

Competition in the manufacturing industry business essay



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These factors will have different results and impact on the business operations of various countries and the ability to perform business operations globally thus affecting competition. Due to technological achievements, people from different parts of the world and different cultural backgrounds are able to work and communicate with each other enabling the expansion of global business. Management must be able to manage global organizations. This can be quite difficult since there are cultural differences that impact the organization. Some of the cultural differences are shown in Figure 4.

The Deloitte (2013) study surveyed CEO's to find out how they ranked the key government and market forces (Figure 2) that drive manufacturing competitiveness. The following are the top three key drivers that impact a country's competitiveness in the manufacturing industry: 1) talent-driven innovation, 2) economic, trade, financial and tax system and 3) cost and availability of labor and materials. The results show that the quality, productivity and availability of a skilled workforce is the most important for CEOs to help them achieve their strategy and drive their innovation and growth agendas. The second most important driver deals with government-related forces that impact the economic volatility, trade barriers, policy and regulatory limitations which can inhibit the competitiveness of a country. The competitiveness of export firms and their growth prospects depend, among other things, on the foreign country's tax system. The third driver is the cost of labor, cost competitiveness of materials and the availability of raw materials .

Manufacturing is an essential part of a country's economy. The competitiveness of a firm is the complex array of interdependent factors relating to its quality, innovation, efficiency, effectiveness, customer satisfaction, employee satisfaction and empowerment, and how these functions contribute to the products being made (Dingli, 2012). To be more competitive, a manufacturing firm would have to identify their core competencies and develop them to achieve their strategic and competitive advantage. There are three intangible assets that contribute to the firm's strategy and competitiveness: human capital, organizational capital and information capital. A manufacturing company that has operations in the USA, Mexico, France and Turkey faces unique challenges in managing these assets globally. The purpose of this paper is to discuss the unique challenges a manufacturing company with operations in these four countries would face in managing their human capital, organizational capital and information capital.

Global Manufacturing has increased due to technological innovations, exports and trade amongst countries. Figure 1 shows the ranking of the U. S., Mexico, Turkey and France in terms of current and future manufacturing competitiveness.

United States

In the U. S., many of the manufacturing companies create an entrepreneurial spirit which adds value to labor productivity (Deloitte, 2013). This also creates a competitive and qualified workforce. The U. S. is recognized for advanced manufacturing relative to other nations, however, despite being

recognized by executives for providing significant advantages in areas like, R&D, access to highly skilled workers, and robust legal and regulatory policies that provide strong intellectual property protections; the U. S. as the third most significant manufacturing power worldwide (Deloitte, 2013). The manufacturing industry is vitally important to the U. S. economy and creates millions of jobs along the skill spectrum providing jobs to high-wage to workers at all skill and educational levels (Creticos & Sohnen, 2013). The United States is an individualistic society with self-actualization needs and the need for self-fulfillment being most important. North Americans are known to be friendly and informal. Promptness and keeping appointments is also valued and time is not views as casually as individuals from Mexico, France and Turkey. Being late to a meeting is seen as sign of disrepect. Time is money in the U. S. and meetings are structured and conducted with an agenda. The communication style is direct and informal.

Mexico

According to Creticos and Sohnen (2013), the manufacturing sector is a significant source of employment for people in Mexico. The proximity of Mexico to the United States makes it possible for manufactured goods from Mexico to compete against lower-wage regions in the world. However, this reduces Mexico's leverage in securing any benefits that could be used to jump start investment in research and development (R&D). The country has no entry to new markets or demands on R&D and other innovation-related investment (Creticos & Sohnen, 2013) impeding competition. Creticos & Sohnen (2013) argue that to increase competition in Mexico, the quality of human-capital must be on par with that of developed countries. The

workforce must have the skills and proficiencies to compete with counterparts in advanced manufacturing regions, such as Europe, Japan and the U. S.

U. S. managers would have to take in consideration the lack of a skilled workforce, language, and cultural differences when managing a firm in Mexico. There is a strong tendency in Mexico of power distance and a collectivist society. Mexicans identify themselves as a group and work towards the goals of the group much more so than the goals of individuals. The tendencies of a collectivist society create a feeling of family which is important in society and is a dominating factor of daily life in Mexico to business success. The relationships are also very formal and require courtesy titles..

Mexicans do not embrace the time-is-money mentality of many other cultures and tend to respect their sense of time and traditions. This can create conflict when dealing with a North American counterparts due to the different views. The Mexican culture has a view of tomorrow or “ mañana” and time is considered to be flexible and relaxed. Power dominance is visible since a hierarchy and social status is significant in the Mexican culture. In the U. S. culture, accountability and the the request for information is assumed to require a quick response without requiring to be told. However, in Mexico these assumptions are not normal and accountability and the request for information need to be specified and spelled out.

France

France is one of the countries of the European Union which enables not only the free movement of people among the 27 sovereign member states that make up the EU, but also the free movement of goods, services, and capital. Kierzenkowski (2009) states that France has seen a market decline in its export performance caused by the lack of technological innovation causing the competitiveness of France to decline. In addition, he further states that the talent-driven innovation is also lacking. As previously discussed, talent-driven innovation was considered the number one driver of global manufacturing competitiveness. His article also states that there are too few innovative small and medium enterprises (SMEs) and little private R&D performed in France in comparison to leading countries. There appears to be a deficiency in the research conducted by the country and the research available tends to be not very productive. This explains why France's competitive index is below 5.0 and much lower than Mexico and Turkey.

The French culture is also different from the U. S. culture and other European countries. The French appear to be quite formal and the communication can appear to be cold and unfriendly. The French are very proud of their language and the inability to speak it may create conflict in business dealings. However, many large French groups actually encourage the use of English and stipulate it as the language of business, but the knowledge of English and other foreign languages in France is weak. Like the Latin American culture, the French also have a relaxed view on punctuality and being late is acceptable. According to Bousquet (1997), the French do not lead a "work-centered" life but rather work is definitely only one of the

elements of their definition of self, and only one of the measures of social existence. The French value hobbies and other activities as much as they value work and these activities play an important role in measuring an individual's success. Power dominance is also visible since the French prefer a hierarchy organization with the boss on top. The open-door policy seen in America is not the typical norm in France. Due to the long hours worked, the French take vacations usually in July or August and business are closed for the Easter and Christmas holiday so these months may not be as productive. The French communication style is direct, questioning and probing. Business negotiations can become a passionate and argumentative but not confrontational .

Turkey

Turkey is an associate member of the European Union (EU) which is expected to boost Turkey's attractiveness to foreign investors. The geographic setting of Turkey the country is an advantage to Turkey since it crosses the European and Middle Eastern with a potential gateway to Asian boundaries enabling the expansion of businesses in this are of the world. Turkey's economy consist of traditional agriculture, modern industry and commerce and is a rapidly developing economy. The education level of the country is low in comparison to the U. S., Mexico, and France. Similar to the Mexican culture, the most essential social unit in Turkish culture is family. Loyalty to family is vital in the Turkish society and impacts business practices since most business are family owned and run. (Turkey, communicaid). Turks also have a polychromic attitude towards time. They also tend to multitask and juggle several activities at the same time and

have multiple conversations at the same time. Business meetings tend to be unstructured and allow interruptions. The Islamic culture of Turkey has an influence on the cultural life, beliefs, language, social relationships democracy.

Discussion:

There would be a lot of cross-cultural differences encountered when managing a firm abroad that impact the human capital and organization capital of a firm. The differences would have an impact on communication and the ability for the individuals to work as a team to achieve the company's strategy. Efforts to increase autonomy and task identity are not likely accepted in Mexico, Turkey and France but accepted in the United States. The cross cultural factors have an effect on groups, group dynamic and intergroup processes. For example, conformity is moderate in U. S. but is high in France. Turkey and Latin American countries emphasize collaboration, cooperation, and conformity and accept little conflict from intergroup interactions. Managers must consider the language differences among countries since words can carry different meanings. In addition, there are cultural differences, regulatory and political prolicies and foreign labor laws to consider. There are also countries such as Turkey that are heavily influenced by religious beliefs.

Competition in the manufacturing industry has shifted towards intangible assets and the capability to outsource, to innovate and to invest in advanced technologies (Dingli, 2012). This reduces costs while increasing the quality of the product. Outsourcing can have some challenges and impede innovation

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if the following items are not considered, 1) the ability of R&D and manufacturing to operate independently of each other and 2) the maturity of the manufacturing technology (Dingli, 2012). A country's lack of a skilled workforce to research, to innovate and to create technological advances can be also be detrimental to the competitiveness of the country. The barriers of technological innovation would have to be considered when outsourcing due to the impact it may have on the success and competitiveness of a company.

Management would have to ensure employees are cross-culturally trained for to understand these differences and limit the barriers that may occur due to communication. To mitigate some of these challenges, management would benefit from cross-cultural training for the various countries as well as establish some management positions in the firms abroad that would act as mediators between the these countries and the home country and socialize local managers to the home country values.