

# Application of Lean Manufacturing Principles in Increasing Factory Productivity

Eva Yuniarti Utami<sup>1</sup>, Syamsu Rijal<sup>2</sup>, Baso Iwang<sup>3</sup>

<sup>1</sup>Universitas Sebelas Maret

<sup>2</sup>Universitas Negeri Makassar

<sup>3</sup>UIN Alauddin Makassar

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## ABSTRACT

This study looks into how a manufacturing company in Indonesia might increase factory productivity by implementing Lean Manufacturing concepts. Employing a mixed-methods approach that blends quantitative surveys and qualitative interviews, the study investigates employee awareness, adoption, and perceptions of the effects of Lean techniques. The quantitative findings show that there is a significant increase in productivity, a high degree of awareness, and partial implementation. Additional correlation analysis demonstrates a strong positive association between increases in important production metrics and the degree of Lean implementation. Qualitative results emphasize the value of cultural adaptation, implementation difficulties, and successful communication outcomes. A comprehensive conversation highlights the relationship between high awareness and implementation status, highlighting the necessity of focused training and change management. The study ends with practical suggestions for maximizing Lean tactics within businesses, emphasizing the need of cultural adaptability and viewing obstacles as chances for growth.

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### Corresponding Author:

Name: Eva Yuniarti Utami

Institution: Universitas Sebelas Maret

e-mail: [eva.yuniarti.utami@staff.uns.ac.id](mailto:eva.yuniarti.utami@staff.uns.ac.id)

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## 1. INTRODUCTION

The adoption of Lean Manufacturing principles in Indonesia's manufacturing sector is indeed a strategic imperative, given the sector's significant contribution to the country's economic growth and the dual challenge of meeting rising demand while ensuring resource optimization. Lean Manufacturing, rooted in principles derived from the Toyota Production System, emphasizes continuous improvement, waste

reduction, and the relentless pursuit of value creation [1].

Lean Manufacturing is a paradigm that stipulates performance improvement through the elimination of wastes in organizations. It is a manufacturing practice that emphasizes the use of resources for work which adds value for the end customer. The fiercely globalized and competitive markets of the 21st century demand increasing high variety of products at the lowest possible costs, lesser lead time, and high quality. This changing market scenario calls for a new

manufacturing approach that will enable competitiveness in this global market [1], [2].

However, the implementation of Lean Manufacturing in Indonesia's manufacturing sector faces several challenges. One of the most dominant issues is the high investment costs associated with the transition to Industry 4.0, which is a popular topic today because of its significant influence in the manufacturing sector. Financial constraints are the biggest challenges in implementing industry 4.0 [3]

Moreover, the manufacturing sector in Indonesia also faces challenges in terms of complex production flows, high demand variability, and increasing customer expectations. Therefore, implementing lean manufacturing principles becomes crucial to enhance operational efficiency, reduce costs, and improve overall customer satisfaction [4].

To overcome these challenges, it is important for Indonesia's manufacturing sector to adopt proactive strategies towards employment relations, have well-defined robust, unbiased policies and procedures, and prepare and develop their employees to compete with overseas organizations in skills, efficiency, and effectiveness [5]. Furthermore, the adoption of digital Manufacturing as a Service (MaaS) ecosystems could also help in achieving scaling effects, realizing new business models, and overcoming current and future challenges in the areas of legislation, sustainability, and standardization [6].

Indonesia, with diverse industries ranging from automotive, textiles, to electronics, is at a crossroads for implementing Lean Manufacturing practices. The dynamic nature of the global market requires an agile and efficient manufacturing ecosystem, and Lean principles offer a roadmap to achieve this goal [7]–[10]. Understanding how these principles are applied and their impact on plant productivity is of paramount importance to organizations looking to have a competitive advantage.

The rationale behind this research stems from the urgent need to bridge the gap between the theoretical underpinnings of

Lean Manufacturing and its practical implementation in the unique socio-economic and industrial context of Indonesia. Although the benefits of Lean Manufacturing have been widely documented in the literature, the translation of these principles into tangible improvements in plant productivity in the Indonesian manufacturing environment requires empirical exploration. Moreover, this research aligns with broader national aspirations. Indonesia's economic ambitions depend on the efficiency and productivity of its manufacturing sector, so it is imperative to investigate contemporary methodologies that can empower businesses to thrive in an increasingly competitive global market.

## 2. LITERATURE REVIEW

### 2.1 *Lean Manufacturing Principles*

Lean Manufacturing principles, originating from the Toyota Production System, focus on minimizing waste and optimizing value streams. These principles were popularized by the works of Womack and Jones (1996) and Ohno (1988), who emphasized the importance of identifying and eliminating various forms of waste, such as overproduction, defects, and excess inventory [11]. Value Stream Mapping (VSM) is a key tool in Lean Manufacturing, allowing organizations to visualize and streamline their processes for maximum efficiency [12]. At the heart of Lean philosophy is the concept of continuous improvement, or Kaizen. Introduced by Imai (1986), Kaizen emphasizes incremental and ongoing enhancement of processes by involving every level of the organization [11]. This commitment to perpetual improvement is essential for the sustained success of Lean Manufacturing [11].

Lean Manufacturing has been applied across various sectors, including manufacturing, banking, call centers, healthcare, educational institutions, and government [12]. Some of the most effective waste management techniques in Lean Manufacturing include Total Productive Maintenance, Poka-Yoke, Kaizen, 5S, Kanban, Six Big Losses, Heijunka, Takt Time, Andon, OEE, SMED, and KPIs [13]. However, it is

highly recommended to start every Lean Manufacturing initiative with 5S, Kaizen, Kanban, Poka-Yoke, and TPM7. By implementing Lean Manufacturing principles, organizations can improve their processes, reduce waste, and enhance customer satisfaction. For example, Hôtel-Dieu Grace Hospital's emergency department successfully applied Lean principles to reduce patient wait times and improve patient satisfaction without adding any new funding or beds [14].

### *2.2 Lean Manufacturing and Productivity*

Lean Manufacturing practices have been shown to have a significant positive impact on productivity metrics, including lead time reduction, inventory management, and overall operational efficiency. Lean practices such as quick setup and quality control have been found to be significantly related to operational productivity. A study conducted in the machinery and equipment industry found that a rational culture could enhance the effects of lean manufacturing practices on operational productivity [15].

Lean practices also have a significant effect on lead time reduction. A study proposed the consideration of human, technical, and environmental factors in the study of the impact of production scheduling and Single-Minute Exchange of Die (SMED) on manufacturing lead time [16]. Another case study in cable industries found that the implementation of lean tools like SMED and 5S, along with workplace rearrangement and material movement optimization, led to a reduction in lead time by 22.22% [17].

In terms of inventory management, lean manufacturing practices have been found to have a strong and significant relationship with inventory turnover performances. A study in the Sri Lankan apparel industry found that just-in-time lean bundle, total quality management lean bundle, and total productive maintenance lean bundle all had a significant impact on inventory turnover performance [18]. Another study found that firms that widely apply lean practices have higher inventory

turnover than those that do not rely on Lean Manufacturing [19].

Overall operational efficiency is also significantly impacted by lean manufacturing practices. A study in the textile industry found that lean manufacturing practices such as 5S, automation (Jidoka), Just-in-Time (JIT), equipment layout, and continuous improvement (Kaizen) have a significant and positive effect on the operational performance of firms [20].

Beyond these quantitative metrics, qualitative studies have also shed light on the nuanced aspects of productivity gains. For instance, the integration of Lean Manufacturing methods with Internet of Things (IoT) technologies has been found to significantly improve the operational performance of manufacturing organizations, with improvements in information flow, decision-making, and productivity being the most important motivations and benefits of this combination [21].

### *2.3 Critiques and Controversies*

While Lean Manufacturing is celebrated for its transformative potential, scholars like [22]–[24] caution against viewing it as a one-size-fits-all solution. The critique centers on the contextual nuances that may render certain Lean practices less effective in specific organizational settings.

The human dimension of Lean implementation is another facet explored in the literature. Resistance to change, as discussed by [22], [24]–[26], can pose a significant hurdle to successful Lean adoption, emphasizing the need for comprehensive change management strategies.

### *2.4 Research Gaps*

The existing literature provides a robust foundation for understanding Lean Manufacturing principles, their global applications, and their impact on productivity. However, significant gaps remain, particularly in the nuanced exploration of Lean practices within the Indonesian manufacturing context. This study aims to address these gaps by investigating the current state of Lean

implementation in an Indonesian manufacturing company and its subsequent impact on factory productivity.

### 3. METHODS

A mixed-methods research design, including quantitative and qualitative techniques, is used in this study. A thorough grasp of the intricate relationships between plant productivity and Lean Manufacturing concepts is made possible by this dual technique. The study embraced a pragmatic research ethic that prioritizes relevance to real-world circumstances and practical implementation. This is consistent with the primary goal of learning how Indonesian manufacturing enterprises may successfully apply lean manufacturing. Starting with a theoretical framework based on accepted Lean Manufacturing concepts, a deductive approach was adopted. The study next collects and analyzes actual data to test and support these theories. This study was carried out in an Indonesian manufacturing company that was specifically chosen. The business was chosen because of its eagerness to take part and serve as a representative of the larger Indonesian manufacturing scene.

#### 3.1 Participants and Sampling

The study's population comprised all workers from different departments and levels who were engaged in the production process at the chosen organization. In order to guarantee representation from all departments and organizational levels, a stratified sampling technique was employed. The research sample consisted of 66 individuals, whose varied viewpoints and experiences pertaining to Lean Manufacturing were intended to be captured through this approach.

#### 3.2 Data Collection

##### 3.2.1 Survey and Questionnaire

Structured surveys and questionnaires were distributed electronically to employees at different levels of the organization. The survey will focus on assessing the current understanding and application of Lean Manufacturing principles within the company. Questions will be

designed to collect quantitative data on the perceived effectiveness of Lean practices and their impact on productivity metrics.

##### 3.2.2 Interviews

Semi-structured interviews are conducted with key personnel, including managers, production supervisors, and workers. The interviews will provide deep qualitative insights into the practical challenges and successes associated with Lean Manufacturing implementation. A predetermined set of open-ended questions guided the interviews, which allowed the participants to share their perspectives and experiences.

##### 3.2.3 Existing company Document Analysis

documents, such as production reports, quality control records, and records of previous improvement initiatives, were analyzed. Document analysis aimed to provide historical context and quantitative data related to productivity metrics and Lean Manufacturing initiatives.

#### 3.3 Data Analysis

SPSS statistical software was used to evaluate the survey's quantitative data. An overview of the present state of Lean Manufacturing implementation will be given through descriptive data, such as averages and percentages. The study will employ inferential statistics, specifically regression analysis and correlation, to investigate the connection between production measures and Lean methods. Interview-based qualitative data will be subjected to thematic analysis. The data will be categorized and open coded to find recurrent themes and trends. To give a thorough grasp of the study questions, qualitative and quantitative findings will be cross-referenced.

## 4. RESULTS AND DISCUSSION

### 4.1 Quantitative Results

#### 4.1.1 Survey Responses

The survey aimed to measure the level of understanding and implementation of Lean Manufacturing principles among employees. The following numerical results represent the key findings:

The finding that 78% of respondents indicated a high level of awareness of Lean Manufacturing principles is encouraging. This indicates that most of the workforce has a basic understanding of the core Lean principles. This high awareness is an important starting point for successful Lean implementation, as it shows that employees are equipped with the necessary knowledge to engage and support Lean practices.

The data showing that 42% of Lean practices have been fully implemented and 51% have been partially implemented shows a positive trajectory in the integration of Lean principles within the organization. The fact that most practices have been fully or partially implemented implies organizational commitment to Lean methodologies. However, the presence of partially implemented practices also underscores the untapped potential for further integration. This provides an opportunity for organizations to explore avenues for full implementation, which could potentially yield more comprehensive benefits.

The majority of respondents (68%) perceived a positive impact on productivity following the implementation of Lean practices is a noteworthy result. This is in line with the wider literature that highlights the positive correlation between Lean Manufacturing and improved productivity metrics (Shah and Ward, 2003). The fact that a large majority recognized this positive impact suggests that, at least from an employee's perspective, the effort invested in Lean implementation yields tangible benefits.

#### 4.1.2 Correlation Analysis

Correlation analysis explored the relationship between Lean implementation and productivity metrics, revealing statistically significant positive correlations between the level of Lean implementation and improvements in production lead times ( $r = 0.762$ ,  $\text{sig} < 0.001$ ) and defect rates ( $r = 0.623$ ,  $\text{sig} < 0.01$ ).

## 4.2 Qualitative Results

### Thematic Analysis of Interviews

#### 1. Cultural Adaptation

Emerging theme: "Employees emphasized the need for sensitive cultural adaptation of Lean practices to align with the work culture in Indonesia."

Cultural nuances play an important role in Lean implementation, emphasizing the importance of adapting practices to align with unique cultural contexts.

#### 2. Challenges in Implementation

Emerging Themes: Key challenges include resistance to change and the need for extensive training programs.

Recognizing and overcoming resistance through comprehensive change management and increased training initiatives is critical to successful Lean adoption.

#### 3. Improvements in Communication

Emerging theme: Lean implementation has improved communication channels between different departments, facilitating smoother production flow.

Improved communication aligns with Lean principles, contributing to more efficient problem solving and overall operational effectiveness.

### Discussion

High awareness of Lean principles, as indicated by the survey, synergizes with partial implementation status. This suggests that when the knowledge base is in place, there is an opportunity to bridge the gap between awareness and full integration.

The majority perceived a positive impact on productivity in line with the positive correlation between Lean implementation and improvements in production lead times and defect rates. This underscores the potential benefits of more comprehensive Lean integration on key productivity metrics.

The qualitative findings on cultural adaptation emphasize its critical role in successful Lean implementation. This highlights the need for organizations to consider cultural nuances in the design and

implementation of Lean practices, ensuring alignment with workforce values and expectations.

The challenges identified in the qualitative analysis, including resistance to change and training gaps, represent opportunities for improvement. Addressing these challenges through customized change management strategies and increased training initiatives can contribute to more effective Lean implementation.

The qualitative finding of improved communication as an outcome of Lean implementation is a positive one. This underscores the holistic impact of Lean practices, which goes beyond quantitative metrics to improve collaborative problem solving and overall operational efficiency.

### CONCLUSION

To sum up, this study offers a sophisticated comprehension of the use of Lean Manufacturing inside the dynamic framework of an Indonesian manufacturing enterprise. High awareness and partial implementation together suggest a favorable environment for additional integration. The majority of respondents reported a favorable impact, which is consistent with the positive association seen between productivity measures and Lean implementation. The importance of cultural adaptation, the difficulties posed by resistance and training gaps, and the constructive evolution of communication are all highlighted by the qualitative findings. Suggestions for comprehensive training initiatives, tailored change management, and ongoing communication improvement are meant to help companies hone their Lean tactics. This report provides insightful guidance for firms navigating the difficult environment of operational excellence and productivity increase as lean manufacturing continues to develop as a strategic priority.

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