

THE EFFICIENCY OF PARTS MACHINING SERVICES OUTSOURCING SYSTEM

**Suraphan Sawasdiphak, Dr.Sudawan Somjai,
Professor Pol. Maj. Gen. Dr. Naiyana Girdwichai**

*Suan Sunandha Rajabhat University, 1 U-Thong Nok Road, Dusit,
Bangkok, 10300, Thailand*

ABSTRACT

The objectives of research were studying the efficiency of outsourcing systems, organizational performance, organizing, contractor supporting and organizational innovation through quantitative research. The samples were parts machining services outsourcing 300 companies by descriptive statistical analysis approach. The finding found that the outsourcing efficiency, organizational performance, organizing, contractor supporting and organizational innovation of the parts machining services companies were in the range good.

Keywords; outsourcing, parts, organizational innovation.

INTRODUCTION

At the present the contractors hired outsourcing companies in the outsourcing system more than 30 years. Almost contractors companies had expertise in various customized parts manufacturing such as automobile parts, electrical parts, spare parts and sanitary fittings. The customers relied on expert staff, manufacturing and servicing standard persistence, assurance in quality and reliable products many years. Sometime the companies got over-capacity orders and needed to hire outsourcing companies however the contractors still maintain the quality and standard of parts under their brands and the contractors needed to control the quality that complied with contractors standard to outsourcing companies.

Outsourcing companies who controlled the performance, organized and got the supporting from contractors until they had organizational innovation and developed the efficiency operations that helping the contractors the standard, quality and cost saving products.

Researcher was interested in efficiency level of outsourcing operations system and focused on the concept of corporate performance, organizing, contractors supporting and organizational innovation that were important things to increasing the outsourcing efficiency. The findings were determined the development, organizing and develop outsourcing companies that were important to drive the manufacturing economic sectors in the country.

Objectives

To studied efficiency level of outsourcing operations system and focused the concept of corporate performance, organizing, contractors supporting and organization innovation

LITERATURE REVIEWS

The efficiency of outsourcing system and operations were interested managerial issues by the scholars, especially the studying for finding the factors that indicated suitable organizational performance (Gavrea, & Stegorean, 2011). Reviewing the literatures found that the popular indicator indexes which reflected operational efficiency such as revenue, sale growth and turnover; earnings per share, EPS that were higher than industry average, return on

equity, ROE or return on asset, ROA which were easily and obviously measured the change by financial ratios (Ling & Hung, 2010; Chang, 2012).

Some scholars suggested that the operational efficiency measuring may be done in other aspects such as efficiency or social responsibilities which were measured on cycle times, productivity, manufacturing waste reduction and also regulatory compliance.

Kaplan and Norton (2004) developed the framework which measuring concepts to measure operational results called Balance Scorecard the tools which explained the relationship between organizational learning and growth and customer perspectives. Some part explained learning processes and organizational growth that the employee had the experience and higher knowledge to efficiency internal business process and led to response customer need and satisfaction after that the satisfaction influencing the more revenue and profit.

The operational efficiency changed from organizational to customers perspective who were the important stakeholders for revenue and profit (Kaplan & Norton, 2004), the financial and internal business process perspectives, learning and growth perspectives were also to develop employees and innovation so that gaining competitive advantage (Issac, et al., 2016).

Balance Scorecard was the important framework to measure the organizational efficiency. The operations results were the indicators for changing strategies map that were the personal operation evaluation or the results of activities. The achievements were measured according to their visions. Concepts of balance scorecard were similarity with Total Quality Management (TQM) due to both were customer perspectives and employees involvement in quality development that according to strategic plans under vision of top management as well as considering of quality development and adjusted strategies.

The findings of small businesses found that these businesses faced the financial problems especially the capital and also lack of good management (Kaplan & Norton, 2004). The 4 perspectives worked differently, financial perspectives explained the current situation, customer perspectives explained customer segmentation and targeting, internal process perspectives explained the readiness of internal management for serving their customers and learning and development perspectives supported individual performance, infrastructures and suitable working atmosphere.

However Dafna (Dafna, 2008) found that the successful organizations had to continued provided goods or services, while the un-skilled and unsuccessful organizations could not inefficient carry out, so the successful organizations had to continually carry out at least 3 years or more.

As mentioned above the researcher applied the balance scorecard to determine performance indicator indexes of 4 perspectives as following 1. Financial perspective 2. Customer perspective 3. Internal process 4.learning and growing that applied with the measuring operational efficiency. Research of Chang (Chang, 2012; Huang, 2008; Ling & Hung, 2010; Perren, 2000)

Applying the Total Quality Management with the outsourcing companies that complied the criteria of Malcolm Baldrige National Quality Award (Malcolm Baldrige National Quality Award, 1999) that comprised of leadership, strategic planning, customer focus, human resource management, process management and Information technology. The analysis were classified 2 elements the organizational performance and organizing in order to evaluating the basic performance in management of outsourcing companies.

The supporting from contractor companies, training, finance and information sharing due to the supporting among networking which meant the development and providing new products from companies, factories and outsourcing companies. Because of adequate network supporting, products were responded the customer needs and customization (Freng Svendsen,

Haugland, Grønhaug, & Hammervoll, 2011). Networking provided the resources and new opportunities from outside which contributed to the organization's competitive advantage (Story, O'Malley, & Hart, 2011)

In addition to total quality management concepts throughout products and services development, (Hung, Lien, Yang, Wu, & Kuo, 2011; Lee, Ooi, & Choong, 2013). Outsourcing companies who controlled the performance, organized and got the supporting from contractors until they had organizational innovation and developed the efficiency operations that helping the contractors the standard, quality and cost saving products.

METHODOLOGY

The study was the survey research. The samples were 1,078 parts machining services outsourcing companies in Bangkok, Bangkok metropolitan region and eastern area of Thailand. The sample size were 20 times of manifest variables with total 15 variables, the samples were 300 samples and research approached by questionnaires and descriptive statistics.

FINDINGS

The findings found that the efficiency of parts machining services companies in the areas of organizational performance, organizing, contractor supporting and organizational innovation were in the good level.

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