
Editorial

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1 Globalisation or regionalisation of the automotive industries and markets?

Globalisation of the industries and markets is unquestioned nowadays, and became a common narrative. With the establishment of the WTO in the aftermath of the Second World War, the removal of the fixed exchange rate system in the beginning of the 1970s, the two oil shocks in the 1970s, and the decreasing of tariff and nontariff trade barriers, international trade in the car industry did indeed increase. However, at the outset of the 21st century, empirical facts show that, rather than being fully globalised, the automotive industries and markets are regionalised. 13 years ago, the GERPISA network has already highlighted the importance of the regional integration processes in European, North American, and Asian automotive industries (Carrillo et al., 2004). More recently, an econometric research proved that most of the automotive component value chains, except for raw materials, are also regionalised (Frigant and Zumpe, 2014).

This is not only explained by regional political and economic integration, but also by the peculiarity of the automotive industry. First, the transportation and logistic costs of parts and cars induce strong barriers to the globalisation of trades. Second, the production of cars involves various capital intensive and with high fixed costs production processes, reason why there is a need of strong regional productive integration. Third, the markets for new and used cars, new and spare parts, are embedded into fiscal, economic and technical rules with high heterogeneity across different regions. It is then more crucial to

analyse these regional integration processes than to inquire the question of the globalisation of this industry.

The regionalisation processes have very distinct characteristics and effects on national automotive industries, markets, and firms (mature and emerging ones). The formal economic and political integrations in North America (NAFTA) and EU (single market) engendered integrated markets and harsher, extensive, and intensive competition between traditional and emerging industries. In contrast, the regionalisation of the car industries and markets in Asia (China, India, Japan, Korea, Southeast Asia, Taiwan) is both less formally structured, less economically integrated (except for ASEAN Economic Community), and less competitive at the regional level (Tsuchiya et al., 2006).

2 The regionalisation of Asian automotive industries and markets: a challenge to research

While the centres of gravity of the automotive industry were in North America, Western Europe, and Japan until the late 20th century, Asia will play a greater role in the shaping of the competitive patterns, and the future of this industry. The ‘Chinese miracle’ (more than 30% of worldwide new passenger car sales, the emergence of some national champions, the development of new powertrains), the ASEAN Economic Community, and the R&D efforts on low cost cars in India will impact the trade patterns in the region in the coming decades.

At the present stage, being less politically and economically integrated than EU, NAFTA, and MERCOSUR, the Asian area is also more challenging for researchers. One characteristic is the coexistence of two mature industries (Japan and Korea) with emerging industries (mostly some ASEAN countries, China, and India). Unlike CEECs and Mexico, where the production of assembly plants is mostly exported respectively to Western Europe and North America, there is weaker decoupling of national markets and industries in most Asian emerging countries (China, India, Malaysia, Thailand). The first core issue related to this peculiarity is the impacts of emerging players and countries on the whole automotive industry. Might they be able to compete with Western, Japanese and Korean carmakers and suppliers, and then reconfigure the institutions of this industry [rules of exchange, property rights, governance structures, conceptions of control, Fligstein, (2001)]? Can we expect a productive integration where the division of labour among mature and emerging countries is more sustainable than in North America and EU? What about the impact of the development of new technologies related to powertrains and entry segments in these emerging countries?

A second core issue revolves around the strategies and organisations of ‘mature players’ in the region. Among the mature countries, along with Germany, only Japan and Korea were able to combine strong domestic markets/industries, high export volumes, and overseas production. This entails a series of questions related to the way firms in Asia articulate the exigencies of their domestic markets and those of the emerging ones (Jullien and Pardi, 2013). During previous stages of internationalisation (the transplants of Japanese carmakers in US and EU in the 1980s for example), carmakers and suppliers encountered already structured industries and markets with more or less strong national champions. One feature of the current stage of regionalisation in Asia is that traditional carmakers and suppliers invest more ‘*tabula rasa* countries’. On the one hand, they might more easily shape the rules of the industries and the markets. On the other hand, this

constitutes organisational challenges in articulating the needs of traditional and emerging demands into their product policies and productive organisations. As a matter of fact, the articulation of domestic and emerging markets into a cohesive product policy involves questions about organisational integration or decoupling (especially of R&D, platform policies, entry segments and upgrading, etc.), and the arbitrage between emerging and domestic basis.

Asia appears from these points of view as a challenge for scholars on the automotive industry. The regional integration process gave birth to stronger emerging markets and industries, while preserving the mature ones, compared with North America and Europe. These two special issues seek to bring together different perspectives on the dynamics, peculiarities, and outcomes of this regional integration process in Asia, asking what are the specific historical roots and trajectory of this process, and how it impacts the competitive patterns of the firms in the region, and the whole automotive industry.

3 The purpose and contributions of this special issue

This first issue investigates aspects of Asian regionalisation paths from the perspective of firms' strategies. Its main focus is the roles of firms in the establishment of regional productive and market networks. This 'actor perspective' helps inquire the changing regional economic and productive integration from below. The second special issue will be mostly dedicated to the analysis of trade patterns and production networks in Asia.

The main purpose of this first issue is to contribute to the knowledge about some unknown aspects of this regionalisation process. While, in the common sense, regional integration is mostly the result of a political agenda and incentives, where nation-states and regional apparatuses play a central role, our objective is to inquire local strategies and their outcomes in terms of economic and productive integration. How do tier-2 Thai and Chinese suppliers cope with the problem of catching-up with their Japanese rivals? Might Chinese and Thai suppliers enter in competition with Japanese suppliers in the coming years? Do local Thai dealers have room of manoeuvre regarding the Mercedes-Benz monitoring? What kind of regional dealership network and organisation has established Mercedes-Benz in order to maintain its position in the luxury segment? What are the mechanisms that Toyota deployed with its Taiwanese subsidiary firm, Kuozui Motor, so that this plant became an export hub? On a heteronomy-autonomy scale, are the Asian subsidiaries of Toyota rather autonomous or not? Do Japanese inter-firm relations have evolved over time to cope with the issue of foreign competition? With the growth of other Asian supply districts, did the well-discussed relational-like inter-firm relationships in Japan evolve towards more arm's-length ones? Is India on the way of being integrated within the Asian production network? If so, what might be its role in the coming years? Those are some questions that are discussed in the five contributions to this first special issue. These in-depth case studies give us some insights about local strategies of actors that are often unknown in the English literature.

The first contribution, Nag et al., 'Is Indian automobile industry getting integrated with Asian production network?', assesses the level and nature of integration of India in International Production Networks, and its evolution over a period of 20 years (more specifically between 2006 and 2014). Based on several trade analytical tools, the authors conclude that India benefited from the openness of its economy propelled by the

Automotive Mission Plan 2006–2016 (AMP). The comparison of types of components that are exported and imported and the trading countries clearly indicates that India exports more high-tech components such as engine components, brakes, body parts, and mainly imports more labour-intensive parts from China and ASEAN such as metal products. This conclusion is without any doubt an important contribution to our knowledge of the Indian integration in IPN. It also induces new research questions such as whether the country, the indigenous firms, and the workers will or not benefit from this advantageous position. Whether such export-led growth triggers harmonious economic development or, on the contrary, precarious international dependence (such as in some CEECs or Mexico) is an important research field.

The second, third and fourth papers put the emphasis on more empirical qualitative data. Marinov et al.'s paper, 'Strategic upgrading of an overseas subsidiary through export promotion activities: the case of Kuozui Motor', is an in-depth case study on capability building of a Toyota's foreign subsidiary in Taiwan, Kuozui Motor. It clearly points out the fact that Kuozui Motor not only became an export hub for Toyota, but also acquired through this process high product development and manufacturing engineering capabilities. What is striking in this case is that Kuozui Motor might be an exception considering other foreign Toyota's subsidiaries. It is well known that Toyota's Thai and Turkish subsidiaries have also export capabilities, and that these plants are highly positioned in Toyota's ranking of its worldwide assembly plants. Most important in that research is the reason of such development. According to the authors, this is mainly explained by export market surveys that were led in Taiwan. As a matter of fact, such conclusion stressing local autonomy of decision-making processes is appealing, since much of the literature inquiring the relationships among Toyota headquarter and its foreign subsidiaries suggest that Toyota relies on a centralised and heteronomous organisation. Comparative case studies with Turkish or Thai subsidiaries might give us further indications about Toyota's development in foreign countries and organisational structure.

Akabane et al.'s paper, 'From product design to product, process and domain design capabilities of local tier 2 suppliers: lessons from case studies in Japan, Thailand and China', shares a similar research question, which is technological and organisational upgrading in emerging countries. The originality of the paper lies first in the comparison of 'mature tier-2 suppliers' (namely Japanese) and emerging ones in China and Thailand. The second important contribution is the reassessment of the classic Asanuma's theoretical framework, by adding to the product design capabilities, two other crucial dimensions for suppliers' developments: process design capabilities, and domain design capabilities. Based on this dichotomy and an empirical research on 60 parts suppliers (20 in each country), the authors found out that a new division of labour might emerge in the coming years. While most of the Japanese suppliers perform in both three designs, Thai suppliers acquired an advantage over their Chinese counterparts with more efforts made in domain designs. There is a new research agenda emerging from this rich and fruitful comparative analysis. What explains the different trajectories or evolutionary paths of these tier-2 suppliers? In other words, is it triggered mostly by relational skills with their client firms, the resources available in the organisational fields, the institutional environment?

Asava-Anan's 'The true culprits of excessive intrabrand price competition among authorised Mercedes-Benz dealers in Thailand', is a rich comparison of intrabrand competition among six Mercedes-Benz authorised dealers in Thailand. The distribution

network established by Mercedes-Benz in Thailand is characterised by a somewhat 'strong vertical integration' system. The intraband price competition that the author has investigated and analysed is rooted in Michael Porter's five forces model. The author showed that the threat of entry, the intensity of rivalry, and the threat of substitute products are high in Thailand, while the bargaining power of these dealers is low. Having collected valuable empirical data, new research perspectives regarding the degree of integration of Mercedes-Benz's distribution network are conceivable. One remaining question is whether this scheme is peculiar to the Thai dealership network, or, on the contrary, is a general strategy defined by the headquarter and applied similarly all over the world. Following this study, the assumption is that the Mercedes-Benz regional headquarter in Asia appears to be only a cogwheel between the Stuttgart headquarters and the dealers. Comparative case studies in other Asian countries might bring further indications about the degree of autonomy of Asian Mercedes-Benz headquarter.

The final paper, Matui and Neto 'Relational governance of Japanese automotive industry: modularity and multiregional strategic action field', deals with inter-firm relationships in Japan. Its main objective is to reassess the modes of transactions of Japanese carmakers and their main suppliers, a well-discussed topic for more than 20 years. The authors use a comparative statistical analysis of the types of contracts in four regions, USA, Europe, China, and Japan between 1998 and 2016, and a theoretical framework rooted in the 'strategic action field' perspective. They conclude that the types of governance are mostly affected by exogenous shocks, such as the 2008 financial crisis and the 2011 earthquake. This research investigates a very important topic, that of the role of organisational fields in the development of global value chains in Asia. Such statistical approaches of GVC in Asia are needed in order to understand the reshaping (or not) of the division of labour in this region.

4 Future research perspectives

Overall, these five contributions from different standpoints highlight the actor's dynamics behind the regional integration patterns in Asia. Emerging players such as tier-one suppliers in India, tier-2 suppliers in Thailand, and the Toyota's subsidiary in Taiwan, Kuo-zui Motor, reached some capabilities that might change the regional division of labour in the coming decades. However, it is difficult at this point of time to assess the impact these players will have on their domestic industries, and workers. The Thai case of Mercedes-Benz authorised dealers reminds us that incumbents, namely mature foreign automakers, still have a strong bargaining power and define the conceptions of control in this region. Their strategies and organisations are still rooted in rather heteronomous/centralised organisations, even when they are highly dependent from their local suppliers or subsidiaries.

The 'actor perspective' adopted in this special issue enables us to better grasp the role of the traditional and emerging actors in shaping the regional economic and institutional environment. Our future research hypothesis is that a new core-periphery system is under shape in Asia. Once the Chinese market will be stabilised, the Indian-one developing, the ASEAN Economic Community completed, and new local players have caught-up with their foreign rivals, the patterns of competition might be affected.

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