
Automotive industry in Malaysia: an assessment of its development

Peter Wad*

Centre for Business and Development Studies,
Department of Intercultural Communication and Management,
Copenhagen Business School,
Frederiksberg DK-2000, Denmark
Email: pw.ikl@cbs.dk
*Corresponding author

V.G.R. Chandran Govindaraju

Department of Economics,
Faculty of Business Management,
Universiti Teknologi MARA,
KM 12 Jalan Muar,
85009 Segamat, Johor, Malaysia
Email: vgrchan@gmail.com

Abstract: This paper explains the evolution and assesses the development of the Malaysian automotive industry within the premise of infant industry and trade protection framework as well as extended arguments of infant industry using a global value chain perspective. The Malaysian automotive industry expanded in terms of sales, production, employment and local content, but failed in industrial upgrading and international competitiveness. The failures can be attributed to (a) lack of political promotion for high challenge-high support environment, (b) low technological and marketing capabilities and (c) limited participation in the global value chain. Although the Malaysian infant industry protection policy comprised many promising initiatives, the national and the overall domestic automobile industry ended up as a captive of the regionalised Japanese keiretsu system in automobile manufacturing. A new transformation is required to push the industry beyond its current performance through a more strategic productive coalition with multiple stakeholders including trade unions.

Keywords: automotive industry; competitiveness; infant industry; trade protection; global value chain; performance; economic crisis; PROTON; Malaysia.

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Biographical notes: Peter Wad is Associate Professor at Department of Intercultural Communication and Management (ICM) and Centre for Business and Development Studies (CBDS) at Copenhagen Business School (CBS). His research has focused on globalisation, competitiveness and local firms in developing countries with particular focus at the global automobile industry.