



DISA Seminari

"ROLLING OUT" A "WORLD CAR": GLOBALIZATION, OUTSOURCING AND MODULARITY IN THE AUTO INDUSTRY

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This article presents a case study of the "roll-out" of a "world car" (the Fiat Palio). Based on original fieldwork carried on by the author in 6 countries (Italy, Brazil, Poland, Turkey, Argentina, India), it describes one of the most diverse international strategies in the recent history of the auto industry and represents an interesting terrain for analyzing how, in relationship with globalization, outsourcing and modularity play an increasing role in auto design and manufacturing. The article addresses the following research questions: 1) Does the "world car" approach represent a sustainable and robust strategy? 2) Is there a relationship between globalization, modularization and outsourcing in the auto industry? 3) Can these concepts be used to map out future developments and transformations in the contracting structure of the auto industry? This field study shows that producing and selling in many different places a car that involves absolute cross-country identity of interior/exterior design, parts, and quality standards (a "world car") represents an innovative and sustainable strategy. It also highlights that the robustness of this strategy decreases as the international scope and time span of the "global" project increase. The Fiat Palio story also represents the first in depth analysis of what are, at the firm level, the dynamics that link globalization, outsourcing and modularization in the auto industry. The article confirms that modularization a) is a vaguely defined and ambiguously used concept in the auto industry; b) is a broad concept, applicable and applied to a number of systems (product design, manufacturing, work organization, etc.); c) has only recently moved its first steps in auto design and manufacturing. The embryonic applications of modularity in design, manufacturing and organization reported in this study are used to map out future developments and transformations in the product architectures and organizational architectures of the auto industry. The article also suggests that, within a global strategy, modularization and outsourcing, though remaining conceptually distinct, tend to become, in practice, increasingly inseparable. The modularization of

design, production and organization is intimately related to how, while trying to save costs, reduce risky investment, and manage the institutional constraints deriving from globalization, OEMs and suppliers partition their tasks, defining a new international division of labor

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