Practices for Strategic Capacity Management in Malaysian Manufacturing Firms

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Abstract

While the notion of manufacturing capabilities is a long-standing notion in research on operations management, its actual implementation and management has been hardly researched. Five case studies in Malaysia offered the opportunity to examine the practice of manufacturing managers with regard to strategic capability management. The data collection and analysis was structured by using the notion of Strategic Capacity Management. Whereas traditionally literature has demonstrated the beneficial impact of an appropriate manufacturing strategy on the business strategy and performance, the study highlights the difficulty of managers to set the strategy, let alone implementing it. This is partly caused by the immense pressure of customers in these dominantly Make-To-Order environments for SMEs. Current concepts for manufacturing capabilities have insufficiently accounted this phenomenon and an outline of a research agenda is presented.

Keywords: Make-To-Order, manufacturing capabilities, organisation, strategy, technology.

1. Introduction

The contribution to competitive advantage by manufacturing activities (also production and operations) has been a long-standing topic of discussion in academic literature, at least dating back to Skinner’s seminal work (1969). Arguments for the contribution of manufacturing were based on economies of scale and later augmented by the recognition of trade-offs and innovation (Hayes & Wheelwright, 1984). Later, Ferdows & de Meyer (1990) added the individual companies might excel in one capability rather than all, even though their interrelationship might be cumulative in some