

The automobile industry and performance economics essay



The success of Malaysia automotive in producing the national car should be a proud of because of internationally outstanding performance. In this journal, the authors determine that Malaysian government do a lot of alternative ways to protect automotive industry to sustain the industry locally keep survive especially to compete in internationally such as various protective measures for example tariff and non-tariff barriers and local content policy. In 2002, the automotives industry show great achievement in highest production point when producing half a million of vehicles in economic prosperity. PROTON and PERODUA becomes the two main national auto manufacture contributed mostly in producing small and medium class production of national cars Malaysia. Thailand becomes the biggest competitors when full implementation of AFTA in 2005 that cause the national car industry faces a lot of challenges. Some proactive measures taken by two automakers through cooperate with foreign automakers to allay the challenges in auto production to increase the production and market of the national car company. Since 1985, Malaysia has obtained accepting regionally and internationally for its great achievements in the automotive industry. Proton itself make a collaboration with its affiliate, the Lotus International (United Kingdom) in 1996. Proton cars have captured local markets for medium car class and made its presence felt even in certain developed countries by producing various car models including Proton Saga, Wira, Waja and most recently, the Gen-2. The author states that in this journal reveals the Malaysian experience in promoting the automotive industry and examines the overall performance of the sector especially in national auto production. The automotive industry in Malaysia proves that Islamic countries gives a big impact to participate and compete

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in economic activity which is known well naturally controlled by non-Muslim countries that shows the ability of Malaysia to start and improves the industry. There are a lot of efforts and sacrifices to face the challenges and compete in highly competitive and technology-intensive industry to Malaysian industry survive in future. To compete in local market since the neighbor country close competitors such as Thailand, Indonesia and Philippines, Malaysia should focus on production of commercial vehicles in short term. While in long term, stiffer competition would be faced by the national automakers with full implementation of AFTA (Asian Free Trade Area) and this would may affect that in this industry can no longer be heavily protected as it was past.

Automotive industry in Malaysia: an assessment of its development

In this journal, the authors analyzing and evaluating the growth of Malaysian automotive industry within the reason of infant industry and trade protection by the government will cause many arguments when using a global value chain perspective including the impact of global crisis in 2008-2009 on the Malaysian automotive industry. Even though the impact of global crisis is moderate but the domestic demand is decreasing and the weaken performance of the industry remain continue. The industry having difficulties when failed to increase to upgrading the industry and international competitiveness base on their quality of production even though the industry trying to expand the sales, production , employment and local content every past year. Inadequate of encouraging political for high challenge with high maintain situation, low technological and marketing abilities and small amount of participation in the global value chain are the basic things that

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lead the industry easy to achieve the failures. By push the industry to achieve good performance, more transformation and strategy trough forming coalition with multiple shareholders even though there are industry protection policies that may help with their own initiatives. At the end, this industry applying captive of the regionalized Japanese keiretsu system in manufactures the production. The authors also mention about some question on how industrial policy might assist to place in developing countries in terms into the global economy. Based on the journal, the industry mainly focusing in manufacturing on passenger car manufacturing and causing increasing employment and average incomes with its employees in years 1980 to 2009 which is the industry has expanded too much starting from their infant industry. Japanese cars makers still dominating the auto market and industry because they have high competitive benefit to infiltrate global markets due to its high scale of technological advancement and product advancement mainly among parts and component suppliers, a lot of and high skilled workers and strong global marketing abilities when compared to Malaysian automotives industry. Introduction of new models shows the positive way of PROTON to increase the marketing strategies in the industry. Malaysian automotive industry still have an option when applying and generating more vibrant automotive group throughout production improvement and strengthening of advance method such as create high performance working systems to give more knowledge and working experience to the automotive industry workers.

Supplier Development Framework in the Malaysian Automotive Industry:

Proton's Experience

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In this journal, the authors' main focus is in Malaysian automotive industry on PROTON which is in raising the suppliers' relationships and their development. PROTON plays a important role with their supplier development to expanding inclusive support in example supplier selection and meeting, improvement, match making and encouraging constant performance expansion and enhancement programs. Supplier improvement stands for inventiveness by the buyer firm to enhance the performance and abilities of their suppliers and is explained as an important that have been applied by PROTON. However, the importance on price-cutting and independent achievement by PROTON represents the frequent observe of most US buying firms. A supplier advance effort stand for inventiveness by a buying firm which may assist the firm to assemble strategic organizational objectives. Buying firms must be agreeable to spend in the relationship with a long-term perspective. Successful two way communication, long-term commitment, and continues support may give more benefits to the achievement of supplier expansion efforts will help the automotive industry can compete in global market successfully. PROTON should immediate concerns to face the problems which is they need to have a better relationships with their suppliers. To see the relationships have a better impact, the procurement practice is the best ways to be practiced by PROTON. In contrast, the long term relations between the suppliers can happens when the partnerships characterized by joint decision making within the buyers and suppliers. However, the internal suppliers force and effort to develop them are the most important things in development of supplier and the advancement of technology will increase their effort to boost up competitiveness through continuous research and development (R & D), <https://assignbuster.com/the-automobile-industry-and-performance-economics-essay/>

reduction the cost of production and value added with engineering value in maintaining market value. New strategies such as find partnership to share the technology and enough effort and knowledge can help the industry to penetrate the markets whether in locally and global.

Literature Review

Performance of national cars in Malaysia should be boost up so that the industry can perform well to compete with our neighbor country such as Thailand and Indonesia and even worldwide. Automotive sector will become more competitive and by empowering the human capital available to high technology. In fact we are the pioneers of the automotive sector in the region, so we need to rise up with a new formula to bolster this sector. Our main national cars manufactures PROTON and PERODUA should come out from comfort zone. However, the success of Malaysia producing their own national cars should be a proud of all Islamic nations especially out citizens (Rosli, 2006). Malaysian government takes a lot alternative ways to make the industry remains survive especially to compete internationally such as provide tariff, customs tax and other local policy. Thailand becomes the biggest competitive of our production in national car when full implementation of AFTA was released. In additional , Malaysian automotive industry faces many challenges to survive and compete based on their quality of production the industry already expanding their sales, production, employment and technology every past year. By making collaboration with foreign automakers can improve the quality of the national cars and some of its part and component. Besides, Malaysian automotives industry also should have good relationship with their supplier of the product. PROTON as well

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must maintain their communication and full commitment to their supplier so this will give a better outcome of their performance. Our national car industry performance can be improved by reducing production costs, increasing knowledge and skills among the worker who works in the industry, finding another foreign partnership that can help the automotive industry to penetrate the local market but also internationally