

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

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Purpose

This research is designed to help managers and researchers understand several dimensions of small – scale manufacturing companies 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, strategies and other key aspects. Besides the recording of current status, we seek to identify how practices correspond with performance and we report on significant differences among companies according to size, year of constitution and competitive advantage.

Design / 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 quantitative and qualitative questionnaire were employed. We asked respondents about 140 questions on strategy, quality and new technologies. The data analysis techniques employed are descriptive statistics, both parametric and nonparametric tests, reliability and correlation analysis, using the SPSS package.

The year of constitution, firm size and competitive advantage are used in order to find out the best explanatory variable and significant determinants of company performance or technology implementation. The basis of the questionnaire was a selective combination

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among the questionnaires used by Robb and Xie (2001) and Pyke et al. (2002). Performance is decided by market share growth.

Findings

The majority (128) are micro firms with a mean of 5.3 employees, which is rather representative of the Cypriot furniture sector. Comparing micro and small companies, significant differences show the small firms. No significant difference was found for *any* topic for companies constituted before 2000. Companies after 2000 differ significantly at new technologies, quality control and cooperation with Educational Institutes, but strangely enough older companies have significantly higher values. They also seem to be more devoted to Quality aspects and, quite unexpectedly, are more advanced in technology. Competitive advantage seems to be limited in price and quality. Most significant differences appear in quality and human resources aspects. There are a number of current status results where the averages for all firms are below 2.00. That was expected, since the Cypriot furniture sector is still lagging behind in technology and management. Furthermore, perhaps some technologies, as GT, should not be a key initiative for Cypriot firms at this time, and our results indicate that it is not. Exploring relationships *between* variables we found clear linkages between quality and new technology aspects, specially for micro firms. In terms of financial/market measures, some highly significant ($p(0.001)$) correlations are almost the same for each group. Performance is closely related to new product development and quality aspects ranging from quality controls for older companies to ISO certification for micro firms and price competitive ones. Bigger firms' performance bears closer association mainly with NPD. Micro firms and price competitive companies perform better financially. CAD is the only new technology to be implemented mostly by micro firms and it is quite normal: it facilitates designing, stands alone, its costs are coming down rapidly and the benefits are quite clear. The lack of Advanced Manufacturing Technologies or of conscious application of quality policies leads to smaller (22.8%) or same (54.5%) market shares (*till when?*).

Practical Implications

Mature, labour - intensive industries, such as the furniture industry, struggle to survive in the new globalized markets. 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 industries, it provides a helpful platform to view the differences in the operations and strategies of the mentioned groups, which may provide valuable insights. It is our impression that many of the currently struggling firms are not going to survive, since they only tend to support strategies of low cost with many compromises regarding technology and quality. Will these companies 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 further fascinating research.

Originality / value

There is almost no research on manufacturing technologies and strategies in Cyprus and more generally in micro and small firms of mature industries like the furniture industry. Still, such companies comprise a considerable percentage in Euro-Mediterranean region, which are certainly in great danger because of globalization and the big China factory.

Keywords: Cyprus, Small and Micro Firms, Manufacturing Technology, Quality strategy; Mature Industry; Furniture Firms