Alternative tools to mass production and human performance indicators in sheltered work centers of Valencian community (Spain)

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Abstract:

Purpose: The most popular alternative systems to mass production at an academic level (lean manufacturing, agile manufacturing, flexible customization, mass customization...) share many characteristics. Our article identifies an extensive set of alternative practices to mass production; analyzes the classification of practices in categories (Flow, TQM, TPM, Customer Relations, Supplier Relations and Human Resources Practices) and analyzes the impact on several human performance indicators such as satisfaction, absenteeism, voluntary turnover, permanent contracts, knowledge, personal & social adjustment activities and integration of workers into ordinary companies.

Design/methodology/approach: Survey in sheltered work centers. We use regression analysis in order to prove relations between explicative and criterion variables.

Findings: The results of our research allow us to identify that human resource management and customer relationship practices have significant effects on job
satisfaction, knowledge, integration into ordinary companies and personal and social adjustment.

Research limitations/implications: Data came only from one industry; therefore the results would not be directly generalized to other contexts.

Practical implications: Managers in Sheltered work centers can estimate the impact of the deployment of alternative tools to mass production.

Originality/value: There are few papers relating lean manufacturing tools and human resources performance indicators. At the same time, there are very few research carried out in sheltered work centers context.

Keywords: lean production, high involvement work practices, sheltered work centers

1 Introduction

The number of scientific publications related to mass production alternative systems in the last 20 years is abundant. The most popular alternative system proposal in the academic world is lean manufacturing, although other ways to refer to the production systems that share many characteristics with lean manufacturing cannot be left aside. For example, agile manufacturing (Agarwal, Shankar & Tiwari, 2006; Vazquez-Bustelo & Avella, 2006a), flexible customization (Narain, Yadav & Antony, 2004; Agarwal et al., 2006), mass customization (Ismail, Reid, Mooney, Poolton & Arokiam, 2007; Brown & Bessant, 2003).

Our research is enclosed within the line different authors are working at international level (Holweg, 2007; Shah & Ward, 2007; Portioli Staudacher & Tantardini, 2007) and cast up from the recent adaptations to create and to validate questionnaires of operation management practices in Spanish (Martín Peña & Díaz Garrido, 2007; Tari, Molina & Castejón, 2007; Urgal González, Díz Comesañá & García Vázquez, 2007; Vazquez-Bustelo & Avella, 2006b; Marin-Garcia & Carneiro 2010). We extend previous researches in various aspects. First, we confirm that, in practice, the tools defined in production models alternative to mass production are basically the same, thus defining the set of tools important to use in a company. In the second place, a broad questionnaire representing a sufficient number of items and constructs related to the alternative tools to mass production is created.
Moreover, we test the relationship between human key performance indicators (KPIs) and the operations tools in a sample other than the usual one (automotive, electronics, machinery).

People with disabilities are a social problem of increasing importance in Spanish society since, as it happens in many other countries, the unemployment rates of the disabled are much higher than the average. In this sense, one of the strategies most commonly adopted in many countries to facilitate the integration of disabled workers into the labor market has been the creation of sheltered work centers. This model of socio-labor integration tries to move away from the traditional stereotype that considers disabled people as unable to develop continuous professional work. Just as in any other firm, a sheltered work center competes in real markets and must be flexible and efficient enough to adapt to market fluctuations and changes, the only difference being that the sheltered work centers must have at least 70% of disabled workers. Moreover, the potential benefits that may be obtained from increased efficiency are usually invested into the growth of the sheltered work center, what results in more jobs for the disabled, which is in fact the primary aim of this kind of work centers. However, as the business environment is increasingly competitive, it is necessary to develop and implement the best practices for working with employees, equipment and materials in the Sheltered Work Centers.

To address the effect of lean production practices on the results, some authors use financial indicators (Molina, Llorens-Montes & Ruiz-Moreno, 2007). However, most authors suggest analyzing the non-financial indicators, such as competitive advantage, because they reflect more clearly the direct impact of operations management practices and are less influenced by the crisis or deterioration of the variables socio-economic area outside the corporate action (Diaz, Gil & Machuca, 2005; Fullerton & McWatters, 2001).

The research presented in this paper reviews and summarizes the literature that investigates the relationship between individual practices of lean manufacturing with non-financial performance of the company, determines the extent to which Spanish Sheltered Work Centers have implemented lean manufacturing practices and the effect it produces in the non-financial performance of the company. We believe that our research is interesting because it describes the situation of a sector (Sheltered Work Centers) and one country (Spain) only investigated in the scientific literature on lean manufacturing. In addition, we will further analyze the effects that the implementation of lean manufacturing tools in companies of different sectors of the automobile.
2 Alternative tools for mass production

Several authors consider that the expressions lean manufacturing, flexible, agile or mass customization represent different approaches to the productive system (Krishnamurthy & Yauch, 2007; Da Silveira, Borenstein & Fogliatto, 2001). Some opinions are based on the fact that a company using lean manufacturing can be considered to be a mass production company that has eliminated wastes whereas a flexible company is different because it has the capacity to better adjust to the environment but not so fast as an agile company (Duguay, Landry & Pasin, 1997). On the other hand, the concept of agile manufacture is considered to be based on flexible manufacturing, lean manufacturing and Time based competition (Vazquez-Bustelo & Avella, 2006a). For this reason, the authors claim that agile manufacturing combines the efficiency of lean manufacturing with the operative flexibility of flexible manufacturing, offering personalized solutions with similar costs to mass production. After that, we provide a very brief review on each of these systems and verify whether they are really so different to each other with regards to the practices that they start up.

Lean manufacturing is dealt in the literature as a set of tools as its main objective eliminating the waste (time, space, personnel, material, rework, stocks, etc.) (Shah & Ward, 2007). The list of lean manufacturing tools is large and not always homogenous, although they can be classified in five categories, namely total quality management (TQM), just-in-time (JIT), total preventive maintenance (TPM), supplier relationship, and product and process development (Swink, Narasimhan & Kim, 2005; Bonavia & Marin-Garcia, 2006; Gurumurthy & Kodali, 2008; Carrasqueira & Machado, 2008; Martinez Jurado & Moyano Fuentes, 2011). Some authors include as a sixth element the continuous improvement culture and the worker involvement. But others consider that this element is necessary but independent of the specific practices of lean manufacturing (Ahmad, Schroeder & Sinha, 2003; Sakakibara, Flynn, Schroeder & Morris, 1997).

Flexible manufacturing is defined as the ability of a company to adapt to the demand fluctuations and the other changes in its environment (Duguay et al., 1997). But it is also understood as the capacity to produce diverse products under the same production chain, establishing an wide product range, admitting production volume modifications and multiple processes (Krishnamurthy & Yauch, 2007). Flexible systems are focused, primordially, on production technology, including automated material handling systems and machinery (Krishnamurthy & Yauch, 2007). The main objective of flexible manufacturing is to do the necessary
changes to adapt to the new market requirements, to improve quality, costs, manufacturing times and delivery, simultaneously (Duguay et al., 1997). In order to ensure these objectives, it is necessary to maintain a closer relationship with customers and suppliers, use advanced manufacturing technologies, have an organizational structure with less levels and use innovative human resources policies (Duguay et al., 1997).

Most authors define agility as the ability to attend the customer’s needs in the minor time possible and at low cost (Vazquez-Bustelo & Avella, 2006a; Brown & Bessant, 2003). It has been suggested that agile manufacturing groups up diverse techniques, among them just in time, cell manufacturing, flexible manufacturing and total quality management. All techniques are used with the objective to improve quality, productivity and customer service (Monplasir, 2002). Some authors claim that there exists a clear dividing line between lean manufacturing and agile manufacturing systems (Vazquez-Bustelo & Avella, 2006a; Avella & Vazquez-Bustelo, 2005). In principle, agile manufacture is an integration of both flexible manufacturing and lean manufacturing concepts (Vazquez-Bustelo & Avella, 2006a).

Mass customization is a strategy related to the ability to offer customized products or services by means of flexible processes with high volumes and at a low cost (Krishnamurthy & Yauch, 2007). The main objective of mass customization is to attend the customer specific necessities (Ahlstrom & Westbrook, 1999). This is obtained by means of four customization profiles (Brown & Bessant, 2003), which include designers who work together with their customers, products standard which the customer can change during use, a standard product set which is unique for each customer; and products which are modified according to specific individual needs. Mass customization uses some elements of lean manufacturing (product development, supplier chain management, production management, continuous improvement), which includes the after-sales service and marketing (Da Silveira et al., 2001).

Reviewing the information commented in the previous paragraphs, it seems possible that the principles or underlying philosophies of each of the systems are different. Nevertheless, if we pay attention only to the practices that are put into practice (table 1), we can see that they are mainly very similar. As table 1 shows, the set of alternative practices to mass production can be classified in around 6 constructs and 16 dimensions with good references in the academic literature.
Table 1. Constructs and dimensions of alternative tools to mass manufacturing included in previous research

Most articles published on the effect of lean production on non-financial performance of the company, have taken joint lean manufacturing practices (constructs) and analyzed their relationship on performance indicators independently (Cua, McKone & Schroeder, 2001; Flynn & Sakakibara, 1995; Ketokivi & Schroeder, 2004; McKone, Schroeder & Cua, 2001). However, there is very little research on the effects of alternative practices to mass production on human performance indicators.

3 Methodology

The population subject to this study is composed by Sheltered Work Centers for disabled in Spain (646). After a first telephone contact with the company, an electronic mail address from a person with a responsible job in that same company (Manager, Person in charge of Production, Person in charge of Quality) was requested so that we could send the link to the questionnaire which was to be completed on the Web site. If a questionnaire was not completed, up to three electronic mails were sent before the questionnaire was considered to be unanswered. A total of 237 answers were received. Only 128 of them had all the
complete data (19.81% rate of answer), which was the information used in the research. We use Regression analysis in order to probe relations between explicative and criterion variables.

4 Results and discussion

Table 2 summarises the descriptive statistics of the items forming the factors included in the research. The degree of use of alternative practices to mass production vastly varies amongst the companies included in the survey. Thus, while practices such as customer relationship or human resources management are quite frequent, practices as the use of one piece flow or maintenance are almost non-existent. In general, the factors of customer relationship, continuous improvement, standardization of processes, cell manufacturing and supplier relationship are the most widely implemented in the surveyed companies. In the opposite end, practices like JIT/Kanban and SMED virtually do not appear to be deployed. The rest of the factors are shown as being moderately introduced. Human resource KPIs (competitive advantage against ordinary firms) are rated medium to high, but the percentage of workers who become integrated into ordinary companies is extremely low.

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer relationship</td>
<td>128</td>
<td>0</td>
<td>5,00</td>
<td>3,0684</td>
<td>1,29143</td>
</tr>
<tr>
<td>Supplier relationship</td>
<td>128</td>
<td>0</td>
<td>5,00</td>
<td>2,3117</td>
<td>1,04419</td>
</tr>
<tr>
<td>One piece flow</td>
<td>128</td>
<td>0</td>
<td>5,00</td>
<td>1,6800</td>
<td>1,05850</td>
</tr>
<tr>
<td>Total Quality Management</td>
<td>128</td>
<td>0</td>
<td>4,82</td>
<td>2,4467</td>
<td>1,01247</td>
</tr>
<tr>
<td>Human Resources Management</td>
<td>128</td>
<td>0</td>
<td>4,58</td>
<td>2,7697</td>
<td>0,87118</td>
</tr>
<tr>
<td>Maintenance</td>
<td>128</td>
<td>0</td>
<td>5,00</td>
<td>2,1354</td>
<td>1,54557</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>113</td>
<td>3</td>
<td>5</td>
<td>3,62</td>
<td>0,623</td>
</tr>
<tr>
<td>Permanent contracts</td>
<td>112</td>
<td>2</td>
<td>5</td>
<td>3,91</td>
<td>0,762</td>
</tr>
<tr>
<td>Knowledge</td>
<td>112</td>
<td>1</td>
<td>5</td>
<td>3,15</td>
<td>0,782</td>
</tr>
<tr>
<td>Workers who become integrated into ordinary companies</td>
<td>37</td>
<td>1</td>
<td>4</td>
<td>1,86</td>
<td>0,910</td>
</tr>
<tr>
<td>Personal &amp; social adjustment activities</td>
<td>38</td>
<td>1</td>
<td>5</td>
<td>3,63</td>
<td>1,057</td>
</tr>
<tr>
<td>Less absenteeism</td>
<td>83</td>
<td>1,00</td>
<td>5,00</td>
<td>3,1566</td>
<td>,89008</td>
</tr>
<tr>
<td>Less Voluntary turnover</td>
<td>83</td>
<td>2,00</td>
<td>5,00</td>
<td>3,9036</td>
<td>,80569</td>
</tr>
</tbody>
</table>

Table 2. Descriptive Statistics of variables

Analyzing the results of multivariate regressions (table 3); we see that the main effects are generated by close relationships with customers and management of human resources. The first one generates demand stability and continuity of sheltered work centers. Because this more satisfaction, a more stable contracts, the ability to perform more activities of personal and social adjustment, and less intentions to withdraw from the company is achieved. The second is a tool that clearly affects the job satisfaction and training of employees. However, the explanatory power of the variables used is quite low (between 4% and 27%).
These figures, although still common in research in the area, suggest us that human KPIs are mainly affected by a different variance sources than operations management tools. At least this is the conclusion we can draw for companies in this industry that participated in the sample.

Moreover, it is noteworthy that none of the variables has been able to significantly affect the integration of disabled staff in ordinary companies. It is also awaiting further analysis that the use of preventative or autonomous maintenance is related to less absenteeism in companies.

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<table>
<thead>
<tr>
<th>Human KPI –&gt;</th>
<th>Job satisfaction</th>
<th>Permanent contracts</th>
<th>Knowledge</th>
<th>Integration into ordinary companies</th>
<th>Personal &amp; social adjustment</th>
<th>Less absenteeism</th>
<th>Less Voluntary turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer relationship</td>
<td>1,812+</td>
<td>0,249**</td>
<td>0,068</td>
<td>0,031</td>
<td>0,408**</td>
<td>0,019</td>
<td>0,219+</td>
</tr>
<tr>
<td>Supplier relationship</td>
<td>0,266</td>
<td>-0,247**</td>
<td>-0,126</td>
<td>-0,142</td>
<td>-0,151</td>
<td>-0,066</td>
<td>-0,147</td>
</tr>
<tr>
<td>One piece flow</td>
<td>-1,212</td>
<td>0,056</td>
<td>0,031</td>
<td>-0,252</td>
<td>-0,026</td>
<td>-0,107</td>
<td>0,0212</td>
</tr>
<tr>
<td>Total Quality Management</td>
<td>-0,807</td>
<td>-0,240</td>
<td>-0,064</td>
<td>0,086</td>
<td>0,246</td>
<td>-0,029</td>
<td>-0,226</td>
</tr>
<tr>
<td>Human Resources Management</td>
<td>2,494**</td>
<td>0,178</td>
<td>0,298**</td>
<td>0,316</td>
<td>0,063</td>
<td>-0,032</td>
<td>0,008</td>
</tr>
<tr>
<td>Maintenance</td>
<td>-0,371</td>
<td>0,050</td>
<td>0,082</td>
<td>-0,011</td>
<td>0,051</td>
<td>0,271+</td>
<td>0,064</td>
</tr>
<tr>
<td>R2</td>
<td>0,099</td>
<td>0,090</td>
<td>0,094</td>
<td>0,163</td>
<td>0,273</td>
<td>0,042</td>
<td>0,082</td>
</tr>
</tbody>
</table>

Table 3. Relationship between human KPIs and alternative tools to mass production (regression standardized Beta)

5 Conclusions

Lean manufacturing practices can be divided into six constructs with several dimensions each. There are few papers relating lean manufacturing tools and human resources performance indicators. At the same time, there are very few research carried out in Sheltered Work Centers context. The results of our research allow us to identify four constructs with significant effects on the human KPIs (job satisfaction, knowledge, integration into ordinary companies and personal and social adjustment). It would be desirable to extend this research to analyze in detail the particular effect of each of the sixteen dimensions on the human KPIs.

Our research has some limitations: data came from a single informant, and all the companies are Sheltered Work Centers; therefore the results would not be directly generalized to other contexts.

We believe that Sheltered Work Centers managers can use the results of our research to estimate the effect that certain tools have on human resources. On the
one hand, we present a set of indicators of interest to businesses. Furthermore, we show which practices seem to have more impact on each of the indicators. On the other hand, we also present an estimate of the degree of deployment of alternative practices to mass production in Sheltered Work Centers. In this way, companies can compare their deployment with the industry average.

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