

Flexible specialisation - a new approach to industrial development

THE new concept of flexible specialisation may be sounding the death knell for traditional mass production.

The application of this new concept which is neither product nor sector specific has been generic and widespread, and if introduced in Jamaica, could result in overall growth and improvement in production.

Flexible specialisation is a new approach to industrial development, in which small production units are sited closely together in industrial districts and co-ordinated by co-operative distribution companies or advanced retailers.

This system relies on information technology that allows data to be quickly taken to production facilities

which are small linked units, so that production can quickly respond to market demands.

This new concept was outlined to a team of JAMPRO officials by a two member British team at JAMPRO's Trafalgar Road headquarters.

The team members were Robin Murray of the Institute of Development Studies at the University of Sussex and Kurt Hoffman, director, Sussex Research Associates Limited.

In his briefing, Murray told the JAMPRO officials that this new system has been the result of drastic changes in the mode of production worldwide.

Up to a decade ago, in leading industrialised countries of Europe and the United States, the measure of

efficiency of firms was the mass production of standardised items geared towards consumption by a mass audience.

Today, the reverse is true. Countries such as Japan have been able to dominate world trade because their production is based on market trends. Current consumer demands include high-quality items, a wide variety of designs, and rapid supply.

Flexible specialisation has introduced a new form of competition where increasingly, firms have had to shift emphasis from mass production to a strategy of quick response to market demands.

Japan is perhaps the most successful country using this model. Japanese domination of world trade is

reflected in the fact that in eight years Japan has been able to capture over 20% of the U.S. car market. Japan has also been able to land cars US\$2,000 cheaper per unit than American cars.

Another outstanding achievement of the Japanese using this model is the fact that they have been able to reduce the total hours needed to produce a car from 250 hours in 1979 to 130 by 1981. Interestingly, this also includes management and production labour in final assembler and supplier firms.

Murray also used the illustration of the apparel industry where currently, instead of buying inventory for the entire season at its beginning, only 10% of items are bought.

To respond quickly to the vagaries of the market, manufacturing time is booked with suppliers with options to change the produce mix. He went on to say that large chains such as Bennetton produced undyed garments which were then dyed in response to the colour preferences of customers.

The change to a consumer-sensitive productive environment may be a Godsend for Jamaican manufacturers, especially in the food processing sector. Jamaican firms could benefit from the example of Cyprus where food processing firms used the tourist market as a spring-board to launch their ethnic and gourmet foods.

Local production is comparatively low, and since the market sensitive nature of the flexible specialisation model is ideally suited for small scale production, Jamaican firms could benefit greatly from switching to this model of production in order to target specific market niches.

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