

MAKING AND UNMAKING VIABLE NATIONAL AUTO MANUFACTURERS IN SOUTH KOREA AND MALAYSIA: THE NET HOLDER APPROACH

Peter Wad

*Department of Intercultural Communication and Management,
Copenhagen Business School*

I. INTRODUCTION

The automobile industry is traditionally considered ‘the industry of industries’ of the twentieth century. Today, it is among the world’s most globalised and TNC-controlled industries (Dicken, 1998: 316). In the South, the industry is often understood as a driver of industrialization and technological development (Humphrey, 1998:1).

Before the East Asian financial crisis 1997-1999, only South Korea (henceforth Korea) had developed a notional car industry with international competitive strength in Western automobile markets and with foreign direct investments (transplants) in the North. This was achieved not least by nesting auto manufacturers as part of huge conglomerates (the so called ‘*chaebols*’) in close co-operation with the Korean state (Smith, 1996). In practice the state-*chaebol* compact implied a protected home market, an import-dependent technology policy, and corporate management emphasising low-priced product portfolios, sharply divided work organisation, personnel policies based on numerical and financial adjustments and authoritarian industrial relations, countered by weak enterprise unions (Jeong, 1997).