

A SURVEY OF MANUFACTURING STRATEGIES AND OPERATIONS IN CYPRIOT SMALL AND MICRO FURNITURE FIRMS

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Purpose

This research is designed to help managers and researchers understand several important dimensions of small – scale manufacturing companies, specially belonging to the mature furniture sector in Cyprus. In particular, we are interested in discovering how advanced these firms are with regard to manufacturing technologies, labour relations, and other key operation actions. Besides the recording of current activity, we seek to identify how practices correspond with performance on various competitive objectives and overall performance and make certain compares among companies according to size, year of constitution, export orientation and competitive advantage.

Methodology/ approach

We present the results of a 2007 empirical study exploring the manufacturing strategy of 145 small and micro furniture enterprises located in Cyprus. Semi-structured personal interviews using a questionnaire were employed. Both quantitative and qualitative data were collected through a combination of e-mailing and personal interviews. The questionnaire was pre-tested in five Cypriot firms.

The year of constitution, firm size and competitive advantage are used in order to find out the significant determinants of company performance or technology implementation. We asked about 140 questions on many dimensions of manufacturing strategy, operations performance, human resources, manufacturing structural and infrastructural decisions, New Product Development, quality aspects and new technologies.

The basis of the questionnaire was a combination among the framework for manufacturing strategy in Wheelwright (1984) and Pyke (1997), the questionnaire used by Robb and Xie (2001) and Pyke, Farley and Robb (2002). Performance is decided by market share and exports growth.

The data analysis techniques employed are descriptive statistics, reliability analysis, correlation analysis and regression analysis. All computations were done using the SPSS package (Norusis,1997). The qualitative responses are used to provide context for the statistical results obtained.

Findings - Practical Implications

Our findings have implications for researchers in that we discover little explanatory power due to firm size, competitive advantage or company age and in fact, we find many issues

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for which the differences are insignificant. However, we do discover some significant differences, which may provide useful insights for Cypriot managers or those seeking to expand business into Cyprus.

Mature, labour - intensive industries, such as the furniture industry, struggle to survive in the new globalized markets, especially after the dynamic entrance of China. Although it is a single industry study which should be seen as exploratory in nature, and caution placed on extending the results to other countries or industry sectors, it provides a helpful platform to view the differences in the operations and strategies of the mentioned groups of furniture SSMI. The results should prove valuable to all of them. It is our impression that many of the firms that are currently struggling, are not going to survive, since they only tend to support a strategy of low cost with many compromises regarding technology, quality and speed of changing products. However, it appears that more successful companies that emphasize production organization, quality management, workforce training and motivation have grasped the opportunity to develop manufacturing systems and strategies more appropriate to the new global business landscape.

The lack of Advanced Manufacturing Technologies as well as of specialized personnel leads to many delays and bad time management. No productivity measures, inexistent NPD processes and limited quality management seem to limit any strategy and hinder the competitiveness of almost all categories.

Research limitations /implications

This study aimed to explore the impact of manufacturing technologies, and other key operation actions on the competitiveness of the weakest part of a mature industry, that is the small and micro firms. As this is a single industry sector study, generalizations are limited.

An important limitation is the fact that data are obtained mostly from the entrepreneurs themselves, or directors and production managers and the firm itself is often not the best judge on its own performance.

A further study on these issues would be interesting, particularly given the many changes of Cypriot companies to export to Middle East countries and Egypt. Will they be able to pursue some of the new technologies? What sort of survivorship bias can we detect? These and other questions could form the basis of fascinating research.

Keywords

Manufacturing Technology, Operations strategy; Production management; Empirical research; Mature Industry; Furniture Firms, Firm Performance, Small and Micro Firms, Cyprus