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Adoption of JMM practices - A key to performance improvement of a local automotive industry (Conference Paper)

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Abstract

It is imperative for **a** manufacturing company all over the world to constantly look for ways to increase productivity and at the same time to lower cost to secure **a** competitive position. It is recognized that **practices** associated with Japanese Manufacturing Management (**JMM**) can yield **a** superior competitive advantage in terms of productivity, quality and provide overall successful business **performance**. This paper discusses the transfer of the best **practices** of the **JMM** locally and analyses the impact of **adoption** and adaptation of the management system as an in-depth case study conducted in **a** Malaysian **automotive** company. This study is to identify what are the changes in terms of the philosophy and **practices** undertaken by the company and ascertain the impact of the **JMM** on its manufacturing and financial performances. The elements of business **performance** from the viewpoint of manufacturing are based on safety, Parts Per Million (PPM), in-line Defect per Unit (DPU), First Time Quality (FTQ), cycle time, productivity, efficiency and stock level. The results show **a** positive impact to the **automotive** plant manufacturing **performance**. For example, safety index has reduced to 0 major accident occurrences. The PPM and In-line DPU have improved by 98% and 91% respectively whereas the FTQ has improved by 167%. Cycle time has reduced from 20 to 6 minutes and productivity increased up to 43% whilst the efficiency reached at 99.9%. The stock level was reduced from half month to 3 days after the **adoption** of the **JMM**. The revenue has increased up to 92%, the percentage of expenses has reduced from 11.04% to 3.06% giving an **improvement** of 72% whilst the net profit has increased from 5.33% to 8.15%. The Return of Asset (RoA) and Return of Equity (RoE) also showed slight **improvement** despite the effects from the restructuring exercise, Tsunami calamity and fluctuation in Japanese exchange rate. © Published under licence by IOP Publishing Ltd.

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