

Matsushita Electric Company (Malaysia) Berhad

Since its establishment in 1965, management of Matsushita Electric Company (Malaysia) Berhad, or MELCOM, have been taking active measures to develop Malaysian employees for managerial assignments. In May 1973, the company was going to carry out a plan to promote several local employees to the positions of department and factory managers which were currently occupied by Japanese expatriate managers. Because MELCOM was in a sort an epitome of the Malaysian society which was made up of many ethnic groups, Mr. Kurahashi, general manager of the company⁽¹⁾, had a feeling that there still remained many difficult problems arising from latent racial confrontations among its workforce and requiring attentive approaches.

MELCOM was a manufacturer and distributor of "National" brand household electric appliances such as monochrome TV sets, refrigerators, electric fans, rice-cookers, dry batteries, as well as several kinds of electronics components. It was a joint venture incorporated by the Matsushita Electric Industrial Co., Ltd. (hereinafter referred to as Matsushita Electric) and the Hagemeyer Trading Company, the sole distributor in Malaysia of the "National" brands which are the products of Matsushita Electric. The company was established at the request of the Malaysian government which aimed to pursue its policies of industrial development and expansion of job opportunities. It was located in a new industrial site near Kuala Lumpur, the capital of Malaysia.

As of 1973, the authorized capital of the company was M\$20,000,000 (20,000,000 shares of M\$1 each⁽²⁾) and issued capital was M\$3,000,000. Forty-five per cent of the issued capital was owned by Matsushita Electric and five per cent by the Hagemeyer Trading Co. The remaining fifty per cent was sold to the Malaysian public through the local security market. Exhibit 1 shows MELCOM's sales volume and domestic market share by its main products in 1973. Since 1968, the third year of its existence, MELCOM started to make profits. In 1969, it paid its first dividend of 10 per cent of the capital. The dividend in 1970 went up to 12 per cent. In 1972, the company paid a dividend of 17 per cent including 5 per cent bonus dividend in commemoration of its 5th anniversary. Balance sheets, profit and loss statements and related documents are given in Exhibits 2, 3 and 4.

Management of Overseas Operations of Matsushita Electric

The Matsushita Electric Industrial Co., Ltd. is one of the largest companies in the electronics industry in Japan that produces a wide variety of electric household appliances and electronics products and components. Its consolidated financial statements as of the end of 1973 showed a capital of

(1) According to the organization chart of the company, the formal title is "managing director," a position equivalent to the president of a company.

(2) M\$ = \$0.43

This case was prepared as a material for classroom discussions by Kichinosuke Takahashi, Professor and Hideo Ishida, Associate Professor of Business School, Keio University.

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