

45th CIRP Conference on Manufacturing Systems 2012

Production-related Staff's Perception of Manufacturing Strategy at a SMME

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Abstract

Today's global competitiveness urges SMMEs to pay attention to their MS process. The purpose of this case study at a Swedish SMME, mainly conducted through interviews with production-related staff: staff with direct connection to everyday production work, is to explore their perception of the MS content. The study shows that communication is the main obstacle for production-related staff's perception of the MS. Their perception is diverse and based on a multitude of factors, such as employment period, organizational belonging, and the employees' own interest. Several problem areas are identified and need to be investigated further.

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Keywords: Manufacturing strategy; SMME; Case study; Organizational learning; Staff perception

1. Introduction

During the last few decades the situation for manufacturing companies has changed dramatically due to increased global competitiveness. Swedish Small and Medium-sized Manufacturing Enterprises (SMMEs) have a significant impact on the country's economy [1-2] while facing strong competition from developing countries. Therefore, there is a need for these companies to develop their strategic capabilities.

The need for companies to focus on manufacturing from a strategic perspective is emphasized in the seminal work by Skinner [3]. This focus on Manufacturing Strategy (MS) is essential for manufacturing companies to remain competitive [4]. However, the MS literature is underdeveloped, limited, and under considerable debate [4-5]. Further, 91% of the research publications between the years 1969 and 2001 were focused on the content aspects [4] hence, a very small part is concerned with the MS process. The process consists of formulation and implementation [6], where implementation is 'less structured and more behaviorally oriented' [7, p. 121].

Barnes [5] calls for a broader analysis including considerations on both the internal and the external contexts, stressing the individual, cultural, and political factors.

Research on the relevance of MS to SMMEs has been limited [4], [8] and needs to be focused further due to these companies' importance for the economy. Findings from research on larger companies are not always applicable to SMMEs' special characteristics: closeness between management and employees due to fewer hierarchical levels [4], [8]; a reactive fire-fighting mentality [8]; and concentration and low formalization of the decision processes where decisions often are based on intuition and personal experience [9]. Typical learning processes within small firms are mainly based on learning by doing [9].

The people within the organization have an important role when it comes to implementation; lower levels of the organization need to be involved [7]. People, who execute the decisions that are formulated in the MS, are in this paper referred to as production-related staff: staff with direct connection to everyday production work, e.g. operators, team leaders, production technicians, and

warehouse personnel. Focusing on implementation implies a need to look into how people perceive MS, and how it affects their daily work. The purpose of this case study is therefore to focus on an area within the MS implementation process which is quite unexplored within the literature: how the employees perceive the MS content.

To address this it would be beneficial to incorporate other fields, such as the ones related to learning organizations and knowledge management, within the frame of the MS literature. We assume that learning organizations are enablers for bringing the MS out in the organization.

2. Frame of reference

2.1. Manufacturing strategy

Manufacturing strategy is the link between corporate strategy and the manufacturing function [3]; it formulates how to make manufacturing decisions which helps the company to achieve long-term competitive advantage [10]. MS is often referred to as being about creating a fit between market opportunities and operations resources [3], [6], and it is divided into content and process area [4], [11]. Content refers to the strategic decisions that are being made with respect to competitive priorities and decision categories, while process consists of the formulation and implementation of the strategy [4], [6].

Within the field of MS there are many models and ideas on how to organize, formulate, and implement strategies. However, many of these, e.g. Miltenburg’s model [10], have a complexity level that might be too high for SMMEs [12]. In this paper the Operations Strategy (OS) matrix (Figure 1) [6], is used as a framework to grasp the content of the strategy.

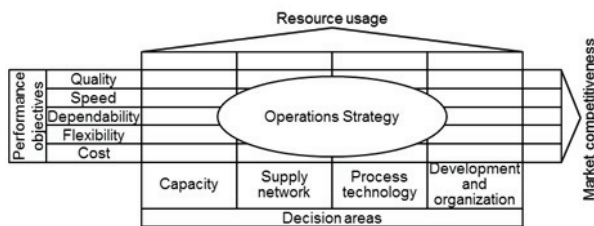


Figure 1 The operations strategy matrix [6, p. 26]

Due to its simplicity, OS matrix is believed to capture the important parts of the content. The matrix emphasizes the intersections between the performance objectives and the decision areas; hence, what is required by the operations function and what choices to make to deal with those requirements [6]. The performance objectives most often encompass cost, quality, delivery, and flexibility [4], [11]. The decision

areas can for example contain: plant and equipment, production planning and control, labor and staffing, product design/engineering, and organization and management [3]. Slack and Lewis [6] identify five performance objectives and four decision areas (see Figure 1).

Manufacturing strategy process: formulation and implementation

Formulation of MS is a planning mechanism [7] while the implementation is ‘the means by which manufacturing strategy is put into practice’ [10, p. 112] and a process where it is essential to get the employees’ consent [7]. Implementation of MS in organizations ‘can be the most difficult phase of the strategy process’ [13, p. 153].

However, the operationalization of the MS is weakly defined; it is missing implementation characteristics and there is a need for a communicating strategy to employees as opposed to the wide-spread top-down approach [7]. Further, there is a need for involvement of lower levels of the organization, employee acceptance, and teamwork building in the formulation and implementation process. Factors effecting the MS implementation are: the effects of corporate culture on strategic development; management consistency in implementation; top management commitment; and managerial styles [7].

To handle this difficult process and get the employees to consent charts can be useful as communication means [13]. Pictorial methods are useful for identification and communication of the content of MS; ‘representing manufacturing strategy as a pattern of actions appears to make ‘strategy’ an understandable and communicable concept for manufacturing managers and workforce’ [14, p. 1081].

2.2. Learning in organizations

For manufacturing companies to remain competitive they need to focus on: organizational knowledge creation [15], [16]; shared visions where thinking and acting are integrated at all levels [17]; and corporate cultures of continuous learning [18]. Further, the strategic time orientation [19] needs to be addressed; short-term and long-term time frames need to be focused simultaneously.

In knowledge creation there is a distinction between tacit and explicit knowledge [16]. Tacit knowledge is personal, context-specific, and gathered through hands-on experience; hence, hard to formalize and communicate. Explicit knowledge on the other hand is transmittable in ‘formal, systematic language’ [16, p. 59]. In the organizational knowledge creation process, the individual is seen as the prime mover; the initiation

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