

## **Lesson from Authentic Leader: Konosuke Matsushita Founder of Panasonic**

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*Following the process-based definition of leadership, this article identifies the exceptional type of leadership which is an “authentic leader”. Authenticity as a construct dates back to the ancient Greek, as captured by their timeless admonition to “be true to oneself”. Konosuke Matsushita authenticity leadership extended the construct impressively to “be true to oneself and others”. He is the leader who knows and acts upon his true values, beliefs, and strength, while inspiring others to do the same and higher levels of employees’ well-being will accrue, which in turn have been shown to positive impact follower performance to satisfy global customer effectively. To properly address I call for more attention to what constitutes the construct of Matsushita authentic leadership from his biography. The purpose of this article is to build the case for the higher order of inspiring young business leaders create their higher ambition to achieve both on economics and social benefits. In addition, synthesizing his life and legacy through theories of leadership, empowerment, creativity, and social entrepreneurship can provides empirical support for the contribution of the leadership development program in the higher management education institution.*

**Keywords:** Leadership, Authentic Leader, Organizational Culture, and Management innovation

**Case studies:** Management and Leadership

### **Overview**

A theory of authentic leadership has been emerging over the last several years from the intersection of the leadership, ethics, positive organizational behavior and scholarship literatures (Avolio et al, 2004, Cameron, Dutton, & Quinn, 2003: Cooper & Nelson, 2006, Luthans & Avolio, 2003). While, most management books portray a leader as someone with a charismatic appearance, rhetoric abilities and the bestowment of power and money. Konosuke Matsushita, lean and slender, soft spoken and from a poor family, defied these characteristics of a leader and carved a unique identity for himself as an authentic leader.

He was the man behind one of the most successful electronics brand “National” (later changed as “Panasonic”) (**Exhibit 1**) and one of the entrepreneurs who created his own legend and become the world’s greatest entrepreneur.

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## **Childhood Experiences and Learning**

Konosuke Matsushita was born on November 27, 1894, in a rural village in the Wakayama Prefecture, Japan. Bought up in a family of ten, Konosuke Matsushita, the youngest of all siblings, enjoyed a privileged life until the age of four when his father lost their land and house in a rice market speculation. The Matsushita family faced a series of difficult times thereafter. The family lost its three members due to an illness in a span of two years from 1900 to 1901. Moreover, the family had to survive on mere basic subsistence. His father, who believed in turning Matsushita into an independent entrepreneur, laid the foundation by asking him to be an apprentice at a charcoal brazier shop at the age of nine. Konosuke travelled to Osaka for the apprenticeship. Separation from the family and sixteen hours a day work at the shop, was a lot for a young lad, however this experience was better than the hardship he had seen in his early days. Matsushita always looked at difficult times with great optimism to learn, improve and strengthen oneself. At times when ordinary people fumble, he would gain strength and face the difficult times head-on. This was one of the most remarkable characteristics of Mr. Matsushita and this characteristic has been shown numerous times in the 9 decades of his life.

Following a short three months of apprenticeship at the charcoal shop, he moved onto a bicycle shop owned by Mr. Godai Otokichi. He worked in the bicycle shop as an apprentice for the next 6 years and learnt how a small enterprise operates. His experiences in small enterprises have always had a profound effect on him as he always believed in the advantages of the small enterprise over big enterprises. Since childhood, Matsushita was alert and was quick to adapt to the surrounding. At the time when he was working for the Godai, a trolley network had been building throughout the Osaka city. He sensed that the advent of trolley was a sign of massive change. Therefore, he decided to leave his apprenticeship and join an electric light company. Thus began his career as an employee.

## **From Employee to Entrepreneur**

His years as an employee were equally challenging as well. However, he quickly promote in the organization. With growth came responsibilities, which he handled very well. He was in charge of teams for interior wiring at the Osaka Light and he would go to any length to complete the projects assigned to him and took great pride in the work of his team and the completion of projects on time. In Osaka light, he learnt about the technology that would set the foundation of the Matsushita Empire. Though he lacked formal education, he always emphasized the importance of on the job training and gained unparalleled knowledge through the job.

Experiences of Matsushita taught him lessons in life far from any text books would have taught. The lessons he learnt while working as an apprentice and an employee all added to the value of Matsushita Konosuke. Any form of preconceived notions and assumptions were not considered, thus he made decisions in life based on what he learnt and sensed.

“The only books that made a big impression on me when I was young were collections of uplifting stories about famous historical incidents and heroes that I read when I was an apprentice. I read them at night from the time the store closed at 8 p.m. until the time I went to bed at 10 p.m. So it was these traditional tales that originally moulded my way of thinking”. (Matsushita Konosuke: His Life and His Legacy, pg.: 100, A Man of Experience)

In the year 1915, Matsushita married Iue Mumeno, who would later become his support system. After seven years in office at Osaka Lights, he left his job to start up his own company, The Matsushita Electric, at the age of 22. His main reason for leaving the company was that he was not happy with his latest position as an inspector because his work required only 4 hours of serious work and rest was idle time. He was not a person to enjoy idle time. At the same time, he began to develop a light socket that was superior to the one used by the company. When showed to his supervisor, the supervisor rejected the idea. This further fueled his frustration and finally he left the organization and set up his own company having full faith in the light socket that he had created. This was the beginning of an entrepreneur Matsushita. He always recalled that the entrepreneur spirit was instilled in him by his father who always wanted him to be his own master.

With limited fund and space, he set up Matsushita Electric in his two room house. He was supported by two former staffs from Osaka lights and his brother-in-law. Thought they had no prior knowledge on manufacturing, marketing and selling products, Matsushita had faith in the socket and went ahead with the manufacturing. Thought they succeeded in manufacturing the light socket, they had problems selling it. It was not quite properly received in the market and the two former employees of Osaka Light left the company because they had to support their family.

The month of December, 1918 brought a breeze of hope for the Matsushita Electric. They received an order for 1000 insulator plates for use in the bases of electric fans. The three of them worked day in and day out to fulfill the order. They succeeded and received an order of 2000 more plates. This signaled the roll of good times.

Matsushita focused himself in developing innovative sockets and they were well received in the market. With the increase in sales in sockets and insulator plates order, the company began to expand and employed 20 employees by the end of the year 1918. During the course of the first year of operation, Matsushita faced numerous difficulties ranging from lack of fund to support his company to his employees leaving him. As said, every cloud has a silver lining; these difficult times gave him the strength to moved ahead believing in his innovation and capability.

### **Organizational and Product Innovation**

During his earlier years as an entrepreneur, he excelled in the capacities as an innovator and a leader. He came to realize through market reactions that for a product to be sold, it needs to be 30% better and 30% cheaper than the competitors'. For this, the production costs needed to be reduced from the efficient designing techniques.

Matsushita, who believed in product as well as process innovation, maneuvered and designed the product, thus playing an active role as an innovator.

One of the significant innovations in the organization was The Hoichi Kai (“One Step Society”), which mostly organized events for the welfare of the Matsushita Group. Matsushita always believed in treating his employees well and motivating them to achieve the vision he had articulated to his employees. This stressed his role as a motivational leader.

His business acumen was tested time and again. One of his major tests was the designing of the bicycle lamp. Matsushita had earlier worked in the bicycle shop and knew the problem of the lamp, which burnt off very quickly. He began to design a bicycle lamp which was much more efficient than the older model. However, he was not able to sell it to the bicycle dealers. He had placed a huge bet on the lamp by mass producing before any orders had been placed. His belief in the product and the ingenious selling technique proved to be fruitful. The bicycle lamps sold well beyond his imaginations.

Along with the growth of the company, the range of electrical equipment offered by the Matsushita Electric also grew (**Exhibit 2**). With this confidence, the design staff planned on new lamps which were portable and cheap. For the first time, the Matsushita Electric used the brand “National” to market the lamp on April of 1927.

### **Management Philosophy and Company Mission**

As the company grew larger, Matsushita thought that the company needed guiding principles to lead and instill among employees the same passion and zeal that he had for the company. Therefore, he incorporated the “basic management objectives” and “company creed” which focused mainly on the primary responsibilities of the employees to perform their duties diligently and stressed on maintaining harmony between corporate profits and social justice. Moreover, he always believed in the power of youth and he did not see youth by the number of years of a person but by the characteristics of a person. This can be seen from his favorite poem “Youth” by Samuel Ullman. (**Exhibit 3**)

Matsushita always put his employees first no matter how grave the situation was. In the year 1929, the Great Depression engulfed the world. Its effects were far and wide. Japan also felt its tremor and the demand for electric items reduced (**Exhibit 4**). As a result, Matsushita Electric also faced a slump in demand and the stores were full of backlog sales. Matsushita’s decision to keep all his employees and rather lower production made him a man of great stature.

“I shall not dismiss a single employee, I shall reduce working time to half a day and cut production by half but I’ll continue to pay full day’s wages. In return, store employees will give up their holidays and do everything in their power to sell the goods we have in stock” Mr. Konosuke, (Matsushita Konosuke: His Life and His Legacy, pg.: 108, Entrepreneur who sold his happiness)

Matsushita was a man of his own words. He understood things around him and found means to serve the greater problems for better living. He believed in what he was doing and made sure that people understand his idea.

Once he was invited by a customer to visit a religious shrine. Though he did not follow any sect or religion, he agreed to visit the shrine after repeated request by the customer. There he was amazed at how devoted people came to the shrine and worked there piously without any salary or anything in return. He started to relate this behavior with the behavior of the employees in the organization. He thought that if the main aim of religion was to bring peace and happiness in the world, his organization would produce quality products at a reasonable price and sufficient quantity to fulfil the unsatisfied need of the society and at large help to eliminate poverty. Thus, emerged the Tap Water Philosophy: a 250 year old project which was conceived to create happiness and for the well-being of the society through the work of Matsushita Group. One of the management practices introduced by Matsushita was the Organization Division System. In this system, he divided his company into separate and independent divisions. This was created to encourage independent and responsible management. His focus on employees took him to establish employee training institute in 1934 because he believed that the employees were the backbone of any organization. Employees with the right skills were the greatest assets of an organization and he was determined to establish a training institute that enrolled primary school graduates and trained them.

### **From War to Peace, Happiness and Prosperity (PHP)**

Things turned around again when the militarization of the Japanese economy began in 1938. However, throughout the 1930s, the army and navy had begun to be stronger. Matsushita Electric was also ordered to produce few products for the military. As Japan entered into war with the United States of America on December 7, 1941, Matsushita Electric played a more important role by producing ships and airplanes. As the war progressed, the company grew and it started its operations beyond borders but its debt also surmounted as it had to sustain the projects by itself. Moreover, the company lost its focus. Each new situation as these showed the character of Matsushita. Though he and his company did not have experience in producing ships and airplanes, he motivated his employees to do so as it was the need of the hour.

In August 1945, Japan lost the war, which disheartened and confused the employees at Matsushita Group. Matsushita planned numerous activities to motivate his employees and bring them back to the path of happiness. He also focused on rebuilding his company as well as the country and stressed on putting the production back on track. However, Matsushita Electric was asked to stop its operations from the Supreme Commander for the Allied Powers and its assets were frozen. The company was charged of helping the government in war and was also labeled a Zaibatsu. The Allied Power also sought to remove the executives of such corporations and established the Labor Union law in Japan on December, 1946. Matsushita attended the first meeting of the union though he was not invited and told his employees to work for the company.

The union in turn supported a movement not to overthrow their leader. They submitted their petition and it was successful. As Japan was engulfed in misery and poverty after the war, Matsushita thought to himself that why the common people should suffer? Therefore, on November 3, 1946, he founded the PHP (Peace and Happiness through Prosperity) Institute.

“We, all of us human beings can live lives of peace, happiness and prosperity, if we put our minds to it” Konosuke (Matsushita Konosuke: His Life and His Legacy, pg.: 102, A Man with no Preconception)

Difficult times did not leave Matsushita Electric until 1950. As it is said, nothing lasts forever; the economy of Japan bounced back welcoming growth to Matsushita Group **(Exhibit 5)**.

### **From Local to Global**

Once the war was over, Matsushita realized the advancement of super power countries and decided to travel to the United States of America on January 18, 1951. There he learnt how progressive the Americans were from them. He was so fascinated that he extended his trip from one month to three months. He made another trip to the United States on October, 1951. He extended his trip to the Europe and sought for Joint Ventures with the numerous companies before choosing Philips from Netherlands. After negotiations with the company, Matsushita Electric finally entered into joint venture on December, 1952. Matsushita Group now had the knowhow and the expertise of a company that was considered one of the biggest in consumer electronics.

Matsushita was always looking for ways to improve his company and the overall economy. He realized that his company could not always rely on the expertise of others to advance. He believed that in order to lead the industry within Japan and the world, his company needed to innovate and advance on its own. Therefore, Matsushita Electric built a Central Research Laboratory in Osaka. This led to the growth of the company and made products of international standard. The company started to export its products under the brand-name Panasonic and set up a sales office in the United States. This was the start of the globalization of the company **(Exhibit 6)**.

His visions for the benefits of the public have been the main factor behind the success of him and Matsushita Electric. For the thirty fifth anniversary of the company, he made a bold statement about quadrupling sales in the next five years.

“The ultimate secret of selling something is to believe sincerely that your product will make people’s lives better and more pleasant, and to ensure that you maintain efforts to bring this about. I think this is the only road to success. So long as you maintain this enthusiasm, your results will be multiplied many times before you even notice” Matsushita Konosuke (Matsushita Konosuke: His Life and His Legacy, pg.: 115, The Charisma of Commitment)

His vision to uplift not only his company but the overall Japanese economy can be seen by his company providing necessary electric equipment at a reasonable price so that the final products would be affordable and more competitive in the international market. "I ran Matsushita Electric on the premise that it had a duty to perform in industry, that it had to contribute to a better world" Matsushita Konosuke  
Matsushita challenged the status quo from the fact that his company was the first company in Japan to reduce the working days from six to five days in a week without affecting the productivity and other factors. His company always aimed to achieve a salary level comparable to companies abroad and followed the principle of meritocracy rather than seniority.

After many glorious years at Matsushita Electric, he retired in the year 1961 and moved further away from the operations in 1973. After his retirement, Matsushita focused more on his works in PHP. Thought PHP was closed down in 1950 (except for the publication of monthly magazine), Matsushita resumed its operations in 1961.

### **Living for Others**

Upon his retirement, Matsushita had the time and wealth to relax and enjoy. But he wanted to devote more time for others so that there would be peace and happiness. He focused on works in PHP and published books and held seminars to understand the human nature and its implications on management, public policy and everyday life. He mainly talked about the concept of "Sunao" i.e. an untrapped mind (**Exhibit 7**), which could easily understand the circumstances and adapt to it.

A philanthropist as he was and a radical thinker, he wanted others to think about matters that was a concern to the overall economy. For instance, he was very worried that Japan did not have much arable land. Therefore, he proposed of digging the mountains and then using the mud to expand into the sea. Though these were monumental tasks, he thought that these were needed for future. Other concepts include Japan becoming a tax free state, redeveloping the education system among many.

"In the beginning, because I always had to worry about meeting my basic needs, eating was my first priority. To do that, of course, you have to earn money. It's a very simple process. Once I was able to meet my basic needs to some degree, I felt a kind of empty void in my heart. Gradually, my desire became bigger; for example, I wanted to build my own house, start my own business. Once I started my own business, I had to sell products. And when people bought my products, I was elated so I bowed to them in gratitude. It was a very ordinary thing. All along I have only been doing ordinary things in ordinary ways. "Nowadays, some say that I have gained fame and honor, so I should be satisfied. But as for me myself, I can't just get up and quit now. What I'm trying to say is, I'm afraid that someday in the near future Japan will come to a dead end. That's why I feel that we have to do something about country" as told to Ms. Shimomura Mitsuko, senior staff writer, the Asahi Shimbun Newspaper

His books on management were very thought provoking. He mostly focused overall benefit of the society and that companies were to serve the society. He believed that

the only thing that the people need is an open mind. Matsushita was taken as a leader who believed respecting and listening to people, thus he was more receptive to new ideas. There were situations where visitors with different idea would come to meet him and talk about their imagination. Even though those ideas seemed bizarre, he would patiently listen to them as he always believed in the power of listening, from where one can gain greater ideas of doing things in a way different from others.

“You can’t say no to everything that doesn’t meet your immediate approval. To have to say okay to some plans or decisions that you are sceptical of, and then, in the process of implementation, work to guide them along the path you think best. Issuing orders directly to get things the way you want them done is one way of operating, but I think a person in charge of others has to okay some things he doesn’t really like. So it is still possible to see that necessary adjustments and made after the decision is made.”  
Matsushita Konosuke

World War II had a very profound impact on Matsushita. Japan’s relations with many other nations were tarred during the war. Matsushita wanted to rebuild the relations. Therefore, he conducted many acts of philanthropy in numerous countries particularly working for the children. His greatest philanthropy was the establishment of the Japan Prize. This award was meant to honor scientists whose research had an impact on improving the prosperity of humankind. This was the Noble Prize of Asia. Also, the establishment of the Matsushita Institute of Government and Management encouraged new breed of patriotic politicians to know and understand Japan better and lead the country towards a greater and brighter future.

Matsushita was entitled a merchant who sells happiness (by The Soviet Statesman Mikoyan), a symbol of the “Postwar Japanese Dream”. The products of Matsushita Electric and Matsushita Groups were taken as “products that create happiness”. PHP (Peace and Happiness through Prosperity), was not only a phrase but the founder believed in this philosophy. This fact can be related to his early years where he faced hardships and thus was grounded by his values of serving the public with products that would be of reasonable price and of good quality. Be it sharing the information of manufacturing with his employees or motivating them, Matsushita always believed in the power of sharing and this is one of the reasons that he has been able to establish himself as an authentic leader. His energy was not only limited to him, but was flown in the heart and mind of his employees and stakeholders. **(A History of Matsushita Konosuke, Exhibit 8)**

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Exhibit 1

**Famous 20th Century Entrepreneurs \***

Name	Company	Revenue Growth (Billions of 1994 Dollars)
Konosuke Matsushita	Matsushita Electric	\$49.50
Soichiro Honda	Honda Motor Co., Ltd.	\$35.50
Sam Walton	Wal-Mart Stores, Inc.	\$35.00
Akio Morita	Sony Corporation	\$33.70
David Packard/William Hewlett	Hewlett-Packard Company	\$20.60
James Cash Penney	J.C. Penney Company, Inc.	\$17.40
Ken Olsen	Digital Equipment Corporation	\$14.50
Henry Ford	Ford Motor Company	\$10.30
Andy Grove**	Intel Corporation	\$8.90
Ray Kroc	McDonald's Corporation	\$4.70
Bill Gates***	Microsoft Corporation	\$3.80

\* Not a complete list of the most successful entrepreneurs

\*\* Growth while the entrepreneur was associated with the firm in either operating or non-operating roles. Figures go through mid-1994

\*\*\* Still running their firms

Exhibit 2

**Revenues for Electric Equipment  
Manufacturers in 1918**

<b>Name</b>	<b>Revenues (In Millions of Dollars)</b>
General Electric	216.80
Westinghouse	95.70
Toshiba	14.80
Matsushita	0.20

Source: Company records. For Toshiba, the figure is for its predecessor company, Tokyo Electric.

Exhibit 3

**Youth by *Samuel Ullman***

Youth is not a time of life - it is a state of mind,  
it is a temper of the will,  
a quality of the imagination,  
a vigor of the emotions,  
a predominance of courage over timidity,  
of the appetite for adventure over love of ease.

Nobody grows old by merely living a number of years.  
People grow old only by deserting their ideals.  
Years wrinkle the skin,  
but to give up enthusiasm wrinkles the soul.  
Worry, doubt, self-distrust,  
fear and despair - these are the long,  
long years that bow the head and  
turn the growing spirit back to dust.

Whether they are sixteen or seventy,  
there is in every being's heart  
the love of wonder,  
the sweet amazement at the stars  
and star like things and thoughts,  
the undaunted challenge of events,  
the unfailing childlike appetite  
for what is to come next,

and the joy and the game of life.

You are as young as your faith,  
as old as your doubt;  
as young as your self-confidence,  
as old as your fear,  
as young as your hope,  
as old as your despair.  
When the wires are all down  
and all the innermost core of your heart  
is covered with the snows of pessimism  
and the ice of cynicism,  
then you are grown old indeed.

But so long as your heart receives messages  
of beauty, cheer, courage, grandeur  
and power from the earth,  
from man and from the Infinite, so long you are young.

Exhibit 4

**Japanese GNP, 1926-1935 In Current Prices (Millions of Yen)**

<b>Year</b>	<b>Millions of Yen</b>
1926	15,975
1927	16,293
1928	16,506
1929	16,286
1930	14,698/13,850*
1931	12,520
1932	13,043
1933	14,334
1934	15,672
1935	16,737

\*New system of measurement employed in 1930. Numbers shown are calculated using both old and new systems

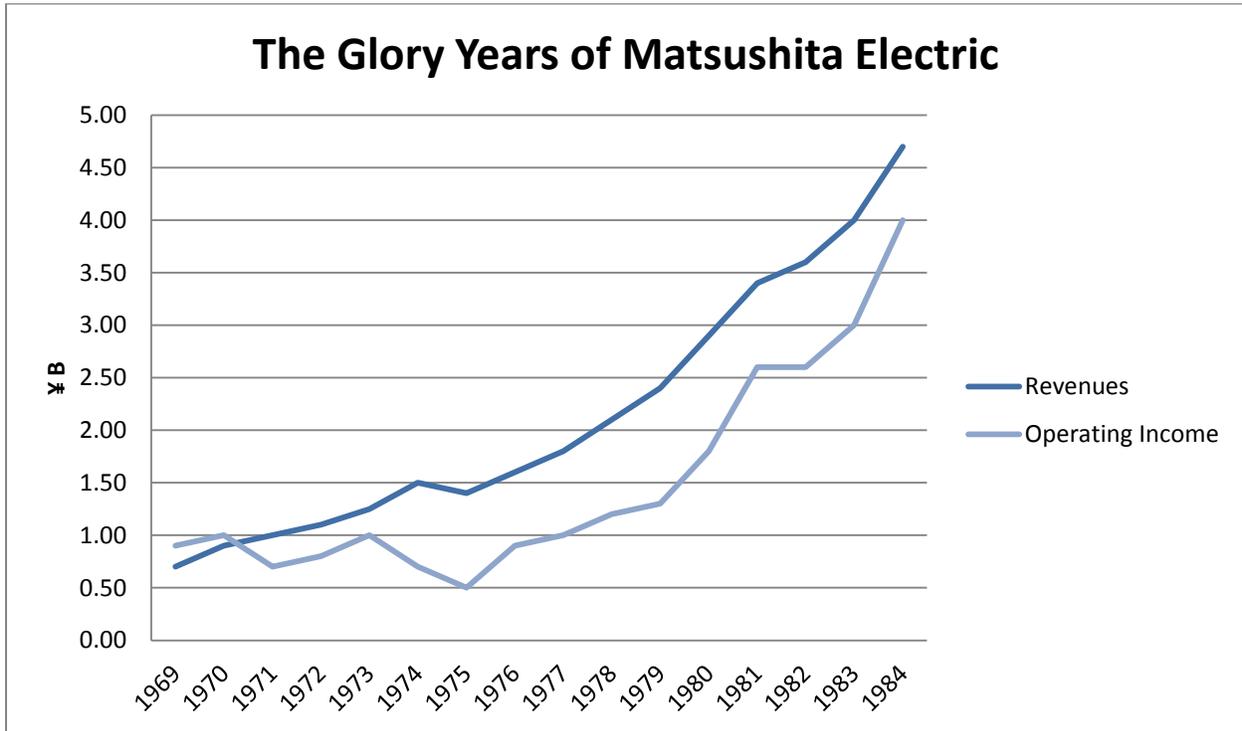
Source: B.R. Mitchell, *International Historical Statistics, Africa and Asia* (New York: New York University Press, 1982), pp. 728-729

Exhibit 5

**Major Electronics Companies, circa 1951**

<b>Name</b>	<b>Revenues (In millions)</b>
General Electric	\$2,319
Westinghouse	\$1,241
Western Electric	\$805
RCA	\$376
Philips	\$326
Siemens	\$235
Motorola	\$135
Honeywell	\$135
Zenith	\$110

**Exhibit 6**



**Exhibit 7**

**The Untrapped Mind – Konosuke Matsushita**

The “Untrapped mind” is open enough  
 To see many possibilities,  
 Humble enough to learn  
 From anyone and anything,  
 Forbearing enough to forgive all,  
 Perceptive enough to see things  
 As they really are,  
 And reasonable enough to  
 Judge their true value

**Exhibit 8**

**A History of Konosuke Matsushita**

YEAR	AGE	SUMMARY
1894		Born in Wakayama
1904	9	Serves as an apprentice in Osaka
1910	15	Joins the Osaka Electric Light Company (now Kansai Electric Power Company)
1915	20	Marries 19 years old Mumeno Iue
1918	23	Founds Matsushita Electric Housewares Manufacturing Works

*Proceedings of 3rd Asia-Pacific Business Research Conference  
25 - 26 February 2013, Kuala Lumpur, Malaysia, ISBN: 978-1-922069-19-1*

- 1927 32 Introduces "National Lamp"
- 1932 37 Holds First Foundation Day Ceremony
- 1933 38 Institutes "division system"
- 1934 39 Establishes Staff Training Institute
- 1935 40 Incorporates as Matsushita Electric Industrial Co., Ltd.
- 1946 51 Seven postwar regulations imposed by the GHQ of the Allied Powers The  
PHP Institute, Inc. established
- 1951 56 Makes first visits to U. S. and Europe
- 1952 57 Concludes technical tie-up with Philips, Holland
- 1956 61 Announces Five-year Plan
- 1961 66 Became Chairman of the Board Resumed his PHP activities in Shinshin-  
an, Kyoto
- 1962 67 Time runs cover story on Matsushita
- 1964 69 Chairs Atami Conference
- 1965 70 Institutes five-day work week system
- 1968 73 50th anniversary of the company foundation celebrated
- 1971 76 Appointed chairman of Asuka Preservation Foundation
- 1972 77 Publishes Thoughts on Man
- 1973 78 Becomes executive advisor
- 1977 82 Publishes Japan in the 21st Century
- 1979 84 Establishes Matsushita Institute of Government and Management
- 1983 88 Initiates Kyoto Colloquium on Global Change
- 1987 92 Receives Order of the Paulownia Flowers from Japanese government
- 1989 94 Passes away on April 27

Source: Matsushita Konosuke Library, <http://matsushita-library>.