

Entrepreneurship in a Transition Economy : Life Insurance in Meiji Japan

YingYing JIANG

Abstract

Along many dimensions, Meiji Japan represented a transition economy. It was transformed from a closed to an open, from a feudal to a capitalist and from an agricultural to an industrial economy. Entrepreneurship played a crucial role in the transformation. This paper analyzes the role of entrepreneurship in the establishment of Japan's life insurance industry. Life insurance has received little attention in research on Japanese industrialization and entrepreneurship. Japan's domestic life insurance industry had been successfully established by the end of the Meiji period, which constitutes an impressive achievement. This paper analyzes the profiles of 15 entrepreneurs who played key roles in the establishment of 11 life insurance companies between 1881 and 1912. Many of them share characteristics typical of early Japanese entrepreneurs in other industries in terms of family background and patriotic motivation. Their wide scope of activities and networks beyond the insurance industry helped them to cope with the institutional uncertainty characteristic of transition economies. Their high social standing and cross-sectional networks provided them with the credibility needed to found an insurance company, whose business success was heavily dependent on gaining the trust of potential policyholders.

Key Words

entrepreneurship, life insurance, transition economies, Meiji Japan

Contents

- 1 Introduction
- 2 Establishment and growth of Japan's life insurance industry in Meiji Japan
- 3 Profiles of entrepreneurs
 - 3.1 Theoretical and empirical contextualization
 - 3.2 Selection criteria and sources
 - 3.3 Summary profiles
- 4 Discussion
- 5 Conclusion

1 Introduction

Since Schumpeter's seminal contribution, economic development has been closely associated with entrepreneurship (Schumpeter 1934 [1911]; Casson and Casson 2013; Hemmert and Kim 2021). This also holds true for the historical analysis of Japan's economic development. Forced to open the country to foreign trade, the new Meiji government fundamentally transformed its economy along three dimensions: from closed to open, from feudal to free-market and from agricultural to industrial. Along all these

dimensions, many new challenges as well as plenty of new opportunities arose, opening up an ideal playground for entrepreneurial activity. In many respects, the Meiji period (1868–1912) provides, thus, an excellent case for studying the interplay between entrepreneurship and economic development. It is therefore not surprising, that the functions and roles of entrepreneurs, their background and motivation have been the object of research by various Japanese as well as Western scholars (Hirschmeier 1964 ; Yamamura 1968 ; Sagers 2019).

Entrepreneurial activity occurs at the enterprise level. It is strongly influenced by industry characteristics. To gain a deeper understanding of the role and function of entrepreneurship in economic development, the study of the evolution of industries offers more insights than a macro-level analysis. This paper focuses on the establishment and early development of Japan's life insurance industry. Life insurance is primarily and *prima facie* concerned with helping private households cope with the income risks related to the death of a family member. However, the life insurance industry also performs an important function in the process of industrialization. Industrialization requires investments in factories and machinery. To fund such investments on a large scale, the mobilization of private savings is needed. Here, financial intermediaries such as banks and life insurance companies come to play an important role (Khan and Senhadji 2000).

The first life insurance company in Japan was founded in 1881. By the end of the Meiji period in 1912, the industry had been put on a solid institutional foundation and had achieved a healthy level of business activity. This paper examines in more detail how entrepreneurship contributed to this achievement. The role of entrepreneurship is studied by taking a closer look at the people involved in the founding of Japan's first life insurance companies, their social and educational backgrounds and their social networks.

Regarding the structure of the paper, the following section provides an overview of the evolution of Japan's life insurance industry from 1881 to 1912 based on industry statistics and company data. Section 3 analyzes the roles, functions, backgrounds and networks of entrepreneurs in the early stages of the industry. Section 4 discusses the findings in the broader context of entrepreneurship research. The concluding section provides a short summary of the paper's findings and contributions, points out remaining shortcomings and suggests possibilities for further research.

2 Establishment and growth of Japan's life insurance industry in Meiji Japan

Figure 1 and Table 1 depict the development of Japan's life insurance industry from 1881, when the first company, Meiji Life, was founded, to 1912, the last year of the Meiji period. For seven years, Meiji Life was the only company in the industry. In 1888, Teikoku Life entered the market, followed by Nippon Life and Dainippon Life in 1889. The 1890s saw a boom in new business establishments with a peak of 37 active companies in 1899 and 1900. The period overlaps with the latter half of Japan's first boom of company foundations, which after the end of the Sino-Japanese War (1894–1895), was concentrated in the railway, finance and textile industries (Innami 1966). It ended abruptly in 1900, when the economy fell into a recession. The number of life insurance companies consequently dropped to 26 in 1905 as the first companies went out of business either by suspension or through mergers. Between 1905 and 1912, a second entry wave occurred. However, it was not as pronounced as the first one and

was also accompanied by company exits. By the end of 1912, there were 33 companies offering life insurance products.

Of the 56 companies entering the industry between 1881 and 1912, 31 of them, by far the majority, were founded in Tokyo, exemplifying the importance of the new capital of Japan as an economic and financial center. Osaka was home nine of the companies, Kyoto to four and Nagoya to three. The rest spread throughout the country from Hokkaido down to Aomori, Niigata, Toyama, Shimane, Fukuoka, Hiroshima, Okayama and Kanagawa.

Nine of the 56 companies had a religious, namely, Buddhist background. At least two explicitly emphasized their religious background and motives in their advertisements.¹ However, by the end of the Meiji period, five of the nine companies were out of business. In the end, religious affiliation did not prove to be a factor of business success. It is also noteworthy that two companies offered life insurance tied to military conscription. The first of these was established after the Sino-Japanese War (1894-1895), and the second, after the Russo-Japanese War (1904-1905). Both were still in business at the end of the Taishō period (1912-1926).

The Meiji government tried to quickly establish a legal-administrative framework to promote the foundation of companies, as they were to form the backbone of the capitalist market economy Japan aimed to establish. For most of the 1870s, founders of companies had to apply for approval granted by the Ministry of Finance. In 1878, permission was delegated to prefectural officials and companies could, in most cases, be established by simple notification. However, banks and insurance companies con-

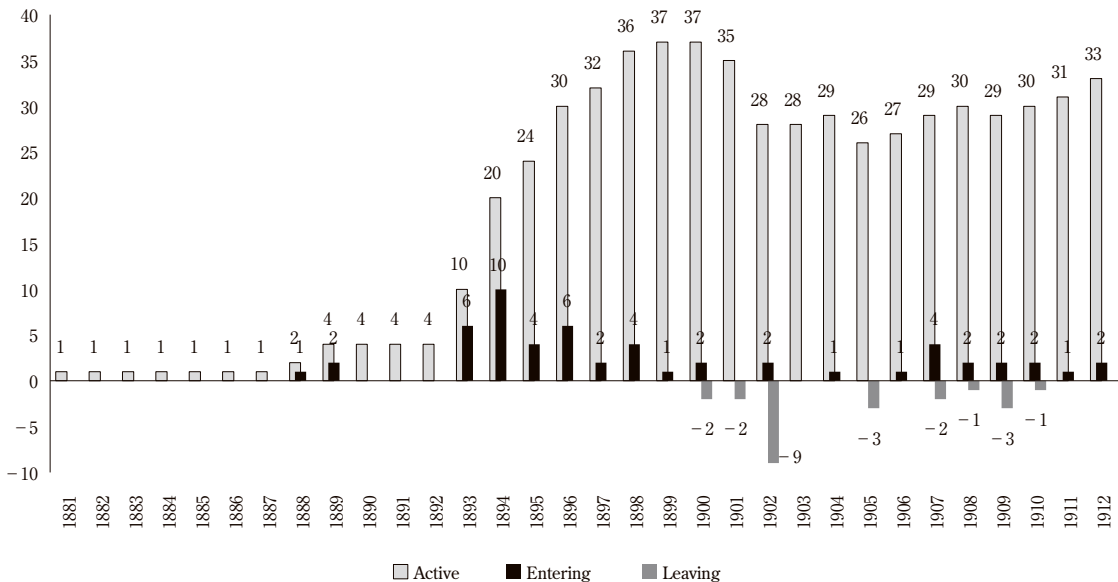


Figure 1 : Firm entry and exit into the life insurance industry, 1881–1912

Source : By the author based on data from Hoken Ginkō Jihō Sha (1933).

¹ This was confirmed by Jiang (2018), who conducted a comprehensive analysis of corporate advertisements in the industry's oldest newspaper.

tinued to require permission from the Ministry of Finance before they could start business.

Already the early business regulations in Meiji Japan recognized three organizational forms: the general partnership, the limited partnership and the joint-stock company (Yoshida 1991). Japan's first Commercial Code enacted in 1893 also regulated the forms and administrative requirements of incorporation. Joint stock companies had to undergo a double check: first, when applying for permission to incorporate and, second, when obtaining the license to operate. The new Commercial Code enacted in 1899 abolished the licensing requirement and further eased the procedures for incorporation. In 1905, the government explicitly started to promote the joint-stock company through preferential tax treatment. As a consequence, it became the dominant form of incorporation.²

Until 1899, the insurance industry had been regulated within the Commercial Code. Among the 37 life insurance companies established between 1881 and 1899, 31 chose to incorporate as joint-stock companies, and six as limited partnerships.³ This was in stark contrast to other industries at the time, where the limited partnership had been the dominant form of incorporation (Yoshida 1991). The Insurance Business Act of 1900 reduced the possible organizational forms for insurance companies to only two: the joint-stock company and the mutual company. In both cases, companies needed to apply for an official license. Among the 19 companies entering the life insurance industry between 1900 and 1912, only five opted for the new mutual form, whereas 14 chose the already known joint-stock company.

Table 1 gives an overview of the business development depicted by the volume of new life insurance policies sold, the volume of policies in force at the end of the year and the total assets of life insurance companies. To relate these figures to the size of the economy, the per capita coverage was defined as the volume of policies in force divided by the population. The ratio between life insurance assets and bank deposits are also provided. The volume of total policies in force grew from 2 million yen in 1887

Table 1 : Growth performance of Japan's life insurance industry, 1882-1912

Year	No. of companies	Volume of new policies (mio Yen)	Volume of policies in force (mio Yen)	Coverage (Yen)	Total assets (mio Yen)	Bank deposits (mio Yen)
1882	1	0.3	1.0	0.03		
1887	1	0.5	2.1	0.05		
1892	4	5.5	18.1	0.44		
1897	25	43.5	120.6	2.79	7	305
1902	37	39.2	181.7	3.95	18	692
1907	33	113.5	359.6	7.37		
1912	33	237	820	15.61	73*	1,600*

Note: Please refer to the main text for explanations. *) Data for the year 1910.

Sources: The Insurance Year Book 1912; Innami (1966, 62), Usami (1984, 74).

2 For further information, refer to Miwa and Hara (2010, 85).

3 Meiji Life and Nippon Life both started as limited partnerships, but later reorganized as joint stock companies.

to 820 million yen in 1912, a 410-time increase or average yearly growth rate of 27 percent. The corresponding per capita coverage increased more than 310 times from 0.05 yen to 15.6 yen. If we combine this performance with the information about the number of active companies, we see that during the first decade industry growth reflected the business success of the industry pioneers, mainly Meiji Life. From 1892 to 1902, growth was supported by the entry of many new companies. During this period, the volume of policies in force per company only slightly increased from 4.5 to 4.9 million yen. After 1902, the expansion of the industry was driven by the growth of incumbent companies, with the volume of policies in force per company reaching 24.9 million yen in 1912.

By 1910, the total assets managed by life insurance companies accounted for only five percent of bank deposits. This is a small, but nevertheless significant amount. In fact, the industry played an important role when the government needed funds to finance the Russo-Japanese War from 1904 to 1905. During the first issuance of war bonds totaling one hundred million yen, life insurance companies acquired bonds worth 6.5 million yen, a share which by far exceeded the industry's weight in the economy's total financial assets.

At the end of the Meiji period, the life insurance industry had acquired a solid business foundation, achieved a significant size and obtained a sound legal basis. The first industry newspaper was launched in October 1898 (Jiang 2018). In 1899, the Japan Actuary Society was founded. Within the government, industry and academia work on actuarial life tables was undertaken to improve the adequacy of life insurance premiums. Ties between industry leaders and academia helped to not only improve actuarial skills, but also promoted the establishment of chairs and courses for insurance at Japanese institutions of higher education (Life Insurance Association of Japan 2009). In 1905, following various informal study and discussion groups and industry assemblies, companies joined together to establish their own industry association to discuss and resolve issues of common interest and to jointly represent their interests vis-à-vis policymakers and regulators. In 1906, the Insurance Business Division of the Ministry of Agriculture and Commerce published the first edition of the Insurance Year Book (Life Insurance Association of Japan 2009).

Although modern life insurance originated in Western countries and foreign insurance companies had entered Japan at designated ports for foreign trade already before the beginning of the Meiji period, such as Yokohama and Nagasaki, they hardly contributed to the development of Japan's domestic life insurance industry.⁴ Most of them focused on selling non-life insurance and targeted foreign residents. Before the Insurance Business Act took effect, the Japanese government passed the Imperial Ordinance regarding Foreign Insurance Companies. It stipulated that foreign companies had to apply for a license by the end of 1899 if they wanted to continue their business. By 1911, only seven foreign companies, all from the UK and the US, had received life insurance licenses. Their combined volume of policies in force amounted to 65.5 million yen in 1912, about eight percent of the volume of policies managed by domestic companies.

4 The information is based on two reports on foreign life insurance companies in pre-war Japan written by the author for OLIS in November 2017 (http://www.olis.or.jp/e/pdf/asia_report0013en.pdf) and January 2018 (http://www.olis.or.jp/e/pdf/asia_report0014en.pdf).

3 Profiles of entrepreneurs

3.1 Theoretical and empirical contextualization

Studies and theories of entrepreneurship have a long tradition. Theoretical and empirical research has been concerned with the functions and roles of entrepreneurs, their personal and professional backgrounds and connections within and beyond business communities as well as their motivation, aspirations and personality traits (Hébert and Link 2009; Casson and Casson 2013). For Schumpeter, entrepreneurs were a major agent of change (Schumpeter 1934).⁵ They promoted economic development through innovations, which he very broadly defined as the introduction of “new combinations”. These could be new products, new services, or new ways of organizing and conducting business. He would not attach a specific role to the entrepreneur within a company. “As it is the carrying out of new combinations that constitutes the entrepreneur, it is not necessary that he should be permanently connected with an individual firm; many ‘financiers,’ ‘promoters,’ and so forth are not, and still they may be entrepreneurs in our sense.” (Schumpeter 1934, 186)

Recently, the contextualization of entrepreneurship has received increased attention within the scientific community (Baker and Welter 2020). Contextualization asks about the environment within which entrepreneurs operate, how it constrains, promotes and shapes entrepreneurial activity, and how it is itself influenced by entrepreneurship. Seen as a method, contextualization avoids over-generalizations. By explicitly accounting for differences across time, space and industries, it sharpens our perception of contextual factors. Furthermore, the contextualization approach makes us aware, that even within similar settings, entrepreneurship can be diverse and heterogeneous because entrepreneurs have different personal backgrounds, different resources and pursue different strategies. Diversity and heterogeneity are also recognizable in the profiles of the entrepreneurs presented in subsection 3.3. But before considering their personal context, it is necessary to briefly describe the broader macro-economic and industry-specific contexts.

Japan’s industrialization was part of the Meiji government’s program to modernize Japan along the lines of leading Western powers. Industrialization was complemented by fundamental transformations of Japan’s political and social system. It occurred in the context of high institutional uncertainties. As explained in Section 2, much of the legal framework supporting a free enterprise market economy still had to be formulated and implemented, while companies were being founded and their operations started. Given the unequal treaties imposed on Japan, the country could not isolate itself from foreign competition, but was forced to embrace such competition from the very beginning. On the other hand, as a late developing economy, Japan could learn from the examples provided by the more advanced Western economies. The Meiji government proactively pursued the study of Western institutions, technology and management practices by dispatching delegations, studying written sources and by inviting and hiring foreign experts.

⁵ The other one being the banker, who would finance entrepreneurial activities. The association of the banker with entrepreneurship shows that Schumpeter wrote under the influence of industrialization in continental Europe. Today, bankers tend not to be associated with financing high-risk investments. The role of financing start-ups has been taken over by venture capitalists.

The government's political commitment to a free enterprise system fostered entrepreneurship, and the country's position as a late developer economy provided plenty of entrepreneurial opportunities. In fact, the rapid and successful industrialization of modern Japan required tremendous entrepreneurial efforts. However, such efforts were not primarily directed towards the creation of completely new solutions, but rather focused on the transfer of technologies, business models and management techniques, which had been successfully tested in the West. Such know-how transfer still represented "new combinations" in the Schumpeterian sense because, in the process of implementing foreign know-how, various adjustments to the specific Japanese context had to be made. Nevertheless, it was a special kind of entrepreneurship, one which was very much inspired by learning from abroad.

The importance of entrepreneurs during the Meiji period is well recognized not only among scholars in the field, but also by the general public. Even today, prominent entrepreneurs of the period are remembered for their contributions to Japan's economic development. Shibusawa Eiichi, for example, is credited with having founded some 500 companies, and Iwasaki Yatarô is recognized as the entrepreneur behind the rise of the Mitsubishi Zaibatsu. One of the few systematic studies of entrepreneurship in Meiji Japan written by a Western scholar was that of Hirschmeier (1964). It was representative of the view, also shared by Japanese scholars, that early Meiji entrepreneurs were mainly from Samurai backgrounds, patriotic and motivated not so much by personal gains, but by the ambition to contribute to the betterment of Japan's young nation state. However, such generalizations have since been challenged (Horie 1963; Yamamura 1968) and, as we will see in the case of Japan's life insurance industry, the picture is more diverse.⁶

Historical accounts of entrepreneurship often focus on manufacturing, where establishing a business requires investments in factories and machinery. In industries such as banking and insurance, founders do not incur set-up costs like these, although they still need funds to finance business operations before revenues can be expected. In the case of life insurance, founders confront, however, another problem, which is directly related to the characteristics of the core product. Selling a life insurance product means selling a promise. Companies collect premiums from policyholders based on the promise to pay out money at the occurrence of death or other contractually specified events, which can be in the distant future. The challenge here is to win the trust of those willing to purchase insurance. Life insurance companies need to convince potential clients of the financial viability and trustworthiness of their business. To do so, they may emphasize their credibility based on their social position and reputation and may also make special efforts to provide transparency about their business conditions. At the industry level, trust can further be supported by self-regulation, legal rules and monitoring by regulatory authorities.

Compared with companies in established industries, there were two reasons in particular that entrepreneurs in the early stages of Japan's life insurance industry faced additional challenges. First, they introduced not only a new product unknown to the general public, but one with ethical connotations because it implied that one could attach a "price" to the death of a family member.⁷ This required

⁶ More recent accounts have not taken up this controversy, but take a management science perspective that focuses on how entrepreneurs built and managed their business (see for example Udagawa and Shoujima 2011).

additional skills of communication and persuasion. Second, they could neither rely on the reputation associated with a good track record, nor on the institutional trust created by industry associations and government regulations, because these potential sources of trust did not yet exist. The main resource for building trust was the reputation and social standing of the entrepreneurs involved in the founding of the first life insurance companies.

3.2 Selection criteria and sources

Based on the following criteria, we selected 15 entrepreneurs involved in the foundation of 11 life insurance companies for our analysis. First, we focus on companies founded in the Meiji period that were still active at the end of the Taishō period, i.e. 1926. This applies to 30 companies, which means that our sample comprises a little more than one third of this subgroup. Along the time dimension, the selection covers the whole Meiji period. We include founders of the first life insurance companies and founders, who later entered the business when the industry was already taking shape and the first regulations had been enacted. This allows us to see whether there are any differences between these two generations of entrepreneurs. Another selection criterion was organizational form, which meant that founders of both joint-stock as well as mutual companies are included.

Given the time and space limitations, we are not able to provide a profile for everybody involved in the founding process. We selected one or two of the founding team members, which according to the sources, appeared to have been most influential and decisive in initiating and implementing the project. They will be referred to as core founders to indicate that they were not the sole entrepreneurs. Although our sample contains a diverse set of people, we cannot and do not claim that it reflects the whole diversity among the entrepreneurs involved in the industry during that period of time.

The sources used for compiling the profiles comprise four accounts of the history of life insurance in Meiji and Taishō Japan, one published by the Hoken Ginkō Jihō Sha, the publisher of the major industry newspaper, in 1933, and three others published by the Life Insurance Association of Japan in 1934, 1936 and 1939. Since all four publications mostly focus on companies, further sources were needed to acquire more personal information about the founders. The main sources were the fourth and eighth editions of the Jinji Kōshin-roku (Personal Credit Register) published by the Jinji Kōshin-jo (Personal Credit Institute). The register entries can be accessed through the website of the National Diet Library of Japan,⁸ but the information has also been made available through an online database created by business historians at Nagoya University (<https://jahis.law.nagoya-u.ac.jp/who/>). The information for this paper was retrieved from the latter. Finally, for some profiles, *shashi* (company histories) and company websites were also consulted.

3.3 Summary profiles

Table 2 presents background information of 15 entrepreneurs, who played decisive roles in the foun-

7 This was not only an issue in Japan. For a summary of the arguments and their relevance in the case of the US market, see Zelizer (1979).

8 Please see <https://dl.ndl.go.jp/info:ndljp/pid/1703995> for the 4th edition, and <https://dl.ndl.go.jp/info:ndljp/pid/2127124> for the 8th edition.

dation of Japan's life insurance companies between 1881 and 1912. The table is divided into two parts representing the first and second phases of entrepreneurship. The second phase starts in the year when the Insurance Business Act was enacted, which greatly reduced the industry's institutional uncertainty.

Regarding the age of the entrepreneurs at the time they founded their companies, we see a clear difference between the first and second phases. Whereas most of the founders of the first phase are in their early or mid 30s, the founders in the second phase are much older. One could almost say that, with a few exceptions, there was hardly a generation gap between the first and second phases.

In terms of tenure, the first core founders tended to stay much longer involved with their companies, than those entering the industry during the second phase, partly because they were relatively younger when they founded their companies. Of the nine core founders, who stayed with their companies until retirement due to age, illness or death, five were first-phase and four were second-phase entrepreneurs. The last two first-phase entrepreneurs resigned for other reasons, but by their own decision after serving their companies for more than 20 years. During the second phase, three founders resigned due to poor business performance and one as a result of an internal conflict.

Although most companies were founded in Tokyo, the entrepreneurs came from many different regions. Only two of those depicted in Table 2 were born in Tokyo. Based on the occupation of their fathers, all core founders came from families with a high social status. Eight had a Samurai background, four came from families engaged in the medical or pharmaceutical fields. Hirose's father, too, occupied a high rank within the feudal system, and the fathers of the remaining two—one landowner and one local politician—were well positioned in the economic and political order established after the Meiji Restoration in 1868.

With one exception, all core founders had acquired a high level of formal education. Four had been trained in the field of medicine or pharmacy, and three had graduated in Western studies (英学) at Keio Gijuku, which comprised a broad range of subjects such as Western history, science and ethics. Three of the second-phase entrepreneurs had studied abroad, two in the US and one in Germany. Some of the others also had overseas experience. While working for the Ministry of Education, Abe had been sent to the US to study the US education system. Fukuhara visited the US and Europe on his own initiative to learn about business. Yano was dispatched to Germany by his employer Kyôsei Life to study the insurance business. Shôda was sent on a one-year assignment to England by Mitsubishi to collect information about shipbuilding. Kadono visited the US and Europe to do research on the education system when working at Keio Gijuku. In sum, eight, i.e. more than half of the entrepreneurs listed in Table 2 had direct overseas experience.

The skill sets and professional experience core founders had acquired before entering the insurance business were quite diverse. After graduating from Keio Gijuku, Abe taught English at Daigaku Nankô, which would later become Tokyo University, and then worked at the Ministry of Education.⁹ Kadono taught English at Keio Gijuku. Kusunoki had briefly taught Aesthetics at Keio Gijuku. Shôda had collected practical business experience working for Mitsubishi. Kakara was an accounting special-

9 Mastering English was essential for conducting Western studies.

Table 2 : Summary profile of entrepreneurs in Japan's life insurance industry, 1881–1912
 a) First phase : 1881–1899

Company (foundation)	Name	Age	Position in company period / tenure reason for separation	Place of birth ; Father's occupation	Education	Other major business activities	Major activities outside of business
Meiji Life (1881)	ABE Taizo	32	President, Chairman 1881–1917 / 36y retirement	Aichi ; Physician/Teacher	Keio Gijuku (Western Studies)	Mitsubishi Group ; director of Meiji Fire Insurance, Tokio Marine	professor, government official, member of government committees
	SHODA Heigoro	34	Director, Chairman 1881–1919 / 38y retirement	Oita ; Samurai	Keio Gijuku (Western Studies)	Mitsubishi Group (main career), Tokio Marine	n.a.
Teikoku Life (1888)	KAKARA Tameshige	33	General manager, Director 1888–1892 / 4y death	Ibaraki ; Samurai	Naval Accounting School	none	military career (as accountant)
	FUKUHARA Arinobu	40	Director, President 1888–1924 / 36y death	Chiba ; Pharmacist	School of Western Medical Science	founder of Shiseido and other pharmaceutical companies	military career (as pharmacist)
Nippon Life (1889)	HIROSE Sukesaburo	46	Representative director 1889–1908 / 19y retirement	Shiga ; Purveyor	n.a.	co-founder of banks, railway companies	politics ; member of prefectural assembly
	KATAOKA Naoharu	30	Vice-president, President 1889–1912 / 23y resignation (own decision)	Kochi ; Samurai	Kochi Teachers' School	president of Kyodo Bank, Miyako Hotel Kyoto	Member of House of Representatives, Minister of Commerce and Industry, Minister of Finance
Aikoku Life (1896)	SUZUKI Manjiro	36	Executive director, President, Chairman 1896–1920 / 24y resignation (own decision)	Fukushima ; Physician	Toa Medical School	hospital owner, director of hotel, brewing and railway company	Member of House of Representatives

b) Second phase : 1900-1912

Company (foundation)	Name	Age	Position in company period / tenure reason for separation	Place of birth ; Father's occupation	Education	Other major business activities	Major activities outside of business
Dai-ichi Life (1902)	YANO Tsuneta	36	Executive director, President, Chairman 1902-1946 / 44y retirement	Okayama ; Physician	Third Higher Middle School of Okayama	Nippon Life (physician), Kyōsai Life (general manager)	government official (Ministry of Agriculture and Commerce)
Chiyoda Life (1904)	KADONO Ikuoshin	48	President 1904-1938 / 34y death	Mie ; Samurai	Keio Gijuku (Western Studies)	founder and President of Nippon Chōhei Hoken, Chiyoda Fire Insurance	lecturer at Keio Gijuku, Member of House of Peers (nominated in 1932)
Yokohama Life (1907)	Ono Mitsukage	62	President 1907-1916 / 9y retirement	Nagano ; Deputy Major of Yokohama	Domain School of Takato in Nagano	co-founder of Yokohama Specie Bank, founder of silk trading company, Ono Shōten.	Major of Yokohama Member of House of Peers (nominated in 1910)
Hinode Life (1907)	OKAMOTO Toshiyuki	37	Executive director 1907-1920 / 13y resignation (poor business performance)	Tokyo ; Samurai	Degree from US medical school	physician, medical director and executive of New York Life's Japan branch office	n.a.
Fuji Life (1909)	YABUKI Hidekazu	61	President 1909 / 9 months death	Tokyo ; Samurai	Numazu Military Academy	n.a.	military career, received title of Baron in 1907
Taihei Life (1909)	KUSUNOKI Hidetaro	47	Executive director 1909-1916 / 7y resignation (internal conflict)	Kyoto ; Samurai	Tokyo University of Foreign Languages, Study abroad in Germany (Berlin)	advisor, manager, director in other life insurance companies	lecturer at Keio Gijuku, government official (Ministry of Agriculture and Commerce)
Horai Life (1910)	TSURUHARA Sadakichi	53	President 1910-1914 / 4y resignation (poor business performance)	Fukuoka ; Samurai	Tokyo University (Literature)	director of the Bank of Japan, president of railway, chemical fertilizer and newspaper companies	government official, Member of House of Repr., co-founder of major political party, Major of Osaka
	KASUYA Gizo	44	Executive director 1910-1914 / 4y resignation (poor business performance)	Saitama ; Landowner	Law degree from US university	director of bank, railway companies	member of a prefectural assembly, Member of House of Representatives

Note : Age refers to the age in the year the company was founded. Period refers to the overall tenure with the firm.
Sources : Jinji Kōshin-jo (1915, 1928) ; *shashi* (company histories) of Meiji Life, Teikoku Life and Nippon Life.

ist. Fukuhara had founded Shiseido, Japan's first Western pharmaceutical company in 1872 based on his interest and expertise in pharmacy. Hirose and Ono had a background in banking, the latter also in silk trading. Only Yano, Okamoto and Kusunoki had previous experience in the insurance business. Tsuruhara, who had obtained a degree in literature from Tokyo University, had worked for the government before founding Horai Life.

Only a few core founders fully committed their career to life insurance. Many engaged in businesses outside insurance, took positions in the government or had a political career. At least five can be regarded as serial entrepreneurs, which means they founded more than one company. An ongoing commitment can be seen by Abe and Yano who worked almost exclusively in the life insurance business, not only through the long tenure with their respective companies, but also because of their contribution to the development of the industry. They were both active in establishing and organizing the Japan Life Insurance Association, where Abe served as first and Yano as third president. They were also involved in drafting the legal framework for their industry.

Some sources also contain information about the possible motivation of these core founders. They suggest that, as far as Abe, Shōda, Hirose, Suzuki, Yano, Okamoto and Kusunoki are concerned, they were motivated by patriotism and the goal to contribute to the public good. For them, Japanese society stood to benefit from life insurance. For example, Kusunoki perceived the creation of a domestic life insurance industry as a means to lower Japan's dependence on foreign capital. Ono was more concerned about his local community. He saw the establishment of Yokohama Life as a way to prevent the outflow of wealth from the city.

4 Discussion

The summary profiles reflect significant diversity among the core founders, especially with regard to the place of birth, the age and the scope of activities beyond the founding of the respective life insurance company. But there are also some commonalities. The social background, high level of education, the wide scope of activities and linkages with other businesses and industries as well as academia, the government, politics and the military reveal not only a high social standing, but also a wide network of high-level relationships. Therefore, these core founders can be seen as part of the intellectual, political and business elite. Many of them were motivated by patriotic and social ideals beyond the pursuit of personal profit. They at least partly confirm the image of the "community-centered entrepreneur" proposed by early research on entrepreneurship in Meiji Japan (Ranis 1955; Horie 1963).

In line with the contextualization approach to entrepreneurship (Baker and Welter 2020), the core founders' profiles and activities reflect a special development stage of Japan and the institutional uncertainty surrounding the transformation of the society and economy at the time. Japan's specific environment shaped entrepreneurship, but was at the same time influenced by it. Many of the core founders had studied Western knowledge and some had even collected first-hand experience from studying or traveling abroad. They contributed to institution-building through their involvement with the government, politics and lawmaking as well as through the formation of industry organizations. This involvement together with high-level social relations helped to fundamentally reduce the institutional uncertainty surrounding Japan's economic and social conditions. This meant, that when they founded their

own companies, they could make “educated guesses” about what directions Japan would take. They could anticipate institutional change and take advantage of it. This confirms the observation that entrepreneurs “work within an institutional environment that itself often yields to entrepreneurial efforts. That is to say, there are ‘political entrepreneurs’ who expend efforts to change institutional structures and practices in order to benefit themselves.” (Hébert and Link 2009, pos. 346)

Importantly, social status, reputation and networks also helped early entrepreneurs overcome the specific challenges associated with the introduction and establishment of life insurance in Japan. It gave them the trust and credibility needed to convince investors, future policyholders and the Japanese government about their intentions and abilities to establish a sound and viable business.

- Abe and Shôda benefited from their Keio network and their connections with the university’s founder, Fukuzawa Yukichi, Japan’s most famous and respected scholar and promoter of Western knowledge. Upon Fukuzawa’s introduction to Iwasaki Yatarô, the founder of Mitsubishi, Shôda had already started his career with the Mitsubishi Group. This provided him not only with practical business knowledge, but also gained him the Group’s support when founding Meiji Life.
- The foundation of Teikoku Life, too, benefited from the high social credibility of the core founder Fukuhara, who had direct connections with Shibusawa Eiichi, Japan’s most renowned and influential entrepreneur.
- When founding Nippon Life, Hirose had already established one of Japan’s national banks. His co-founder, Kataoka, was chairman of the local police. They were connected with local politicians and received financial support from the Kônoike Family, a local Zaibatsu.
- Aikoku Life was founded on the initiative of the nationwide organization of confectionery merchants to commemorate the successful repeal of the “Confectionery Tax Law” in 1896. As a Member of the House of Representatives, Suzuki had been the main figure in the political campaign, and was also a core figure among the ten founders of Aikoku Life. His success in his political career was thus directly linked to his successful entry into life insurance.
- Yano, the founder of Dai-ichi Life, had collected first-hand experience about the industry, working at Nippon Life and later at Kyôsai Life. He then moved to the Ministry of Agriculture and Commerce to engage in the drafting of the Insurance Business Act and later became the first chief of the newly created Insurance Business Division. He nevertheless first faced difficulties in raising funds, as a mutual company required a notice of intent by at least one hundred potential policyholders in case the business was approved.
- Kadono, core founder of Chiyoda Life, had taught at Keio and could count on the support of the Keio alumni network.
- When founding Yokohama Life, Ono had already co-founded the Yokohama Specie Bank, which later would become Mitsubishi Bank. He could also benefit from his father’s reputation as Deputy Major of Yokohama. He received funding from local businessmen and politicians.
- Okamoto, core founder of Hinode Life, is an exception in the sense that his social connections were limited. He had acquired experience with the Japan branch office of New York Life and could secure funding from the Okura Zaibatsu.

- Yabuki, core founder of Fuji Life, benefited from his social relations and reputation gained through his military career, which also earned him the title of a Baron.
- Kusunoki, core founder of Taihei Life, had been the successor of Yano as chief of the Insurance Business Division in the Ministry of Agriculture and Commerce. He also served as advisor and director in other life insurance companies including Teikoku Life. Like Yano, he initially faced difficulties in raising funds.
- Tsuruhara and Kasuya could bank on their social relations and reputations established through their elite education and political careers. They could also count on the support of members of the influential political party, Rikken Seiyūkai, which Tsuruhara had co-founded.

The above underlines the point that the entrepreneurs who established Japan's life insurance industry were not acting in isolation. They were not only well educated, but also well connected and had strong support networks. "The entrepreneur is often perceived as an individualist and 'self-made person' whose success owes nothing to other people. But in fact, the opposite is true. Entrepreneurs are deeply embedded in the economic system, in which they play a crucial role, and in society too." (Casson and Casson 2013, pos. 2150)

5 Conclusion

This paper contributes to the historic study of entrepreneurship in Meiji Japan by studying the background of core founders in Japan's life insurance industry. Life insurance is normally not associated with Japan's industrialization. However, despite the newness of the product and the idea of "commercializing" death, and despite the high degree of institutional uncertainty, Japan's domestic life insurance industry was successfully established by the end of the Meiji period. The paper aims to shed light on this impressive achievement by calling attention to the roles of entrepreneurs, their social and educational backgrounds and their social networks.

Due to time constraints, the analysis focused on 15 entrepreneurs, who had played a pivotal role in the establishment of 11 life insurance companies. We find significant diversity in terms of places of birth and ages as well as educational and professional backgrounds. Nevertheless, for the period under study, we can at least partly confirm the image of the "community-centered entrepreneur" propagated in some of the literature on entrepreneurship in Meiji Japan.

As suggested by contextualization approaches to entrepreneurship, we see how entrepreneurs were shaped by the economic, social and political environment of Meiji Japan, and how, at the same time, their entrepreneurial activity influenced and changed this environment. The core founders' broad involvement in education, government work and politics helped them reduce and cope with the high degree of institutional uncertainty. Their social status and support networks provided them the credibility needed for entering the insurance business at a time when the industry's regulatory framework was still evolving so that trust had to be based on personal reputation rather than institutions.

Our findings bear some interesting implications for entrepreneurship research, especially in the context of a transition economy like Meiji Japan, which is characterized by a high level of institutional uncertainty. Our study revealed that the scope of activity of the company founders was not limited to the

life insurance industry, but extended into other industries, government services, politics, academia and even military. Such a broad scope may reflect the strong demand for entrepreneurship in these sectors and the limited supply of strong leadership and management skills, but it certainly served at least two functions necessary for innovative activity in transition economies. First, the mobility of people between business, government, politics and military fulfilled an integrative “boundary spanning” role needed to accept and cope with change. Second, and as already mentioned, the core founders’ broad scope of experience helped to reduce institutional uncertainty. The entrepreneurs’ profiles and cross-sectional activities and networks analyzed for this paper also show that national and industry contexts are closely interwoven.

Our study is not without shortcomings. Due to time and space constraints, we had to focus on a small number of companies and founding team members. There is also the need to collect more information from different sources to validate the brief entries in the database and the more subjective accounts given in *shashi*. Both shortcomings need to be addressed by future research. Drawing on a broader base of information, future research may also take a closer look at the composition of the entrepreneurial teams involved in founding companies and provide further findings about entrepreneurial motivation. Last but not least, a comparison with the founders of life insurance companies entering the industry during the Taishō period (1912-1926) would be very instructive in better understanding the relation between entrepreneurship and national or industry contexts.

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