Business and Economic History
On-Line
Vol. 1 2003

Beyond Borders: Ford in Malaya, 1926-1957

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In this paper, I examine the strategies of Ford in relation to the market of British Malaya. Ford started exporting to Malaya in 1909 and built an assembly plant in 1926, becoming the only automotive assembly plant in Malaya and the region. Initially, Ford used the distribution facilities of British merchant firms, but after 1926 established its own distribution company. I explore the reasons behind these shifts in Ford's modes of operation in this market and show how Ford transferred knowledge and personnel from its affiliates elsewhere to gain market share in the interwar years before a period of stagnation.

The year 1926 marked Ford's shift from exports to foreign direct investment (FDI), while 1957 brought the end of British rule in Malaya. I look at how Ford was able to advance its position in Malaya by exploiting country-specific advantages, discuss the formation of Ford Canada and its strategies in the Malayan market, explain a shift in mode involved in the formation of Ford Malaya, and examine Ford's performance (1926-1957) and how its worldwide operations led to its growth in Malaya. I begin with the founding of the Malayan motor industry, which necessitates a brief explanation on the country-specific advantages that promoted Ford's market-oriented investment in Malaya. [1]

Malaya as a Host Economy for Auto Multinationals: Origins

The automobile industry in Malaya began on a small scale in the late 1900s with continuing increase throughout the pre-war years. As early as 1903, the Singapore authority drafted an Automobile Enactment

[1] Malaya, a term widely used post–World War I, refers to the Straits Settlements (SS): Singapore, Penang, Malacca, Federated Malay States (FMS): Perak, Selangor, Negeri Sembilan, and Pahang, and Unfederated Malay States (UMS): Perlis, Kedah, Kelantan, and Trengganu. In 1948, the Federation of Malaya (uniting Penang, Malacca, FMS, and UMS) was formed while Singapore remained a crown colony. Although Singapore was then distinct from Malaya, I include it throughout the research. In 1957 the Federation of Malaya gained independence from Britain.

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URL: http://www.thebhc.org/publications/BEHonline/2003/Yacob.pdf

regulating the registration of cars and issuance of license plates. The same year saw the establishment of the Federated Malay States Automobile Club and in 1907, the Singapore Automobile Club. By 1910, popular automobiles of British make included Humber, Standard, Napier, Rover, Star, Belsize, and Dennis. British automobiles were predominant with keen competition from the United States and Continental Europe; namely, Italy, France, and Germany. Most of the imports in Malaya after 1914 were passenger cars, which were cheap and medium priced, with a small percentage of more expensive makes. By 1921, a large stock of American cars was available in Singapore and Penang.[2] In addition to Ford products, General Motors (GM) products were also widely distributed in Malaya.[3]

Locational Advantages

Locational advantages enjoyed by foreign automobile multinationals (MNEs) in Malaya boosted the growth of the automobile industry in Malaya. These advantages included the British presence, Malaya's strategic location, and the existence of merchant firms and ethnic Chinese entrepreneurs (all are important considerations for a market-seeking FDI).

The British presence provided a stable political environment and the economic prosperity in Malaya gave support for an excellent transportation system offering automobile manufacturers good prospects in Singapore and the Malay States. The north-south highway was completed in 1922 and by September 1923, the Johore causeway linked Singapore to the Malay states. By 1930, there were 4,735 miles of road serving the Federated Malay States, Malacca, Province Wellesley, Johore, and Kedah. Thus, the foundations of Malaya's road system existed before the Pacific War.[4]

Malaya's economic prosperity derived from being one of the world's major producers of tin in the late nineteenth century and rubber in the early twentieth century. There was a direct correlation between the prices of rubber and tin to the percentage of automobile sales. The automobile

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[2] John A. Fowler, "Motor Vehicle Market in Netherlands East Indies & British Malaya," *U.S. Department of Commerce, Trade Info. Bulletin* 25 (May, 1922).

[3] GM, like Ford, had headquarters in Detroit, Michigan, and various interests throughout the world. GM acquired Vauxhall Company in the United Kingdom in 1925 and bought the Opel works in Germany in 1929. Alfred D. Chandler, Jr., ed., *Giant Enterprise: Ford, General Motors and the Automobile Industry* (New York, 1964).

[4] For the phases on the development of the Malayan road system, see, Amarjit Kaur, *Bridge and Barrier: Transport and Communications in Colonial Malaya 1870-1957* (Singapore, 1985), 84-99 and "Excellent Road System," American Counsul, Penang, 18 Sept. 1923, Records of the Department of State Relating to the Internal Affairs of British Asia, 1910-1929.

industry experienced a rapid expansion in the 1920s led mostly by increases in rubber and tin prices. There were three potential sources of demand: owners of rubber plantations and tin mines (private ventures), salaried executives, and shareholders (those who received dividends from the good performance of the tin and rubber companies during boom periods).[5] European and Chinese buyers were the main users of automobiles in Malaya; few natives except royalty owned cars.

In terms of market size, despite Malaya being a small market, there was a high purchasing power among Malayans compared with their neighbor. By 1930, Malaya's total registration was approximately 165, 000 cars compared with Dutch East Indies (DEI) 85,000 where the ratio of cars to people was 1:584, in the SS 1:93.[6] Besides, Malaya's strategic networking position as represented by Singapore provided the avenue for automobile MNEs to tap into the regional market. Hence, in terms of market size, automobile MNEs were looking at a regional market.

By the early twentieth century, merchant firms began to diversify into automobile distribution, providing services for foreign automobile MNEs. Ethnic Chinese entrepreneurs, with their close connections with ethnic Chinese who were one of the major buyers, further enhanced the market with their excellent repair services. Malaya's free trade policy provided a competitive environment at the onset of the First World War, that the interwar years enhanced. By the 1920s, there were 60 different makes of cars on the Malayan market, 20 representing European-made cars (predominantly British). These included high-priced cars such as Sunbeam, Vauxhall, Wolseley, Daimler, Benz, and Crossely. There were also medium-priced cars; among others: Austin, Morris, Armstrong Siddeley, the Italian Fiat, and Bianchi, the French Citroen, Peugeot, and Alfa Romeo, including the German Opel.[7] From September 1925 to 1926, the import value of automobiles into Malaya was S$21 million, reflecting this automobile boom.[8] It was in 1926 that Ford Canada decided to take direct control of activities in Malaya.

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[5] Pioneer companies achieved spectacular results paying dividends as high as 287.5 per cent as seen in 1909 by the Selangor Rubber Company Ltd. See, Desmond J. Muzaffar Tate, *The RGA History of the Plantation Industry in the Malay Peninsula* (Kuala Lumpur, 1996), 218.

[6] D.M. Phelps, *Effect of the Foreign Market on the Growth and Stability of the American Automobile Industry* (Ann Arbor, Mich., 1931), 683.

[7] William I. Irvine, "Automotive Markets in China, British Malaya and Chosen," *U.S. Department of Commerce, Special Agent Series, No. 221* (Washington, DC, 1923), 89.

[8] Christopher Fyfe, *Wheels in Malaya: The Wearne Brothers and Their Company* (Claremont, Western Australia, 2002), 97.

Ford Canada

The U.S. Ford Motor Company's first step towards multinational status came with efforts to set up a joint venture in Canada in 1904. Gordon M. McGregor, Ford, and Ford dealers in Detroit agreed to incorporate Ford Motor Company of Canada Limited (henceforth Ford Canada) with capital of US$125,000 on August 7, 1904. McGregor from Ontario, Canada had proposed setting up a company for the manufacture of the Model A in Canada to reduce the tariff burden incurred by importing parts compared to a 35 percent duty rate imposed on ready-built cars. Ford Canada, for a fee, would receive all the patents, plans, drawings, and specifications including "proper mechanical construction" needed for assembly of Ford automobiles provided by Henry Ford and Ford Canada.[9]

Ford Canada received exclusive rights to manufacture and sell its automobiles in Canada. In addition, Ford Canada became an export platform to capture the British Empire markets, mainly by evading Empire market duties. The Malaya automobile registration tax was 10 percent for cars entering from Empire sources and an additional 15 percent for those from non-Empire sources. Ford Canada secured distributorship rights for the British colonies, possessions, and dependencies that include South Africa, Australia, India, Malaya, and New Zealand. However, in the interwar years, Ford Canada took direct control of their activities in these areas by setting up subsidiaries: Ford Africa (1923), Ford Australia (1925), Ford India, (1926), Ford Malaya (1926) and finally, Ford New Zealand (1936). Ford Canada went on to make Ford Malaya an export platform for the non-British Empire markets of Dutch East Indies, and Thailand in the South-East Asian region. Ford Malaya's marketing strategies included agency agreements with merchant firms and ethnic Chinese entrepreneurs.

Agency Agreements

Automobile MNEs wishing to break into the Malayan market had a choice between exports and FDI. A manufacturing facility with high overhead production would have a product costing more than those imported. Ford invested in Malaya on a regional basis. The large numbers of merchant firms led automobile manufacturers to prefer exports to FDI. As distributors, these merchant firms provided excellent marketing opportunities. Ford Canada initially adopted an export strategy by making a contract with an American trading firm that in turn made agency agreements with merchant firms and Chinese entrepreneurs to break into the Malayan market. Dodge & Seymour, an American trading intermediary based in New York handled the sales of Canadian Ford models in India, Sri Lanka, Thailand, Burma, Dutch East Indies, Borneo, Malaya, and as far

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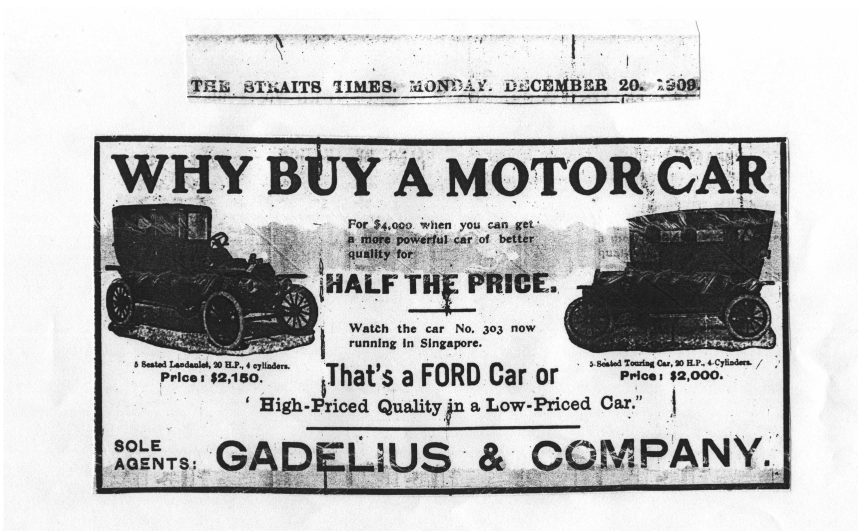
[9] Mira Wilkins and Frank Hill, *American Business Abroad: Ford on Six Continents* (Detroit, 1964), 18.

away as Aden beginning in 1911. In mid-1911, two representatives V. A. and Henry T. Dodge[10] arrived in Malaya with a sample of the model T-Ford. The Dodge Brothers approached Wearne & Company, an Australian merchant firm, for a contract to sell twelve Ford cars in the state of Perak.[11] Gadelius & Company and Paterson, Simons Company Limited of Penang handled the other parts of the country.[12] Gadelius, a Swedish merchant firm representing other American makes such as Reo, Studebaker, and Oldsmobile, was the first sole agent for Ford. Gadelius placed Ford's first local advertisement (extolling Ford's competitive price) in Singapore's leading newspaper, *Straits Times*, on December 20, 1909.



Ford's first advertisement by Gadelius & Company.

Customer service was of primary importance to the Dodge brothers, who insisted that their British agents employ 'American marketing methods' to win over customers.[13] Wearne readily accepted the contract and in a matter of days sold all twelve cars. Later, at Wearne's request, the Dodge Brothers offered Wearne the sole agency for Singapore and Malaya

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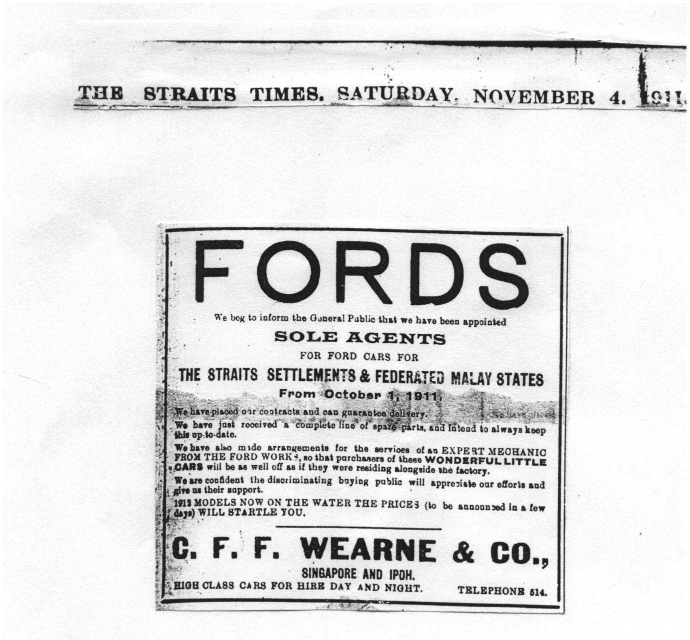
[10] Not the Dodge brothers, makers of the Dodge automobile. Wilkins and Hill, *Ford on Six Continents*, 44-5.

[11] C. F. F. Wearne and Co. was established on 1 April 1906 with initial capital of S$700. The founders were Charles Wearne who first set foot in Singapore in 1889 and his brother Theodore J. B. Wearne who came in 1893. In 1912 they formed Wearne Brothers Limited (Wearne) with an initial capital of S$275,000. Borneo Company Limited (enclosure), "50 years progress celebrated by Wearne's," *The Straits Times* (16 Dec. 1955), Borneo Company Archives, MS 27236, Guildhall Library (henceforth GL).

[12] Fyfe, Wheels in Malaya, 27. For a brief history of Gadelius in Asia, see **http://www.gadelius.com/gkk/e/aboutus/history.shtml**.

[13] Wilkins and Hill, *Ford on Six Continents*, 44.

with a contract of sixty cars a year.[14] Wearne promptly placed a large advertisement in the *Straits Times* on November 4, 1911, stating their appointment as the sole agent for Ford cars in the SS and the Malay States beginning October 1, 1911. The Ford agency acquired by Wearne in 1911 coincided with the boom in tin and rubber prices leading to an increased demand for Ford automobiles.


THE STRAITS TIMES, SATURDAY, NOVEMBER 4, 1911.

FORDS

We beg to inform the General Public that we have been appointed

SOLE AGENTS

FOR FORD CARS FOR

THE STRAITS SETTLEMENTS & FEDERATED MALAY STATES

From October 1, 1911.

We have placed our contracts and can guarantee delivery.

We have just received a complete line of spare parts, and intend to always keep this up-to-date.

We have also made arrangements for the services of an EXPERT MECHANIC FROM THE FORD WORKS, so that purchasers of these WONDERFUL LITTLE CARS will be as well off as if they were residing alongside the factory.

We are confident the discriminating buying public will appreciate our efforts and give us their support.

1912 MODELS NOW ON THE WATER THE PRICES (to be announced in a few days) WILL STARTLE YOU.

C. F. F. WEARNE & CO.,

SINGAPORE AND IPOH.

HIGH CLASS CARS FOR HIRE DAY AND NIGHT. TELEPHONE 514.

Wearne's announcement as sole agents for Ford.

According to the Dodge brothers, Wearne became one of their best agencies and for Wearne, the Ford agency gave impetus to its automobile sales.[15] Wearne's acceptance provided Ford the avenue it needed to break into the Malaya market. Wearne was one of the pioneers in the automobile business with a large stake in the motor trade, so was able to fully concentrate on the automobile trade and services, providing Ford with excellent distribution facilities. In contrast, in the early twentieth century, firms like Borneo Company, Guthrie and Company, had other business interests, and the car agency was secondary to its main business concern.

Wearne's success as a Ford distributor was evident when at their Annual Meeting in 1926, the company proposed establishing a separate company for Ford products given the brand's popularity and rapid growth. This suggestion led to the formation of Universal Cars Limited. Another subsidiary, Malayan Motors became a limited company. Both these subsidiaries handled several aspects of the organization including sales, employment, and service facilities. This restructuring exercise allowed

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14 Ibid., 28.

15 Ibid., 44.

Wearne Brothers Limited, as the parent company, to further promote the sales of Ford automobiles as an entirely automotive financial concern providing hire purchase, and lending facilities with reasonable rates of interest.[16]

In March 1924, Dodge & Seymour established a Singapore office. In addition to Singapore and the Malay States, Dodge intended to serve the regional market, both British (Burma and Sri Lanka) and non-British Empire (Borneo, Thailand, and DEI), as well as export to Aden and India. Their sales summary demonstrated the high purchasing power in Malaya; Singapore (representative of Malaya) commanded an average of 20 percent of sales (or 21.2 percent including Penang and Port Swettenham) despite the low-density population, compared with 25 percent in Dutch East Indies. Sales also showed that tin and rubber cycles directly affected automobile demand in Malaya. The rubber and tin price boom led to record sales during the war years: 55 percent in 1916, and 49 percent in 1917. These were the highest figures compared with other areas, India included. Similarly, sales were low for the depression years in the early 1920s (see Table 1). By 1928, there were 16 merchant firms representing 10 automobile manufacturers distributing 58 different automobiles and trucks in Singapore. None dealt solely in American automobiles. The largest merchant firms were Wearne Brothers, followed by Borneo Company Limited (BCL), and a Chinese family firm, Cycle & Carriage (C&C) that represented both British and American-makes.[17] This shows American automobile manufacturers' reliance on merchant firms (mainly British) and the need for a comparative advantage in a distinctly competitive environment (see Table 2).

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[16] Wearne Brothers Annual Report, 1926; Fyfe, *Wheels in Malaya*, 59-60.

[17] "Automotive Chart of Malaya," Office of Trade Commissioner, Singapore to Director, Bureau of Foreign & Domestic Commerce, Washington, DC, 22 April 1929. RG 151 Records of the Bureau of Foreign & Domestic Commerce, 1914-58, Box 2405, NARA, College Park, Maryland.

TABLE 1

Dodge & Seymour Export Sales of Canadian Ford Cars, Trucks and Vans to India, DEI, Borneo, Malaya (Singapore, Penang, Kuala Lumpur), Burma, Thailand, Sri Lanka and Aden (1911-1926)

	Year															
Country	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926
India	147	316	372	446	785	357	235	1303	4250	1582	852	1442	2273	3437	3679	4152
%	45	44	64	54	38	18	25	42	58	36	35	54	41	45	28	34
DEI			3	101	390	406	194	758	1397	1251	1274	628	1142	1607	3839	3130
%			1	12	19	21	20	25	19	29	52	24	21	21	29	26
Borneo													114	60	656	536
%													2%	1%	5%	4%
Singapore	140	255	115	131	520	1073	471	727	996	1097	85	236	1038	1379	2857	2113
%	43	36	20	16	25	55	49	24	14	25	3	9	19	18	22	17
Penang															405	243
%															3	2
Kuala Lumpur															12	120
%															0	1
Burma	27	85	38	52	202	60		122	305	164	20	18	300	296	744	792
%	8	12	7	6	10	3		4	4	4	1	1	5	4	6	7
Thailand				19	44	45	48	24	45	68	142	50	211	329	515	405
%				2	2	2	5	1	1	2	6	2	4	4	4	3
Sri Lanka	12	55	46	44	102	24	6	102	293	181	22	245	404	433	402	595
%	4	8	8	5	5	1	1	3	4	4	1	9	7	6	3	5
Aden			7	26	34			30	40	31	38	27	55	59	71	69
%				3	2			1	1	1	2	1	1	1	1	1
Totals	326	711	581	819	2077	1965	954	3066	7326	4374	2433	2646	5537	7600	13180	12155

Source: Doge & Seymour Exports Shipments, Ford Canada.

[Note: 81/2 x 14 page]

TABLE 2
Top Three Merchant Firms and various Agency Agreements held in Malaya (including Singapore) 1928

Merchant Firms	Subsidiaries	Passenger Cars	Commercial
Wearne Brothers	Universal Cars Lyons Motors Federated Motors Malayan Motors	Ford Hillman, Buick & Durant Dodge, Vauxhall Morris, Humber & Hillman	Fordson Tractors Rugby & Reo Morris & Dennys
BCL	Borneo Motors Borneo Chevrolet	Austin, Riley, Chrysler, Plymouth Buick, Cadillac, Chrysler, Chevrolet	Bedford Chevrolet
C&C	Straits Motor Garage Eastern Auto Oriental Motors	Hudson, Essex, Renault, Oldsmobile Pontiac, Oakland	Willys & Renault

Sources: "Automotive Chart," 1929; *Malay Mail*, 3 Dec. 1926.

American-Chinese Co-operation

To further tap Malayan potential, Ford established agency agreements with ethnic Chinese entrepreneurs because of their networking with major buyers, the ethnic Chinese in Malaya, and the Chinese firms' capabilities in providing efficient distribution and repair services.

The Chinese, in addition to the Europeans (predominantly British) formed a major proportion of car buyers actively involved in the Malayan economy, followed by a much smaller percentage of the Malays mainly Malay royalty. This was due in part to the large population of Chinese in the major cities. The Chinese population was 35 percent as compared to 48 percent of the Malay population in the 1921 census. However, the Chinese outnumbered the Malays in the ratio of 5:1 or 2:1 in the SS (the most advanced states) with equal status in the Federated Malay States (henceforth FMS); while in the Non-Federated Malay States (henceforth NFMS), they remained a minority.[18] In 1938, the Malayan population figures (including Singapore) showed that the Chinese gained a majority of 42 percent compared with 41 percent Malays and 0.5 percent Europeans.[19]

We see Chinese firm's capabilities in providing efficient distribution and repair services when Ford maintained ties with United Motor Works Ltd. (henceforth UMW), a Chinese merchant firm in Singapore. Ford mainly used their expertise to promote Ford spare parts and accessories. This firm began selling Ford T spare parts in 1916. UMW was appointed

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[18] William I. Irvine, "Automotive Markets in China, British Malaya, and Chosen," Department of Commerce, Bureau of Foreign and Domestic Commerce, Special Agent Series, No. 221, (Government Publication Office, 1923), 69.
[19] R. B. Willmot, *Report on Economic and Commercial Conditions in Malaya* (London, 1939).

as GM's first exclusive distributors for Malaya and Thailand in 1920. This Chinese firm dealt with 100 percent American goods.[20]

For Ford, the British presence and the distribution services provided by both the merchant firms and the Chinese entrepreneurs led it to adopt an export strategy as its mode of entry. Despite the success of its alliances, Ford Canada in 1926 decided to take direct control of activities in Malaya. This transition from exporting through agents (1909-26) to local assembly and selling subsidiaries (after 1926) was adopted in response to the increased sales volume in the Malayan and the regional markets, and also by the desire to protect the intangible assets associated with product development, branding, and advertising.[21]

The Head of Ford Canada, Wallace R. Campbell, sent his Export Manager, Roy Stanley Milliken to affect the takeover from Dodge & Seymour. Dodge & Seymour was accommodating because they handled other areas of business; there was a smooth transition and Ford Canada took on their employees, including 250 Ford dealers and service stations throughout Singapore and the Malay States.

Ford Malaya: The Origins

Ford Motor Company of Malaya Limited (henceforth Ford Malaya) completed incorporation as a private limited company on November 9, 1926. This included distribution of 500 capital shares at US$100 with Ford Canada holding 498 shares and the Director in Malaya, Roy S. Milliken and the alternate Director, Clement Everitt, one share each.[22] Like its predecessor, Dodge & Seymour, Ford Malaya emphasized regional distribution. Ford Malaya's announcement in *Straits Times* stated that the formation of Ford Malaya was mainly to supervise the supply and distribution of Ford products including Lincoln automobiles and Fordson

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[20] By 1951, UMW had branches and warehouses located around cities in Malaya namely; Malacca, Kuala Lumpur, Ipoh, and Penang. These areas accounted for 200 automotive parts dealers. UMW was supplying over 30 bus companies and truck fleet owners, car dealers, garages, government and Municipality department and airline companies. United Motor Works Limited to Department of Commerce, Washington D.C., 20 March 1951. RG 84, Singapore Consulate, 1950-1952, Box 19, NARA, Maryland Branch.

[21] As explained by Nicholas in terms of internalization theory, opportunism and contract monitoring were the major transaction costs for manufacturing MNEs, thus encouraging the shift from intermediate modes (such as employing agents) to hierarchical modes. See, for example, Stephen Nicholas, "Agency Contracts, Institutional Modes, and the Transition to Foreign Direct Investment by British Manufacturing Multinationals before 1939," *Journal of Economic History* 43 (Sept. 1983): 675-86.

[22] Director's Minutes, Ford Malaya, 12 Nov. 1926.

tractors in Malaya, Burma, Dutch East Indies, and Thailand. Ford maintained its dealers to conduct retail sales and services to owners.[23]

Despite being a latecomer, Ford became the pioneer in the Malayan automobile industry when they extended their local representation in Malaya and a Ford assembly plant was founded in 1926 in Singapore. It was Ford's first assembly plant in the region and the only automotive assembly plant in Malaya. Ford became the oldest American manufacturing firm in Singapore assembling different models of Ford passenger and commercial cars.[24]

Ford Malaya's Performance (1926-1957)

As will be seen throughout this discussion, the performance of Ford in Malaya was similar to the rest of the company during the same period. The failure of Ford's multinational strategies began to appear in the late 1920s when Ford's performance in both the UK and the US was on the decline. In 1929, Ford's market share in Britain fell to a mere 4 percent from twenty-two percent in 1921. While its huge Dagenham factory, opened in 1932, helped Ford regain market share by producing automobiles designed specifically for the British market, the plant was too large for the market and poorly located.[25] Ford US also suffered losses of US$1.4 million annually from 1927-37. By 1929, Ford had also lost its leadership position in the US market, where it had 31.3% of the market compared to GM's 32.3%.[26]

Ford Malaya's performance paralleled the performance of its parent, Ford Canada, which reported huge losses ranging from US$1 milling to US$5 million in the years 1931 to 1933. Ford Malaya incurred a loss in its first year of operations (1927), mainly due to fixed asset investments (see Table 3). In 1928 Ford Malaya earned a profit and paid a

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[23] An announcement in *The Straits Times* (20 Nov. 1926). Ford Malaya was a few months behind Ford India, which was set up in July 1926.

[24] Anthony Bottomley, 'The Role of Foreign Branch Plants in the Industrialisation of Singapore," The *Malayan Economic Review* 7 (April 1962): 26-7. See also, Otto Evans, 'Singapore: Every Eleventh Man Owns a Car," Automobile Supplement, *FEER* 28 (March, 1960).

[25] Ford's managerial failures allowed British automobile producers–mainly Austin and Morris–to secure a commanding market share. While Ford was able to rebuild its market share in the UK to 18% in 1938, it did not regain the dominance of the market it enjoyed at the end of World War I. Frances Bostock and Geoffrey Jones, "Foreign Multinationals in British Manufacturing, 1850-1962," in Geoffrey Jones, ed., *The Making of Global Enterprise* (London, 1994), 117.

[26] Ford lagged behind its rivals because of the erratic leadership of Henry Ford, a lack of organizational innovation, the strong competition and superior products offered by its rivals, and Ford's late adoption of product differentiation to cater to ever-changing market needs not only in the US but also in Europe. See Chandler, *Giant Enterprise*, 14.

dividend of S$150. Profits remained high in 1929, fell in 1930, and rose again in 1931. In 1931 shareholders received a dividend of S$100 and the outstanding shares of the company increased from 500 to 998. However, in 1932 and 1933, Ford Malaya incurred losses. These corresponded with lower units shipped from Ford Canada: 313 units in 1932 and 480 units in 1933, compared with 2,251 units in 1930 and 1,128 units in 1931. Ford Malaya reflected the performance of Ford Canada, which reported huge losses ranging from US$1 to US$5 million in the years 1931 to 1933. Several factors led to this decline: the worldwide depression, the slump in rubber and tin prices; and the flooding of the market with used cars, made worse by retrenchments. However, in 1934, Ford Malaya showed a profit and was able to declare a dividend of S$50 when sales picked up with 991 units imported.[27]

TABLE 3
Ford Malaya: Profit & Loss for the Years 1927-34 (Straits Dollars)

Year	Profit	Loss	Dividend
1927	-	132, 513	nil
1928	26, 615	-	150
1929	332, 616	-	n.a.
1930	72, 755	-	nil
1931	305,088	-	100
1932	-	112,071	nil
1933	-	274,049	nil
1934	96, 519	-	50

Sources: Director's Minutes, Ford Malaya 1927-34 and Ford Malaya's Ordinary General Meeting of Shareholders 1930-31.

Ford was able to provide dividends in its early years and rode out the depression faring comparatively well against its counterparts, Borneo Motors and Cycle & Carriage; all of which were incorporated in Singapore in 1926.[28]

Throughout the years 1935 to 1940, sales increased for Ford Malaya as commodity prices improved. Ford began introducing new models in the Malayan market and during the British Trade Fair held in Singapore in

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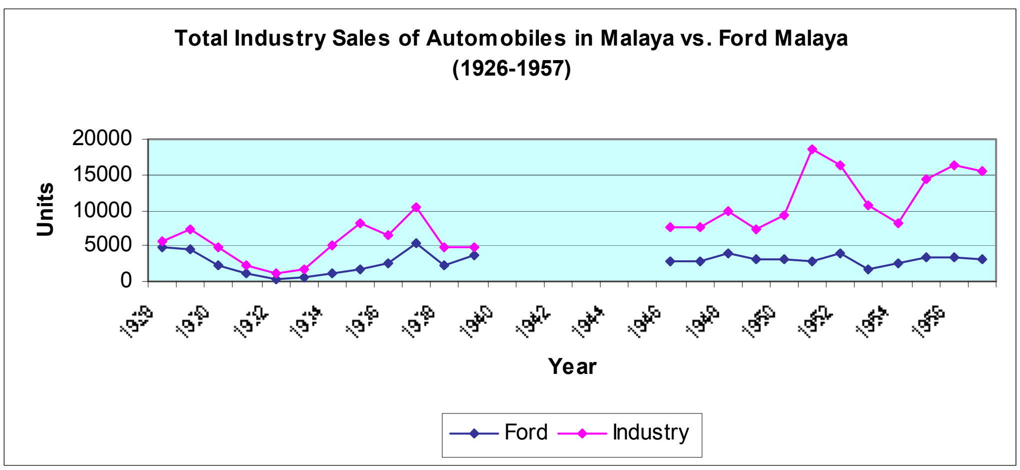
[27] Director's Minutes, Ford Malaya, 10 April 1934.

[28] Borneo Motors did make a satisfactory profit declaring a small dividend in 1926; however, dividends were not paid between 1929 and 1933. Cycle and Carriage paid a dividend of 8 per cent for preference shares and 10 cents on the S$1 ordinary shares in 1927. However, the latter experienced capital reduction in 1931 and in 1932. This led to the closure of their Penang and Ipoh branches with further reduction of capital in 1933 amounting to S$540,000. Eric Jennings, *Wheels of Progress: 75 years of Cycle and Carriage* (Singapore, 1975), 34.

May 1936, displayed several new models; among the most popular were the Ford V-8 (10 and 8 HP models). Ford captured a significant share of the Malayan market in the late 1930s, reaching a peak of almost 80 percent in 1939 due to war disruption that led to the dwindling supply of British and Continental European automobiles (see Figure 1). Hence, Ford Canada fulfilled demands, continuing to export Canadian-type automobiles shipped in completely knocked-down condition (CKD) for assembly in Malaya.

In the years leading up to the outbreak of the Pacific War, an average of 50 percent of the Canadian total sales (reaching a record of 61.95 percent in 1942) were shipped to its subsidiaries, including Ford South Africa, Ford Australia, Ford New Zealand, Ford India, and Ford Malaya. This implies that Ford Canada relied on its export sales more than its domestic sales. Total average percentage of sales to subsidiary companies shipped to Malaya between 1926 and1941 was approximately 12 percent, ranging from a low of 4 percent in 1933 to a high of 26 percent in 1927 and 23 percent in 1941 (see Table 4 and Figure 1).

FIGURE 1



Sources: Ford Malaya: General Accounting & Financial Analysis, Overseas Division, Ford Canada; Industry: 1928-37, PRO, BT 59/24, Malaya, Motor vehicles. (Figures from 1928–36 include imports of second-hand vehicles.) Figures from 1938, 1946–57: Reports from Motor Traders Association of Malaysia.[29]

[29] Cited from Anthony Ooi Kwee Yang, "A Study of Marketing in the Ford Motor Company of Malaysia, Ltd. in Singapore 1966" (Academic Exercise, Department of Economics, University of Singapore, 1967), 17-9.

TABLE 4
Ford Canada: Exports to Ford Malaya, 1926-57 (in units)

Year	Total Sales (Dom. & Export)	Total Sales to Subsidiaries(a)	% Total Sales to Subsidiaries	Malaya (b)	Malaya % of Total Sales to Subsidiaries
1926	100,668	31,285	31	6,547	21
1927	37,891	7,896	21	2,036	26
1928	75,292	29,734	39	4,658	16
1929	87,839	24,538	28	4,391	18
1930	70,280	15,724	22	2,215	14
1931	30,750	6,243	20	1,128	18
1932	25,214	5,252	21	313	6
1933	26,380	10,980	42	480	4
1934	48,600	20,602	42	991	5
1935	79,834	32,185	40	1,681	5
1936	59,789	28,405	43	1,656	6
1937	73,716	34,406	47	2,922	8
1938	68,373	33,665	49	2,213	7
1939	59,697	32,449	54	2,381	7
1940	46,399	17,029	37	2,919	17
1941	44,207	15,124	33	3,532	23
1942	13,077	8,141	62	20	0.2
1943	1,532	183	1	-	Nil
1944	3,104	-	-	-	Nil
1945	13,170	1,176	9	-	Nil
1946	78, 982	28,221	36	848	3
1947	101,912	31,353	31	1,452	5
1948	98,800	31,439	32	2,112	7
1949	117,140	14,533	12	1,226	8
1950	143,472	14,731	10	283	2
1951	129,066	20,329	16	1,667	8
1952	133,508	17,099	13	752	4
1953	159,791	17,946	11	224	1
1954	132,498	19,864	15	193	1
1955	170,632	28,805	17	364	1
1956	155,709	23,527	15	-	-
1957	140,469	17,759	13	96	1

Source: General Accounting & Financial Analysis, Overseas Division, Ford Canada.
(a) Total sales figures for subsidiary companies include Ford South Africa, Ford Australia, Ford India, Ford Malaya and Ford New Zealand.
(b) Figures for Ford Malaya 1926-29 include shipments to Thailand and DEI. Figures for Malaya: 1926, 2476; 1927, 694; 1928, 924; 1929, 853.

The high demand for Ford's vehicles in the years leading to the Pacific war led Ford Malaya to move its operations to its new assembly plant in Bukit Timah, Singapore in 1941.[30] In October 1941, the company began body assembly for the first time. However, the Pacific war broke 2 months later and Singapore fell to the Japanese on February 15, 1942.[31] The Japanese occupied Ford's plant assembling Toyoda and Nissan trucks during the war. Only in 1947, did Ford Malaya resume operations and reopen the Singapore assembly plant. However, in 1948, the ban on the import of cars 20 HP or more from hard currency areas (including Canadian Fords) that Singapore and Federated Malay States governments imposed in an effort to save dollar exchange began to show its impact.[32] The situation worsened when the sterling devaluation of September 1949 devalued the Canadian dollar (approximately 9%) against the U.S. dollar and increased the price of American automobiles of Canadian origins.[33]

From 1949 onwards, Ford Canada's total sales to subsidiaries decline markedly from a pre-war average of between 40 and 45 percent to 11.5 percent. Similarly, Ford Malaya reflected the performance of its headquarters Ford Canada (see Table 3). In 1951, despite the demand caused by the Korean War boom, Ford Malaya only captured 15 percent of the annual total industry sales, which peaked at 18,500 units (see Figure 1). The aftermath of the Korean boom led to a depression (1952-1953) in the automobile industry correlated with reduced rubber and tin prices. Hence, the lower sales figures for total automobiles sold (including cars, trucks, and tractors) in 1953 at 1, 644 units.

In 1954, sale figures increased due mainly to the improvement in rubber prices and the introduction of two new models: Ford Anglia and Prefect. Sale figures rose further in 1955 and 1956. In 1956, the company introduced three new models: Mark II Consul, Zephyr, and Zodiac. Net profit rose in tandem with sales (see Table 5).

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[30] Borneo Motors Limited also reported a larger profit. This was due to the higher price for rubber and tin and a larger release of the commodities by the authorities. "Auditors Report on Accounts" 31 March 1940, 13 Nov. 1940. Borneo Company Archives, MS 27186 (GHL).

[31] *Ford Malaya Historical Album, A Henry Ford Centennial Publication*, Public Relations Office, Ford Motor Company of Malaya Limited (Singapore, 1963).

[32] The Vice-President of the Studebaker Corporation, who was in Singapore in October 1950, registered a protest about the policy and suggested that the impostition of quotas would be more acceptable. Fyfe, *Wearne Brothers*, 181.

[33] James Powell, A History of the Canadian Dollar, Bank of Canada, **www.bankofcanada.ca/en/dollar_book/dollar_book-e.pdf**, accessed 4 April 2004.

TABLE 5
Ford Malaya's Total Sales and Profit (1954-57)

Year	Total Sales (including cars, trucks, and tractors)	Net Profit (M$)
1954	2,405	1, 218, 055
1955	3,280	1, 917, 329
1956	3,384	1, 999, 950
1957	3,176	2, 023, 793

Source: Director's Report, Ford Malaya 1954-1957.

Despite the increase in number of units sold Ford's overall percentage of the Malayan market share declined. Changing trends in Malayan consumer demand also affected Ford's performance in the 1950s. The trend in Europe for medium and small cars caught on in the Malayan automobile market. There was a shift in demand to other makes, aside from the predominant British ("mini") Morris, Austin, and Hillman, including German (Volkswagen), Italian (Fiat and Alfa Romeo), and French (Renault and Peugeot). Britain commanded a large share of the Malayan market and import values rose from S$1.7 million in 1951 to S$3.43 million in 1957. These figures included imports from Ford England and GM's Australian subsidiary, General Motors-Holden's Ltd.[34] Imports from West Germany and Italy saw an increase in trade. For American cars, preference was seen in GM's products mainly Chevrolet (see Table 6). The Malayan consumers were spoilt for choice and were more price-conscious and selective. Ford failed to compete in the small car market and overall, America's "compact" cars were not compatible with the right-hand drive. Besides, the depreciation value was higher for large American cars as compared to small European cars which "in addition to being produced cheaper, had a great advantage in being able to accept sterling."[35] The decline in sales of large American cars was worsened when the FMS and Singapore governments, in an effort to save dollars, imposed a maximum price limit on American cars of S$9,500 in 1952.[36]

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[34] In 1931 General Motors Australia (established in 1926) had merged with Holden Motor Body Builders Ltd. To form General Motors-Holden's Ltd. For a short history of the companies, see Academy of Technological Sciences and Engineering, *Technology in Australia, 1788-1988*, Australian Science and Technology Heritage Centre, 3 May 2000, **http://www.austehc.unimelb.edu.au/tia/scripts/tia-dynindex.php3?EID=A001074**, accessed 4 April 2004.
[35] Wilkins and Hill, *Ford on Six Continents*, 398n.
[36] *Far East Trader*, 7 (1951), 676.

TABLE 6
Malayan Car Imports from Country of Origin (1951-1957)

	Year						
Country	1951	1952	1953	1954	1955	1956	1957
Britain[a]	5,374	12,467	11,261	7,285	5,767	9,083	9,086
West Germany	_	59	14	15	75	645	1,785
Italy	332	995	187	212	239	2,187	1,918
France	10	51	24	3	_	176	674
Australia[b]	_	_	_	_	_	2	105
United States	45	1,530	1,714	189	268	678	587

Source: *Far Eastern Economic Review* (9), 1960, 455-57.
[a] Figures include Ford England automobiles.
[b] Holden was the popular Australian make.

Common Governance

Economies of common governance come into play when Ford used domestic activities as a springboard for cross-border investments. Ford Malaya's growth can be attributed to ownership advantages derived from Ford's national and international operations in the common governance of areas of organizational skills, product sourcing, and production technology.

Export Platforms

Ford Canada and Ford England became export platforms for Ford automobiles to evade duties imposed in the Empire markets. This allowed Ford to compete on an equal footing with British-owned automobiles. Ford Canada and Ford England are good examples of how U.S. manufacturing MNEs exploited locational advantage (a competitive advantage) to compete worldwide. Both these Ford affiliates played a role in ensuring the success of Ford Malaya, contributing managerial and technological expertise at different times.

Ford Canada went on to make Ford Malaya an export platform for the non-British Empire in Southeast Asian, capturing the markets of Dutch East Indies and Thailand. Export sales were much higher than domestic sales, indicating the importance of foreign markets.

In the Malayan context, Britain regarded Canada as a corridor for U.S. automobile manufacturers to evade duties. Ford automobiles manufactured in Canada entered Singapore under the Imperial Preference Act of 1917 with a 15 percent duty advantage (similarly enjoyed by British-made automobiles) over Continental European imports. As discussed, Ford England mainly began to take over Ford Canada's role as an export platform for Malaya post-World War Two after the devaluation in September 1949.

Organizational Skills

By the onset of World War One, Ford was a highly integrated organization with a well-defined strategy of domestic and international expansion. The Ford Malaya patterned its business on the domestic enterprise; it had a direct link to the Canadian headquarters. At the time of its incorporation, Ford Malaya employed its executive personnel from the Canadian headquarters and factory. Ford's main intention was "to bring resources and facilities of the Ford organization closer to the owners in the east." [37] Dearborn officials were seldom consulted to solve problems in Malaya or other Canadian affiliates. There was a close connection between the parent and subsidiary when personnel from Ford Canada held important positions in Ford Malaya and its worldwide affiliates.

The Malayan counterparts (represented by Canadian personnel) exercised some independence due to distance; however, areas such as vehicle prices, dividends declared, purchase of property, and remuneration required consultation with Ford Canada. As a result, country managers commuted frequently to Canada to report and to discuss future policies. [38] Ford Canada and its affiliates Ford India, and Ford Australia rotated managerial expertise to serve other affiliates, drawing on their experiences in setting up business at foreign localities. In fact, there were instances of sending Ford Canada's Managers to another foreign branch, Ford England.

Ford Canada provided the managerial expertise needed to establish of Ford Malaya. The Head of Ford Canada, Wallace R. Campbell, appointed Ford Canada's Export Manager, Roy Stanley Milliken to effect the take over from Dodge & Seymour.[39] First the temporary Director, a month later, on December 30, 1926 he became the Chairman of Ford Malaya. Assisting the new Director of the Malayan affiliate, H. A. Denne, who formerly handled Ford's business in India, was another Director, Basil Stevenson of Ford Australia.[40]

Denne's effort to promote Ford products in the Malayan market displayed entrepreneurial dynamism. He actively promoted the Ford agency among British merchant firms, sometimes using Chinese competition to promote acceptance of his organization.[41] In the 1920s, the Chinese firm UMW was already actively marketing the Ford models and

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[37] *The Straits Times*, 20 Nov. 1926

[38] Directors Minutes, Ford Malaya, 28 Dec. 1928 (encl.) Cable from Ford Canada approving the amount of dividends declared for the year 1927. Minutes of General Meeting of Directors, Ford Malaya, 1 Dec. 1933 (encl.) Letter from President, Ford Canada to Ford Malaya, 2 Oct. 1933 stating the amount of remuneration for Mr. Stevenson at S$ 1,500 per month. See also, Wilkins and Hill, *Ford on Six Contintents*, 299-300.

[39] Wilkins and Hill, *Ford on Six Continents*, 129.

[40] Director's Minutes, Ford Malaya, Singapore, 22 Dec. 1926 and 30 Dec. 1926.

[41] Wilkins and Hill, *Ford on Six Continents,* 129-130.

dealing with Ford's parts and accessories. Denne had the foresight to capture an important segment of potential sellers who in turn attracted the Chinese buyers.

Denne left the organization in 1933 for the position of Export Manager for Ford England at Dagenham, United Kingdom. He was instrumental in developing the export business, and by 1935, tractors from Ford Dagenham formed a large part of its exports including Malaya. Meanwhile, his Australian counterpart, Basil Stevenson, took up his position.[42] Milliken, who played an important role in building Ford Malaya, returned in 1938 to reorganize the company.[43]

The Managing Director of Ford Malaya from 1947 to 1951, Gordon Withell, for instance, was an employee of Ford Canada since 1935. However, he was also monitoring Ford's subsidiary activities in South-East Asia and South Asia. Ford, too, was very much involved in the training process. Several technical staff were brought in to supervise the training and education program of dealers, mechanics and other personnel. Ford's practice to staff its affiliates with home officers did not lead to improved managerial skills among local labor force. Yet, this practice was also due the lack of local managerial expertise. Hence, only low-level skills were imparted to the local labor force.

Despite losing the leading role as a major exporter in 1950, the Canadian headquarters continued to play a role in the management of Ford Malaya. From time to time, the remuneration of the Managing Directors of Ford Malaya were determined by the Vice President, Overseas Operations of Ford Canada.[44] As seen in Figure 2, the company met management challenges by appointing well-qualified and experienced country managers to launch Ford products in Malaya, and service Southeast Asia as a whole. The Malayan management complied with strict standards and procedures set by Ford worldwide and had the advantage of guidance from well-experienced Ford management teams. This practice did not provide a spin-off for the locals; during this period (1926-1957), Malaya lacked local managerial expertise. Only middle-rank or lower-ranks employees came from the local population. However, Malayan dealers, and mechanics benefited from the technical expertise provided by Ford's specialized training. At the same time, Malayan car owners benefited from the price competitiveness and American emphasis on providing excellent service.

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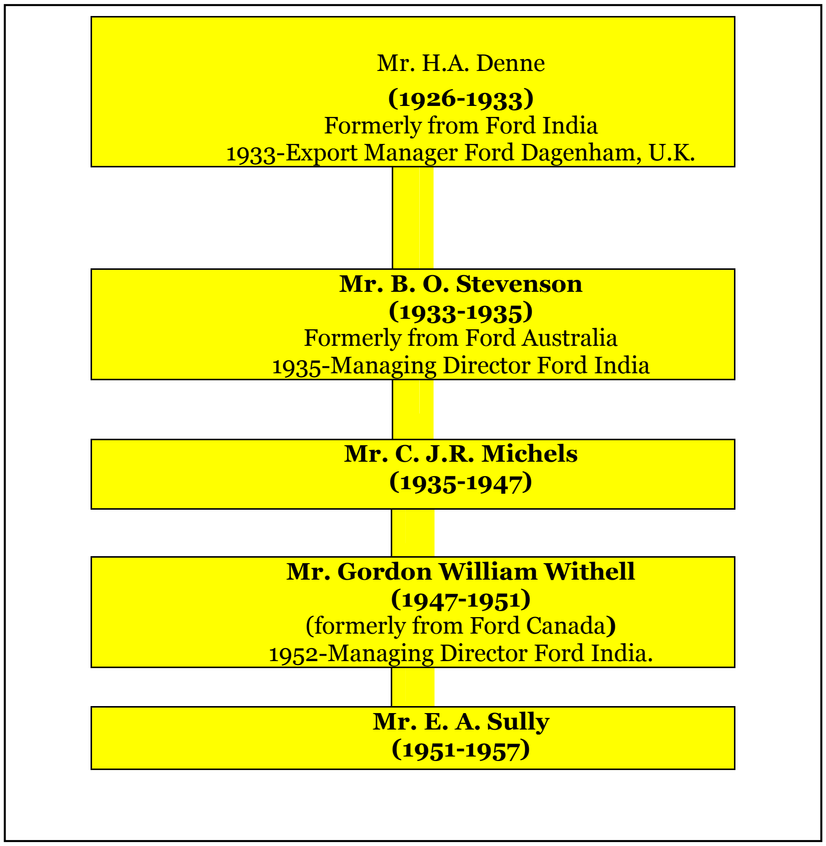
[42] Ibid., 294-5.
[43] *Ford Graphic* (2 Feb. 1951).
[44] Minutes of General Meeting, Ford Malaya, Singapore, 23 April 1955

FIGURE 2
Ford Malaya Managing Directors, 1926-1957



Source: *Ford Graphic*, 2 February 1951.

Marketing

Ford's marketing approach included an emphasis on spare parts and accessories in keeping with providing excellent auto services, unlike other car manufacturers. All 250 Ford dealers and service stations throughout the territories offered these services. Ford Malaya undertook this part of the marketing process for all Ford automobiles, and responsibility for the supplying parts and accessories to complement its vehicle marketing and as a source of revenue. The sale of certain makes depended on the availability of spare parts and accessories so this was a good move in promoting Ford sales; the availability of parts contributed to the popularity of Ford models in Malaya. The British Adviser in Kelantan reiterated this, stating it was difficult to get replacement parts for British makes and "in my opinion this is one of the factors which have made the "Ford" and "Dodge" so popular. Facilities for repair also give the

American car an advantage."[45] Besides, Ford was also able to capitalize on fuel savings where mileage per gallon was much more favorable than that for British models.[46] The British Representative in the UMS also emphasized the availability of facilities for purchase and repair and the lower petrol consumption of American cars.[47]

Ford also used advertisements as a marketing tool in Malaya. Apart from the regular advertisements placed by its main distributor, Wearne Brothers, Ford, too, though not as frequently, placed advertisements in the local newspapers mainly to introduce or to announce the demonstration of new Ford models in the Malayan market.

Over time, Ford increasingly appointed local dealers (mainly Chinese) throughout Malaya. In 1950 the appointment of a Malay dealer in Kelantan – M. Jaffar Limited—began to appear in its advertisements.[48] By the early fifties Ford dealers were available in the major cities throughout Malaya, including North Borneo, and in Sarawak, Thailand, and Indonesia, as stated in its advertisements in major newspapers. In 1956 Ford Malaya carried out a program to strengthen its dealer organization in the FMS and appointed five new dealers in Kuantan, Kuala Trengganu, Taiping, Alor Star, and Johore Bahru which were previously administered by Wearne Brothers. The same year saw the transfer of Ford India's marketing services to Ford Malaya, which made it responsible for sales in the territories of India, Pakistan, Ceylon, Burma, Nepal, and Goa.[49]

Multiple Sourcing

Ford Malaya since it early beginnings had input from its worldwide affiliates. Its first mover advantages as the first automobile assembly plant provided it with an opportunity to tap the regional market. Ford had used multiple sourcing from its worldwide operations mainly in Canada and Britain in its attempt to evade duties and to provide the latest Ford models to Malaya and the regional market.

During the interwar years, Ford Canada was the source of imports for Malaya. However, the post-war period saw changes in sourcing imports. Wartime and exchange controls imposed in 1939 continued post-World War Two as well as an emphasis to source materials first from sterling countries. By 1950, Ford Canada lost its first place in Dominion

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[45] Letter from British Adviser, Kelantan to The Secretary to The High Commissioner (22 March 1922). H.C.O. 259/1922.

[46] The five-seater Ford compared to the popular British model "Cubitt." H.C.O. 259/1922.

[47] Letter from British Representative in UMS to Winston Churchill, Colonial Office, 9 Sept. 1922. H.C.O. 259/1922.

[48] *The Straits Times*, 8 April 1950.

[49] Directors Minutes, Ford Motor Company of Malaya Limited, 21 April 1956. In the mid-fifties Ford sold its Indian operations. Wilkins and Hill, *Ford on Six Continents,* 402.

production and between 1950-1952, exports accounted for only 16 percent of Ford Canada's output.

From 1950 onward, like in other empire markets, particularly Australia, Ford England, a soft currency area, became an important source of supply for the Malayan market.[50] Britis Ford models such as Ford Prefect, Ford Angler, and the Ford Temp trucks were popular in the Malayan market.[51] Ford products, sourced from Ford England since the mid-thirties, reached a peak in 1937 and units shipped continued in the post-Second World War years (see Table 7).

TABLE 7
Units Shipped from Ford Dagenham to Malaya (1936-1949)

Year	Passenger	Commercial	Total
1936	893	21	914
1937	2399	20	2419
1938	n.a.	n.a.	
1939	1405	13	1418
1940	935	9	944
1941	690	Nil	672
No records (1942-45)			
1946	1534	455	1910
1947	1255	141	1396
1948	1817	93	1910
1949	1912	92	2004

Source: Overseas Shipments, Sales Division, Ford Motor Company Canada Ltd. Passenger cars referred to Ford Anglia, Ford Prefect, and Ford Lincoln only.

It was clear that Ford was able to exploit "national differences" by capitalizing on its worldwide operations, saving costs across borders in an effort to remain competitive.

Production Technology

Fordism—the mass production method—a technological innovation, pioneered at Ford Motors successfully produced the Model T. Fordism also involved a management style that simultaneously boosted mass production. Fordism drastically reduced production costs creating a mass

[50] *Ford Graphic* (2 March 1951).
[51] Interview script with Gordon Withell (Managing Director of Ford Malaysia 1947-1951, and 1957 –1964), 1985.
Ford Malaysia, Shah Alam, Selangor.

market at not only the domestic but also the international level.[52] These low prices led to Ford's growth worldwide, including Malaya. This gave Ford a considerable price advantage vis-à-vis other automobile manufacturers including the British. British automobiles in the mid-1920s could not compete with American automobiles "when it comes to power for price, hence the considerably larger number of American cars to be seen on Malayan roads."[53] The price of British makes was much more expensive than rivals Ford and Dodge.[54] Fordism became a source of competitive advantage for Ford reflecting its position as the world's leading producers of automobiles.

See Table 8 for Ford's price advantage in the mid-1920s in Malaya; Ford provided the cheapest models for passenger and commercial automobiles in Malaya.[55]

Price competitiveness proved an important factor in an Asian market. In the 1920s, cars sold within S$2, 500 to S$2,800 or below captured 80 percent of the Malayan market, more so, if there was a good

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[52] For further reading on Fordism, see James M. Rubenstein, *Making and Selling Cars*: *Innovation and Change in the US Automotive Industry* (Baltimore, Md., 2001). See also, Ken Starkey and Alan McKinlay, *Strategy and the Human Resource: Ford and the Search for Competitive Advantage* (Oxford, 1993).

[53] *The Malay Mail* (26 Nov. 1926).

[54] This can be seen in Britain too, when by 1914, Ford as compared to other British automobile manufacturers, was able to produce motor vehicles at an unbeatable price range of between £125 to £135. David G. Rhys, *The Motor Industry: An Economic Survey* (London, 1972), 5.

[55] We can compare Ford 4/5 seaters that were sold at S$1,650 (non self starter) and S$1,900 (self starter) with an 8 HP Rover landed in Singapore would cost S$2,200 in 1920-1921. H.C.O. 259/22. British Representative, State Secretary to Winston Churchill, Colonial Office, 29 March 1922.

spare-parts service support; the latter was appreciated by both the foreign and local users.[56]

Ford Malaya began operations in Singapore with wheel-fitting and touch-up jobs of Model-Ts and from 1930 began to assemble automobile units imported in semi-knocked down conditions (henceforth SKD) to reduce freight charges. These SKD automobiles came from its parent companies, Ford Canada, and Ford England in Dagenham. They marketed these assembled vehicles across borders throughout the region including Thailand, Burma, and DEI. Due to increased demand, by 1941, Ford Malaya began operating in a newly-built assembly plant at Bukit Timah, Singapore, the only automotive assembly plant in Malaya and Ford's first assembly plant in the region. By October 1941, Ford had first begun body assembly. The onset of World War Two halted Ford's production.

[56] "Automotive Markets," 89-90.

TABLE 8

Price Comparison: Cars & Lorries of British, American & Foreign Makes in Kuala Lumpur, 1926.

British Makes			American Makes[a]			Foreign Makes (Italian [I], French [F], German [G])		
HP/Tons	Model	Price (S$)	HP	Model	Price (S$)	HP	Model	Price (S$)
Automobiles:								
10	Singer	2175	18	Oldsmobile	2100	8 8	Fiat (I) Opel (G)	1800 1500
11.9	Morris Cowley	1730	19	Overland A Overland Touring	1685 2000	1 0	Peugeot (F)	1960
14	Hillman	3200	21 23	Willys Knight Chrysler A	2750 2450	1 0	Citroen (F)	1800
14	Armstrong Siddeley	3000	26	Studebaker	2875	1 2	Ansaldo (I)	2800
14 20	Sunbeam Sunbeam	5650 8950	27. 5	Buick Master Six	3100	1 2	Bianchi (I)	2850
16	Armstrong Siddeley	4000	20	Chevrolet	1500	1 5	Alfa-Romeo (I)	5300
20	Austin	4250	**20**	**Ford**	**1086**			
Lorries:								
1 ton	Morris	$2,000	1 ton	Ford Chevrolet Federal Knight	1010* 1375 2000		None	
1½ ton	Bean	$2750	1 ½ ton	Federal Knight	2600			
1½-2	Thornycraft	$3850	1 ½ ton	Federal Knight	2800			
2 tons	Vulcan	$4000	2 tons	Federal Knight	3800			
2 tons	Dennis	$5000	2 tons	Denby	4000			

Source: *Malay Mail*, 3 Dec. 1926.

[a] Ford models were of Canadian origin.

* This price was further reduced to S$975 (Advertisement, *The Straits Times*, 1 Nov. 1926).

Following the opening of Ford's plant in 1947, Ford Malaya began to assemble well-received Ford models in Malaya. In 1951 the Canadian Ford Custom was assembled, followed by the more popular British model, Ford Anglia, in 1954. In early 1956, Ford purchased jigs from the Dagenham plant for the assembly of the Mark II Consul cars introduced in the same year along with two other new models, Zephyr and Zodiac. All three were well received in Malaya.[57]

This illustrates the evolution of Ford Malaya's production technology since its inception. There was a gradual move to transfer production technology to its Malayan plant with the technology sourced from both its affiliates, Ford Canada and Ford England.

Conclusion

I have examined Ford's worldwide operations and its impact on the Malayan automobile industry. Ford derived ownership advantages due to being multinational. The advantage of common governance enabled Ford to coordinate distinct value-added activities across borders. By offering wider opportunities for worldwide sources of input, Ford was able to enhance its operational flexibility in Malaya. There was significant integration within its affiliates leading to reduced transaction costs.

Ford performed well in the interwar years by combining its considerable organizational and technological skills with flexible strategies, using its Canadian affiliate to enter the country to evade government restrictions, and then cooperating with merchant firms even while establishing its own distribution. It secured first mover advantage. However, this was not sufficient to block subsequent competition.

[57] Ford Malaya Historical Album; Directors Report, Ford Malaya 1956.