

A Study on the Manufacturing Strategy of Factory Focusing

(공장 집중화에 의한 제조전략에 관한 연구)

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As international competition is intensified, the effects of the relative standing of each corporation's manufacturing abilities become more serious. Manufacturing ability can be improved by effective implementation of a manufacturing strategy. Only when manufacturing managers try to increase productivity as they develop and implement a manufacturing strategy in accordance with their corporate strategy, can the corporation achieve high competitiveness. This dissertation purports to propose a desirable manufacturing strategy by reviewing the manufacturing strategy literatures and framing a conceptual model of manufacturing strategy on the basis of empirical data.

Strategy, a plan for the determination of the basic long-term goals and objectives of an enterprise, comprises the adoption of courses of action and the allocation of resources necessary for carrying out these goals. In terms of organizational level, strategy may be classified into two types: corporate strategy and functional strategy. Corporate strategies have four variables: the dominant orientation, the pattern of diversifications, the corporate attitude toward growth, and the choice of competitive priorities. Manufacturing strategy consists of a sequence of decisions about a desirable structure and infrastructure that will enable the corporation to achieve its best competitive advantage.

The factory focusing model of manufacturing strategy is constituted of following variables,

1. The degree of manufacturing strategy development: This variable concerns the roles that manufacturing department play in a firm's competitive strategy.
2. Factory focusing: A factory that focuses on a narrow product mix for a particular market niche will outperform the conventional plant, which attempts a broader mission.
3. The developmental stages of the manufacturing system: Applying the concept of the life cycle to the manufacturing system, we can say that the stages fall along a continuum classified as an uncoordinated, segmental and systematic system.
4. Business competitiveness: It was measured with financial and operational measures.

The data for the empirical investigation of the model were collected from 127 participating firms that responded to the questionnaires containing 66 questions. The correlations among the factory focusing model were analyzed according to the Pearson product moment correlation. To find what variables contribute to factory focusing and business competitiveness, analysis of variance and regression were employed.

The major findings are as following.

1. As the degree of manufacturing strategy development increases, the factory becomes more focused ($R=.581$).
2. As the degree of manufacturing strategy development increases, business competitiveness also increases ($R=.558$).
3. As the factory becomes more focused, business competitiveness increases ($R=.465$).
4. According to path analysis of the factory focusing model, 43 percent of the variations in factory focusing are explained by the three variables in the model, and 34 percent of the variations in business competitiveness are

explained by the four variables in the model (see figure). Thus, the data supports the factory focusing model.

The first conclusion of this study is that as the manufacturing manager takes an active role during the development and implementation of the corporation's competitive strategy, the manufacturing department can contribute better to corporate success. It is necessary to develop strategic technology, focus the manufacturing tasks, and enhance manufacturing manpower's commitment to the manufacturing strategy. The second conclusion is that focusing is a good manufacturing strategy. It is necessary to maintain focusing as a corporate pursuit of a diversification strategy demands flexibility.

(Figure) The results of the path analysis

