

Doctoral Thesis in 2017 (Abstract)

An Experimental Study on the Development Pathways and Capability Building of Chinese
Automobile Industry : Relevant to the Comparative Analysis of the Suppliers Relational
Skill of China and Japan

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Abstract

This thesis is an experimental study on the development pathways and capability building of Chinese automobile industry. Trailblazing studies on capability assessments of automotive parts suppliers were carried out by Dr. Asanuma Banri (Asanuma, 1997). The origin of Asanuma supplier theory is Williamson's trading cost theory. In classical supplier dichotomy, supplier has a two type's "marketed goods" and "ordered goods". However he reclassified the "ordered goods" into "Drawings supplied" and "Drawings approved". Asanuma Banri clarified the pathway for suppliers to evolve development pathways and capability building from "Drawings supplied" to "Drawings approved", based on the accumulation of "Relational Skill" between Japanese automobile manufacturers and suppliers.

This research utilizes Asanuma Supplier's theory to analyze the characteristics of Japanese and Chinese supplier's development pathways and capability building basing on case studies on site. Analyzing those research results, this study rates the level of development pathways and capability building. This evaluation is based on an interview survey from local suppliers in China. In study, I am focusing on the comparative analysis the Relational Skill of Japanese and Chinese Suppliers.

Chinese automobile industry was born in the beginning of 1950s. Now, Chinese automobile industry has grown into the world's largest market share. Since the Reform and Opening-up, Chinese government planned to reorganize domestic resources to improve the development pathways and capability of the Chinese automobile industry which was weak in the past.

From that time, Chinese automobile industry's development pathways and capability building is being led by foreign vehicle makers and promote the development of parts and technology with parts suppliers. Chinese vehicle makers are introducing high technology from foreign-affiliated JV (Joint-venture) vehicle makers and promoting growth strategies of accumulating technology. However, over half of the Chinese passenger car market share is occupied by foreign-affiliated JV vehicle makers. Currently, the JV vehicle manufacturerers are the main force, having an overwhelming advantage in the Chinese automobile market.

Chinese vehicle makers are not only weak in their own development capability but also in the cooperation of development pathways and capability building with suppliers. Chinese vehicle makers are not in cooperation with suppliers in the development pathways and capability building like Japanese vehicle makers and suppliers. The only thing that they are pursuing is cost reduction. If Chinese vehicle makers compete with foreign-affiliated JV vehicle makers as it is going on in the Chinese automobile market, there is no exception that the market leadership will be lost. Therefore, Chinese vehicle makers in feeble cooperation with suppliers in the development pathways and capability building must be the

obstacle. It is quite important to overcome those obstacles thus to enhance Chinese Automobile industry in the future.

To compare and analyze Chinese and Japanese supplier's development pathways and capability building, I took part in instructor's research (2013 to 2015, Ministry of Education, Science and Research fund C (25380511)). In August 2014, I conducted an interview survey about Japanese vehicle makers/suppliers and the local suppliers in China (Shanghai). Completing interview survey in Shanghai, I centralized my research's method and subject according to previous research and literature survey. After that, when interviewing companies in Jilin Province (Changchun City, Jilin City) of China and Japan, we are focusing on companies different capabilities, such as product design capability, process design capability and domain design capability.

Jilin Province is the base camp of China FAW group of China's leading automobile group. Jilin Province is the birthplace of the Chinese automobile industry and an important place in the history of the development of the Chinese automobile industry. From Reform and Opening-up, China FAW group aggressively build partnership with overseas vehicle makers such as VW, Toyota, Mazda, etc. And it established JV vehicle makers in Changchun area.

Jilin City is 100 km far away from Changchun City. Jilin City is developed mainly by chemical products. Since the planned economic age, Jilin City's industry is maintaining various relationships with China FAW group. For example, In Jilin City's located FAW Jilin Automobile Co., Ltd. has a business alliance relationship with Daihatsu Industry Co., Ltd. For that, Many German, Japanese and Chinese FAW group's suppliers built factory in Jilin Province. Therefore, Jilin Province is a microcosm of the Chinese automobile industry. Through the research of the Jilin automobile industry, you can see the overall picture of the Chinese Automobile industry.

From now on, Chinese vehicle maker's development pathways and capability building are an urgent task. Clarifying Chinese vehicle maker how to build a relationship with suppliers is one subject of this thesis. Also, the accumulation of Relational Skill of suppliers is also another important issue in this thesis. Growth of the vehicle makers and suppliers does not develop independently. It is from building in cooperating inter-company relationship. In the future, Chinese vehicle makers need to develop new business relationships with suppliers and proper part procurement policy. Development pathways and capability building are important for Chinese automobile industry.