Responsibilities for inventory decisions in Polish manufacturing companies

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Abstract

Inventories constitute one of the basic elements of logistics systems. In fact, inventories present only low value unless situated in the right place and time. The basic goal of this paper was to examine how decision-making process is organised in average Polish companies and how they are prepared to the implementation of the concept of manufacturing to the order, postponement and relative inventory location. The paper presents proportions of production to stock and to order with the basic tendencies of utilisation of capacities in Polish companies. Those are general conditions for basic patterns of inventory decision making in the supply chain depending on the location of decoupling points discussed together with the structure and rotation of inventories. The organisational and time framework for decisions on inventories have been presented, trying to relate it to basic patterns occurring in the location of decoupling points. The basic results of research on practices reported by the surveyed Polish companies in the field of inventory management have been resumed in Conclusions and they have been discussed in comparison with some data from Western countries. The research has been based on two surveys administered in Polish companies and additional information obtained from other smaller scale surveys on logistics-decision-making patterns administered by the author.

Keywords: Inventory management; Logistics management; Decoupling points; Logistics systems; Customer service; Business logistics strategy

1. Introduction

The majority of co-ordinating decisions made within the logistics systems deals directly or indirectly with inventories of materials and components, work-in-progress and finished goods. Almost all logistics strategies and the whole scope of logistics management have been used in order to secure inventories with such values as time value, place (location) value and possession value together with the lowest possible cost (Bowersox and Closs, 1996).

Strategic approach to inventory management requires integrated approach to the overall logistics management in the form of supply chain management. Inventory location decision in the form of decoupling points seems to be one of the most important strategic logistics decisions. The pattern of decoupling points in logistics systems denotes the general supply management procedures and creates requirements for the shape of organisational structure for decision making in inventories management.
The basic goal of the research and its results presented in this paper were to examine how decision-making process is organised in average Polish companies and how they are prepared to the implementation of the concept of manufacturing to the order, postponement and relative inventory location.

Section 2 presents proportions of production to stock and to order with the basic tendencies of utilisation of capacities. Those are general conditions for basic patterns of inventory decision making in the supply chain depending on the location of decoupling points discussed together with the structure and rotation of inventories in Section 3. Section 4 presents the organisational and time framework for decisions on inventories trying to relate it to basic patterns occurring in the location of decoupling points. The basic results of the research on practices reported by surveyed Polish companies in the field of inventory management have been resumed in Section 7 and they have been discussed in comparison with some data from Western countries.

The basic information used in the research originated from two sources:

(1) A survey based on the pattern of the Global Manufacturing Research Group Survey, which was used by the author for examining operational manufacturing practices in selected industries all over the world.

Polish survey has been extended by adding several sets of questions concerning logistics systems and general decision-making practices in logistics. The survey, with some minor changes, has been administered in the years 1992–1993, 1996 and 2000. In the GMRG-based survey 65 companies from the Upper Silesia region have been examined, ranging from heavy industries like steel production, coal mining, engineering or metal industry to food industry and electronics. The average size of a company in the sample was of 528 employees, 49 companies (76% of the whole sample) were of the size lower than 619 employees.

Sections 2 and 3 have been based mainly on the results of that survey.

(2) A questionnaire designed and distributed by the author among 538 logistics executives in companies operating in the region of Upper Silesia (southern Poland).

On average questionnaires were administered to three respondents in one company. The choice of companies was fully random.

Sections 4 and 5 have been elaborated on the basis of the results achieved through that second survey.

In order to increase the accuracy of responses in the two above-mentioned surveys, almost in all cases information was collected through personal interview with the respondents. This is the usual practice in the case of surveys in Poland as the rate of response of mailed surveys is practically close to zero. The questionnaire has been administered by the students of business logistics programme who were precisely instructed how to fill it in and how to maintain the credibility of responses.

The personal contact with respondents also had its positive features, namely:

- it reduced the risk of misunderstanding or not understanding at all the questions and terms used,
- generally significantly increased the rate of response to the questionnaire, and basically made the whole research possible,
- enabled easier revisions of errors or gaps found.

The advantages mentioned above overcame to a great extent such deficiencies as e.g. lack of objective approach from the side of interviewers, tendencies to influence the answers, different interpretation of some terms by various interviewers, etc. In order to avoid these drawbacks, student interviewers were all instructed at the same time and were warned about all possible misunderstandings connected to their interviews.

Additional information used in this paper has been obtained from other smaller scale surveys on logistics-decision-making patterns administered by the author in 1997 and also on the results of the survey on logistics customer service presented in several papers in Polish professional magazines.
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