoru Inoue in 1902 to the supervisor of the family and the business. Jirou Harada was recommended as a sub-supervisor at the same time. The Kounoike management changed into the policy of aiming at 'fixation of family asset and the stable maintenance or proliferation' under Harada.

The Kounoike family system changed. The large Kounoike family was consisted only two families, one was the main house, and the other was its brother house in Izumimachi. All the other subfamilies of the Kounoike were cut off. The full stop was put to the relation between the Kounoike head house and its conventional sub-houses with the execution



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of the household reformation. Many executive clerks of the Kounoike bank, which was the main enterprise, were from old large families. Therefore, the idea to think mainly about the family remained in the employee individual.

Harada aimed to specialize the family business into the banking industry. He had the Kounoike withdrawn from other business one after another. There was not a strong opposite in the reformation at the beginning. However, strong counter by the families happened in the management of Harada by depriving of the families, abolishing the Nagoya branch of the Kounoike bank, the Kobe branch, and the Kanazawa branch, which were the main branches of the bank, and having forced the transfer of the Osaka warehouse company. It was in 1918 that this had reached the climax. The inside of the bank went into a dangerous state. Harada retired in 1919. As the managing director, Haruhiko Kato arrived at the Kounoike bank from the Bank of Japan, and Masaya Nonomura as a director of the family. The bank came to progress positively.

Yukitomi, the tenth successor of the house, who had been retired yet, died in June 1920 at the age of 80. The Kounoike unlimited partnership was established as the family administration in April 1921. The old atmosphere of the Kounoike went out both nominally and virtually.

**From the merchant to the man of high reputation** Yukikata, the 11th successor, received baron's ennoblement with the Sumitomo and the Fujita on August 25, 1911. Introducing a conventional family system was needed to establish the house as the peerage. About the peerage, the heredity property law, by which peer's position and property were fixed in 1886, was enacted by the decree (revised in 1916), and the relation to the succession of the definition of the peerage system and the peerage, the family estate succession, and the titles, etc. were clarified by the

revision of the peerage decree in 1907. The Zen'emon family (the Kounoike) was forced to throw away merchant's tradition, and transfigured to the aristocrat's house. So, new family rules were enacted in 1920's.

These new family rules were different from the past one in the point to lack regulations of the relation between the large Kounoike family and the head house, personnel of the employee and the person in charge of management. Family rules had changed into the standard of Zen'emon's family, and the large family that is the group of subfamilies of the Kounoike was not to be managed by them.

A basic idea that the family business must have the perpetuity and the family property is the capital that should never be reduced was followed in these family rules. However, many of the regulations concerning the business management disappeared. Kounoike unlimited partnership, '*Kounoike-goumei*' was established in 1921, and the center of management moved from the house to the unlimited partnership. It owned and managed the estate of the *Kounoike-shinden* and became the largest shareholder of the Kounoike bank. This change was reflected in family rules.

The succession of family properties and the religious service were provided in family rules as follows;

Article 13 The man should succeed the house by the order fixed by the law.

Article 14 The present master can make the man in another house an adopted son when there is no man who is the heir. However, the man should be made a son-in-law taken into family when there is a present master's daughter in the family. The present master can specify his heir when there is no child who is the heir. It is necessary to be applied to regulations of Article 19 of the Peer Association when the adopted son

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is chosen, and/or the heir is specified. Moreover, it is necessary to obtain the agreement of the councilor association and the relatives association in advance. When the heir is chosen according to the civil law, it is necessary to be applied similarly in the above-mentioned.

Article 15 When the present master abolishes his legal presumption heir or he claims to abolish him, both the agreements of the councilor association and the conference of kin-relatives are necessary.

Article 16 When succeeding, the heir should report to the ancestor's soul as soon as possible.

The method of selecting the heir changed from the past principle corresponding to the management ability and acknowledgment by the large family. Article 16 was following of the tradition from the Edo era. However, the restriction has been eased about the grave; "Article 26 The graves of the ancestor or the successive are permanent preservation, and never ruined"; "Article 27 It is necessary to put the graveyard of the house on *Kenkouan*-temple in the city of Osaka. However, one can construct the family's graveyard in other places." Thus, the restriction had been eased only as for the family's graveyard though the principle was assumed to put it in *Kenkouan*.

Regulations of the Buddhist service were put in '*Kamu-kisoku*,' rules of the household that was the detailed regulations enacted at the same time. Ancestor's memorial was one of the most important functions of the house for a large merchant from the Edo era while the perpetuity, the maintenance, and the expansion of the family property were assumed to be an original duty. Therefore, detailed regulations were provided. The present master had to hold a service as a donor on the anniversary of the lineal ascendant. The anniversary was done on the death day in a fixed year from 3 to 50 years, and it was to be executed every 50 year after that. He must have been a donor, for example, at the equinoctial week

or *Bon Festival*. In addition, the Buddhist service should be done in case of special, and it was assumed that he reported to ancestor's soul. Recognition that the continuity from the ancestor to the descendant was important to the house was confirmed by these kinds of rules.

**The house and the funeral** Both the successions of the family property and respect of gods and Buddha were deeply recognized in merchants. It was natural that a person died, and was widely recognized that the funeral was the one that the kin-family did. Therefore, it was avoided holding the funeral gaily.

By the way, it is possible to touch family rules other than a large merchant about the funeral. For example, the Shigeta family was practicing the tea manufacturing at Sayama in Saitama Prefecture. The master then codified family rules referring to past instructions in 1903. There is a by-law concerning ceremonial occasions in it, and the funeral is recorded as follows; "The saving should be assumed to be a principle about the funeral according to the decision in the town"; "The funeral is a scene where the sorrow over the truth is shown, but if drinking too much, it becomes noisy and, then, mind of condolence is lost."

On the other hand, the Buddhist ceremony for the dead in the Edo era was a system to reinforce the unity of the large merchant family. Moreover, there were a lot of cases where construction and the maintenance of the temple and shrine were done for 'Rest in Peace.' The *Kenkouan* temple has been a family temple of the Kounoike and their business since the Edo era. It has been playing an important role of the incarnation of unity. In the investigation at the beginning of the 20th century, the number of positive parishioners of *Kenkouan* was 103 families. All of them belonged to the Kounoike large family, and the representative parishioners were the Zen'emon's and the Shinjyuro's that was established by the junior brother of Zen'emon. We can find the name

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of Michio Doi in the investigation report, who was the adviser of the Kounoike then and was the president of the Osaka chamber of commerce. Those who believed in the *Honen Buddhism* or the *Nichiren Buddhism* were included in the parishioner though this temple was in the Zen sect. It is understood for the temple not to be caught in the doctrine and to have functioned as the clan's temple. This function can be found in the temples and the enterprise graves of Kouyasan now.

According to Kounoike's case from the Edo era to the Taishou period (1912-1926), it is found that the succession of a subfamily's business was quite unrelated to the sub-family master's death. The death of a master did not have a great meaning in management even for the main family of Zen'emon. For the death report to the relative and the large family members, it was enough to use the reporting system and the mechanism in the Kounoike clan, which had reached completion since the Edo era. In addition, there was no necessity for holding a grand funeral by which the outside of the family was involved then. The internal report was done by the circular to the subfamilies which went up to 74 homes.

*"Bettaku-Kaijyou-Hikae"* of 17 volumes, which is memos of circulars up to 1899 from 1736, has been left. The content are various as follows; Matters concerning management including manager's selection; Matters concerning abolition of subfamily and establishment of new one; Matters of the retirement of the master in each house, the death, and the succession, etc.; Matters of the family composition of each house, the marriage of the constituent member, adoption, divorce, and discharge, and so on. Centers of the record were reports related to the house and the family.

Moreover, the method of the succession of a large merchant is a cause not to allow the company-sponsored funeral to be generalized at this time. It was usual in the Kounoike for the present master to retire before the death, and to make the following master succeed to the family

property when succeeding to the name. For this case, the acknowledgment of a social succession by the funeral was not needed. Succession had been done in a large merchant while the master was alive since the Edo era. This method was reasonable also for continuous maintenance of the family property and the family business. Moreover, even when succession was not done during the life, the presumption heir had been fixed in the family. This was fixed as an introducing name. At the Kounoike, the present master name was Zen'emon, the presumption heir name was Zenjiro, and the retirement name was Kiemon. The master's name 'Saburouemon' of the Mistui and 'Kichizaemon' of the Sumitomo had the same role in families.

There was a business reason why the company-sponsored funeral was not approved easily then, too. Examining the company-sponsored funeral from the aspect of enterprise management, there are two effects; one is to maintain and reinforce the community structure of the enterprise, and the other is to appeal the existence of the enterprise toward the outside. The company-sponsored funeral of the leader of the enterprise declares the succession of the organization to outside the company, requests the continuance of the relation of the past to those who attend, and plays the role to advertise the existence of the enterprise to society furthermore. At the beginning of the 20th century, the succession announcement party and/or the company-sponsored president assumption party played the same role mentioned above. Therefore, the company-sponsored funeral was held only to a special person, for example, to the founder of a company.

### **III Changes in the first term of the Showa (1925-1945)**

**Assumption announcement** The role of the company-sponsored funeral has generally increased since the first term of the Showa era. The

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enterprise in the joint stock company form increased as the scale of the enterprise grew, and a big change took place in an employment structure and capital concentration. The employed managers increased, and the investors became no function shareholders both nominally and virtually. The function of the house changed in the management of the family business.

By observing the case with Zen'emon Yukikata, the 11th president of the Kounoike family, who died in March 18, 1931, the role of the president assumption announcement compared with the company-sponsored funeral is examined.

Zen'emon Yukikata was the person in charge of the management of modern Kounoike. He was born in 1865, and succeeded the master of the family in 1884 at the age of 20. He served as the president of the 13th national bank and the Osaka warehouse company concurrently, and married the eldest daughter Michiko of the master of the Mitsui afterwards. In addition, he was the president of Nippon Life insurance co. and that of the Osaka savings bank. He became a baron at the end of the Meiji era, established the Kounoike unlimited partnership in 1921, and became a representative. He lay down from the sickness in January 1931, called heir Manzou from Tokyo, who would be the 12th successor of the Kounoike. He died in March 18, entrusting at future affairs. His posthumous Buddhist name is *Kentokuinden-rohou-sousetu-daikoji*, which means "revealing morality, good snow on the top of the sacred mountain." At the funeral of 11th Zen'emon, the form of the company-sponsored funeral was not taken, and the funeral as the house was executed.

The death report was submitted from heir Manzou to the Kounoike bank, by which Zen'emon worked the representative, the Kounoike trust, and the Kounoike Goumei appropriately dated March 18, the family asset succession report was submitted as a clerical work procedure on the 25th,

and the paper of changing names from Manzou to Zen'emon was submitted addressed to mayor Osaka on the 26th. It was recorded on this paper, "The master of the Kounoike family had succeeded to the name 'Zen'emon' since the founding. The heir would rename his name to it because of dealing in future." The Osaka City Municipal approved of this, and the heir changed his name 'Zen'emon.' The notification of changing names was sent with the document dated the 27th after these series of procedures to the relatives, acknowledges and companies related. The succession of the title Baron, was ordered on April 15 and the report was submitted to the chief of the East ward, in Osaka on the 23rd.

On the other hand, to the Kounoike bank which had been the deepest related enterprise of the family, the succession report on April 4; changing the seal report on the 10th and the address change report of his from Tokyo to Osaka was submitted on the 28th. The procedure for the death and the succession of the family master then was not done in shape of the company-sponsored funeral. The Kounoike held the president assumption announcement, the garden party, on May 23, achieving the inner unity of the employees of all related enterprises.

The invitation of this garden party was issued by the chancellor of the house, Haruhiko Kato, and saying "The assumption announcement garden party is held in the detached residence of Kawarayabashi at 3:00 p.m. on the 23rd," dated May 9, 1931, addressed to the Kounoike bank headquarter and all branches, the Kounoike trust Co. headquarter and all branches; "One who attend the meeting must pass the business card with the company address and name to the acceptance"; "To those who cannot participate at that day, apprenticeship, and women employed, the guards, the drivers, the waiters, and additional, the dinner fee is delivered"; "The manager of each company should tell urgently their positions



The Role of the company-sponsored funeral from . . . (Kensuke Hiroyama) and names.”

Eight hundred and ninety four (894) employees were guided to the garden party, who were working at the Osaka city branches, Sakai branch, and Kounoike-shinden branch of the Kounoike bank, at the headquarter of the Kounoike trust Co., at the Kounoike Building Co., at the Kounoike Holding company, and at the Kounoike family Office. 35 of them were directors and chiefs, 631 clerks, 36 apprentices, 82 women employees, 10 guards and drivers, 77 janitors, 3 cooks, and 20 rickshaw men. However, having participated in the garden party was seniors, i.e. above the clerk, and the dinner fee was presented to the person lower than them. For the employees in Tokyo the reception was held when the president went there, and the sake relish fee was presented to other local branches, etc.. The number of total invited persons there was 617, and the host side was 14 people.

The expression started by the greeting of the president at 3:00 p. m., and the stall was done after house director and bank director's addresses of thanks. They were served 640 double boxed lunch, 600 liters of Japanese beer, 32 dozens of citron juice, 700 dishes of Japanese stew, 700 dishes of Sushi, and 700 dishes of sweet. To serve these, 28 waitresses were employed, and the immediate expenditure of this garden party was 2,600 yen or more.

The case with the Kounoike family at the first term of the Showa era shows that the president's assumption reception accomplished a re-integrating function of the organization, which the company-sponsored funeral at the present carries out. The funeral was an event that the house had to hold. The function by which the house tied to the enterprise after the large family had been dismantled was given only by an assumption party. However, the enterprise organization was yet expecting the role to protect the enterprise and the employees of the old family.

Therefore, it was necessary to hold the feast of such large-scale both for the Kounoike family and for its family business. The president assumption party of present, sponsored by the family, is more privately done compared with the company-sponsored funeral. In this sense, Kounoike's case was in the transition phase.

**An increase of white-collar and company-sponsored funeral** A big change in enterprise management occurred in Japan in the 1930's while economic structures changed in the economic growth. The *Zaibatsu* that was a type of the big enterprise then was forms of enterprise by which the holding company based on blockaded investment by the family or families controlled the subordinate enterprises. However, an industrial structure shifted to a heavy industry and chemical industry after World War I, and the *Zaibatsu* became insufficient in the capital to correspond to it gradually. Moreover, the incident happened in the trend of *Zaibatsu* criticism that the chief director Takuma Dan of the *Mitsui Zaibatsu* was assassinated by the right wing on March 1933. Opening the stocks of the subordinate enterprises to the public was started in that time at three large *Zaibatsu* (*Mitsui*, *Mitsubishi*, *Sumitomo*, etc.).

The *Mitsui* family members retired during 1933-34 from their business, opening stocks to the public and the reformation of the business organization were done successively though the specific gravity of the heavy and/or chemical industrial sectors were smaller than those of *Mitsubishi* or *Sumitomo*. *Mitsubishi* announced "*Mitsubishi Seishin Kouyou*," Spiritual Doctrine of the *Mitsubishi*, in 1934, and opened holdings to the public. The total number of subordinate companies of *Mitsubishi* was 61 in 1933; 10 of them were in the direct line; 11 collateral; 40 subordinate of the subordinate. The total payment capital reached 590 million yen or more.

The control by the government had been introduced while the close

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of the huge capital was canceled. The national general mobilization law was promulgated in April 1938, and was enforced in May. This enabled the government to have control even over the management of the private companies by Article 6. The writer does not mention here whether right or wrong of the national control. As a result, it is a fact that the difference of the social position between the staff and the operative, who had been under the position-based discrimination up to then reduced. The relations in employees have changed. The enterprise employees came to request the new social evaluation axis to them.

A new meaning about the funeral became requested with the change in a social situation. The structure that the deceased were evaluated by the distance between its family and the head house with the authority in the large family system (house union system) had not been working. But a funeral had the social aspect, therefore, a new meaning to a city worker's funeral had become requested then. The prototype of the ideal funeral taking the precedence over that by the colleague or by the community was needed. It was a colleague and was a factory or a company that a city worker had most deeply affected except his/her family. The lifetime employment system had settled for white-collar at the same time, and the role of "Company" as the constructive community for which they were depending most was closed up. On the side of the enterprise, it became necessary to affect the funeral as part of employee's welfare. The family allowance has already been provided in the big enterprise then, and the system of the family allowance had been installed by "*Chingin-Rinji-Sochi-Rei*," the temporary order of payment in 1940 as an exception. "Company" was exactly becoming the one for the employee to guarantee from the child's cradle to parents' graveyards at this time.

The culture of the company-sponsored funeral flowered in the time of Japanese Miracle on the soil prepared through the confusion period of

the war 1935-50.

### Note

This thesis is a case report with securing the legitimacy in the Kounoike. There are no English reference documents concerning to the Kounoike except one; Matao Miyamoto and Kensuke Hiroyama *'The Retreat from Diversification and the Desire for Specialization in Konoike; Late Meiji to early Showa'*, "Japanese Yearbook on Business History 1984", University of Tokyo Press.

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Shigeaki Yasuoka, *'Kinsei Shouka no Keivirinen, Seido, Koyo (Corporate principles, system, and employment of merchant at the early modern age)'*, Kouyou-shobo, 1998.

For the research of the company-sponsored funeral with the management anthropology, please refer to Hirochika Nakamaki Ed, *'The Anthropology of Administration: Company Funerals'*, Toho Shuppan, 1999. This is also in Japanese.