

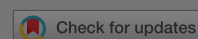
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How Did the Automotive Component Suppliers Cope with the Economic Crisis in Hungary?

Eric Rugraff ✉ & Magdolna Sass ✉

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Abstract

This article studies the reaction of automotive component suppliers in Hungary to the 2008–2009 economic crisis. We find that the global suppliers viewed the crisis as an opportunity to reinforce the competitiveness of their Hungarian affiliates by engaging in product and process upgrading, and upgrading through research and development. The

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Notes

¹ For an insight into the main strategic, organisational and technological shifts in the motor vehicle industry over the last 20 years, see the websites of the Industrial Performance Center of the Massachusetts Institute of Technology, available at: <http://web.mit.edu/ipc>, accessed 25 June 2012, and of the GERPISA international network, available at: www.gerpisa.univ-evry.fr, accessed 20 June 2012.

² See for example the four-tier-suppliers typology of Humphrey and Memedovic (2003, p. 22).

³ In the main Western European clusters, long-term relationships between people working for the manufacturers and people working for the global suppliers lead to the creation of tacit knowledge. Codified knowledge is transmittable in systematic and formal language, whereas tacit knowledge is personal, context-specific and hard to formulate and communicate.

⁴ Stuttgart, Oberbayern, Braunschweig, Karlsruhe and Hannover in Germany, western Sweden and the West Midlands in the UK ('Cluster Mapping', European Cluster Observatory, 2013, available at: <http://www.clusterobservatory.eu/index.html>, accessed 20 January 2013).

⁵ 'Statistics', EUROSTAT, 2011, available at: <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>, accessed 17 January 2012.

⁶ Interview with Herbert Rupp, president of MAJOSZ, Tata, 26 February 2010.

⁷ Our semi-structured questionnaire was organised around three main topics. In section one, we asked for information about various basic characteristics of the company (year of establishment, number of employees, main products, etc.) and research and development activities (number of R&D employees, R&D expenditure, etc.) and development activities (number of patents, etc.). In section two, we asked for information about the company's competitive strategy in the sector (number of competitors, etc.) and its position in the supply chain (number of suppliers, etc.). In section three, we asked for information about the company's financial performance (turnover, etc.) and its market position (number of customers, etc.).

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various aspects of the impact of the crisis and measures taken to cope with the crisis were covered.

⁸ Bloomberg Business Week, 9 December 2009, available at: http://www.businessweek.com/globalbiz/content/dec2009/gb2009129_34368.html, accessed 17 May 2011; 'Volkswagen Chief Says VW Suzuki Compact Could be Made in Hungary', Realdeal.hu, 21 October 2010, available at: <http://www.realdeal.hu/20101021/volkswagen-chief-says-vwsuzuki-compact-could-be-made-in-hungary>, accessed 20 January 2011.

⁹ 'Opel Announces €500m Expansion at Engine Plant in Hungary', Budapest Business Journal, 21 September 2010, available at: http://www.bbj.hu/business/opel-announces-€500m-expansion-at-engine-plant-in-hungary_54283, accessed 19 February 2011.

¹⁰ 'Audi Unprecedented Plant Expansion Tests Quality Standards: Cars', Bloomberg, 7 June 2012, available at: <http://www.bloomberg.com/news/2012-06-07/audi-unprecedented-plant-expansion-tests-quality-standards-cars.html>, accessed 20 June 2012.

¹¹ 'Statistics', ACEA (European Automobiles Manufacturers Association), 2013, available at: <http://www.acea.be/statistics/tag/category/passenger-cars-production>, accessed 17 January 2013.

¹² Agence France Press, 1 December 2008, available at: <http://www.industryweek.com/articles>, accessed 20 January 2011.

¹³ Agence France Press, 16 January 2009, available at: <http://www.industryweek.com/articles>, accessed 20 January 2011; The Budapest Times, 16 March 2010, available at: http://www.budapesttimes.hu/index.php?option=com_content&task=view&id=14044&Itemid=28, accessed 20 January 2011.

¹⁴ None of the automakers was absolutely certain in 2009, because of Asian suppliers' competitive

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¹⁵ The shortage of engineers in Germany helps to explain investments in research and development in the automotive industry in Central Europe (Kinkel & Som [2012](#)).

¹⁶ Two out of the five local suppliers in our sample are multi-plant firms with locations in lower-wage regions in Hungary. However, the relocation of one of the two firms took place before the beginning of the crisis. The second firm decided to move production back to Budapest and to employ Hungarian-speaking employees coming from Romania (accepting lower wages) after a five-year experience in a lower-wage region.

¹⁷ For example U-Shin in Kisbér and Mitsuba in Salgótarján.

¹⁸ The survivorship bias can be defined as the tendency to exclude failed companies from studies due to the fact that they no longer exist.

¹⁹ For some recent research on the reaction in the automotive industry, see Pavlinek ([2015](#)), Sass and Szalavetz ([2013](#)).

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