

Justification and Classification of Issues for the Selection and Implementation of Advanced Manufacturing Technologies

Zahra Banakar and Farzad Tahriri

Abstract—It has often been said that the strength of any country resides in the strength of its industrial sector, and Progress in industrial society has been accomplished by the creation of new technologies. Developments have been facilitated by the increasing availability of advanced manufacturing technology (AMT), in addition the implementation of advanced manufacturing technology (AMT) requires careful planning at all levels of the organization to ensure that the implementation will achieve the intended goals. Justification and implementation of advanced manufacturing technology (AMT) involves decisions that are crucial for the practitioners regarding the survival of business in the present days of uncertain manufacturing world. This paper assists the industrial managers to consider all the important criteria for success AMT implementation, when purchasing new technology. Concurrently, this paper classifies the tangible benefits of a technology that are evaluated by addressing both cost and time dimensions, and the intangible benefits are evaluated by addressing technological, strategic, social and human issues to identify and create awareness of the essential elements in the AMT implementation process and identify the necessary actions before implementing AMT.

Keywords—Advanced Manufacturing Technology (AMT), Justification and Classification.

I. INTRODUCTION

MANY companies are currently strengthening their competitive positions by updating the technologies used in the manufacturing process. The 1990s has created an environment where manufacturing organisations must become increasingly more sophisticated in their manufacturing techniques if they are intending to achieve a competitive advantage. These changes have largely been in response to the increasing need for companies to become competitive not only in terms of cost, but also with regard to quality and responsiveness to customers. Developments have been facilitated by the increasing availability of advanced manufacturing technologies (AMTs).

Despite the significant role of AMTs in Global Market and its competitive advantages, many applications of advanced manufacturing technologies (AMTs) have not yielded their

potential benefits frequently because the selections and implementations has not been carried out in relation to strategic objectives. Maximum benefit will be accrued if there is a fit between the capabilities of the technologies and the firm's business and manufacturing priorities. Many firms that implemented AMT achieved technical success (the technology is running) but not business (increased competitiveness, quality) success. Decentralized decision making with a high level of inter-functional coordination can increase the potential for the flexible use of AMT.

Investment evaluation methods play an important role in today's competitive manufacturing environment. Both economic evaluation criterion and strategic criteria such as flexibility, quality improvement, which are not quantitative in nature, are considered for evaluation. (Selection and using proper manufacturing technology can enhance the production process, provide effective utilization of resources, increase productivity and improve system flexibility, repeatability and reliability. Strategic decision making, like technology selection, is very complex because the decision involves uncertain environment, lengthy time horizon, inadequate information and subjective factors, which cannot be easily quantified. Usually, in the selection of the best technology, objective factors such as cost, profit, revenue, time saving, time of completion, etc. are considered but subjective factors such as flexibility, learning, capacity increment, etc. are overlooked. This results in advanced technology not winning the confidence of top management.

In this study, an attempt is made to discuss the various issues of a learning organization which have helped to evaluate manufacturing strategies and select advanced manufacturing technology, based on strategic, tactical and monetary factors.

II. AMTs ADOPTION AND JUSTIFICATION

Adoption of advanced manufacturing technology (AMT) involves major investment and a high degree of uncertainty and, hence, warrants considerable attention within a manufacturing firm at the strategic level as discussed by Meredith [33]. Works cited earlier by Sambasivarao and Deshmukh [51], Small and Chen [55], Chan *et al.* [9], Sohal *et al.* [5] have identified several barriers that may encounter manufacturing companies to adopt AMT successfully. As a result, issues involving selection and justification procedures assume greater importance.

Studies conducted in the past two decades have shown that the benefits of AMTs are both tangible and intangible and

Zahra Banakar is master student of Industrial and Manufacturing Engineering Department, University of Malaya (UM), 50603, Kuala Lumpur, Malaysia (e-mail: Najma_banakar@yahoo.com).

Farzad Tahriri is PhD candidate and research assistance with the Center for Product Design and Manufacturing (CPDM) in Industrial and Manufacturing Engineering Department, University of Malaya (UM), 50603, Kuala Lumpur, Malaysia, (corresponding author to provide phone: 0060-17-3734-613; e-mail: Farzad_Tahriri@Hotmail.com).

hinged on the type of AMTs and its applications (Voss, [64]; Sohal, [4]; Sohal *et al.*, [5]). In addition according to the Sambasivarao and Deshmukh [51], advanced manufacturing technologies involve a set of quantifiable and non-quantifiable attributes. So there is a need to evolve an integrated framework for comprehensive appraisal of AMTs using these attributes. There is little doubt that significant tangible and intangible benefits can be gained from implementing AMT, and that failure to quantify all benefits is detrimental to the decision-making process, whether the project is accepted or not (Small and Chen [55]).

The literature about AMT justification shows that the idea of a strategic, non-monetary decision process is already consolidated (Mohanty and Deshmukh [37]; Sambasivarao and Deshmukh [52]; Denis *et al.*, [15]). Over the last ten years, many authors have suggested that in the AMT performance measurement systems, financial and cost indicators should be complemented by non-financial measurement tests related to qualifying, delivery and flexibility, with the integration of the different business areas being encouraged and the management's strategic objectives being reflected (Macarena *et al.*, [32]). Furthermore when monitoring the results of investments is made in advanced manufacturing technologies (AMT) it is dangerous to focus solely on costs, as it is possible that the system used to assess performance might lead managers to ignore other strategic objectives (Karsak and Tolga [29]). According to Michael [34], while the costs (hardware, software, planning, training, operations, etc.) and many of the operational benefits are generally easily quantifiable, on the other hand, some of the major strategic benefits are very difficult to estimate. To overcome this limitation some have promoted the use of strategic justification approaches that consider criteria such as the comparison with competitors, the retention, attainment or perception of industry leadership, and expected future developments in the industry. There is a growing consensus that hybrid investment approaches which include both strategic and economic justification criteria are needed to evaluate these complex systems. Abdel-Kader and Dugdale [1] supposed a model for the evaluation of investments in advanced manufacturing technology. Considering the importance to an integration of financial and non-financial factors in AMT implementation evaluations he demonstrates that it is conceptually possible to do this using the mathematics of the analytic hierarchy process and fuzzy set theory. New justification methods, such as the Analytical Hierarchy Process (AHP), real options pricing, and simulation began to be used to provide a more thorough evaluation of investments in AMT. These new justification tools addressed the traditional tools' inability to include the qualitative benefits of AMTs such as increased flexibility (Dessureault [16]). In brief, both economic evaluation criterion and strategic criteria such as flexibility, quality improvement, which are not quantitative in nature, should be considered for evaluation.

III. CLASSIFICATION OF AMTs SELECTION METHODS

Several approaches for justifying investment in AMT have been advanced. The literature that informs this topic can be grouped into three categories (Suresh and Meredith [33]; Raafat [43]; Michael [34]).

- The economic approach. Involving the classical financial justification techniques of payback period (PP), return on investment (ROI), internal rate of return (IRR), and net present value (NPV).
- The strategic approach. Involving analysis of competitive advantage, business objectives, research and development objectives and technical importance.
- The analytic approach. Involving value analysis, portfolio analysis and risk analysis (RA).

These methods deviate from each other due to the non-monetary factors. Economic justification methods of manufacturing investments are discussed by Proctor and Canada [42]. Economic analysis methods are the basic discounted cash flow techniques such as present worth, annual worth, internal rate of return and other techniques such as payback period and Return on Investment (ROI) which ignore the time value of money.

The economic approach has long been quite popular in investment justification. Fotsch [18] reported that the PP technique was the most popular method of AMT appraisal in his study of the machine tool industry. Lefley *et al.* [30] found that PP techniques continue to be popular in the USA, the UK and the Czech Republic. However, those payback methods, because they favour a short-term perspective on investments, can be deleterious for AMT projects. It is interesting to note that it has been suggested that while the Japanese also used the payback method most frequently, it serves more as a performance measurement tool than as a rigid financial criterion (Huang and Sakurai [25]). ROI was the second most popular technique being used for AMT appraisal according to Fotsch [18]. However, it has been suggested that this method has more disadvantages than the payback method because it does not measure the economic value of the project (Primrose [41]).

The discounted cash flow (DCF) techniques, NPV and IRR are considered to be more effective than ROI and payback. Kaplan [28] argued that DCF approaches should always be applied for the justification of AMT but, for most firms, the discount rate should be lower than that required for conventional projects. Other researchers also support the use of DCF, but warn that there is a need to quantify the intangible benefits prior to the application of DCF in order to ensure a realistic appraisal (Primrose [41]; Kakati and Dhar [27]; Park and Son [40]).

Cost/benefit analysis is also utilized for AMT project appraisals. Researchers have sought to identify costs and benefits of AMT through the use of case studies. For firms where the level of risk and uncertainty make up the most critical elements of the justification process, it is felt that risk sensitivity analysis is the most appropriate evaluation

technique (Primrose [41]; Swamidass and Waller [58]). Lefley et al. [30] indicate that firms can use the PP, probability analysis, and sensitivity analysis and computer simulation to assess the level of risk. Hodder and Riggs [24] suggested that there was also a need to vary the discount rate to reflect the changes in the risk premium over the life of the project. Differences in risk related to different types of AMT must also be recognized. Generally, more complex AMT that offer a wide range of benefits are expected to have lower risks than less complex technologies with a narrow range of benefits.

A pervasive issue in justifying investment in AMT has been the inappropriateness of the economic approaches using only financial and accounting techniques (i.e. PP, NPV, ROI, IRR, etc.) for determining the intangible benefits of AMT such as improvements in flexibility, quality, time-to-market, and other synergistic effects (Attaran [2]; Roth *et al.* [47]; Swann and O'Keefe[59]). The lack of faith in these techniques has led some researchers to advocate the justification of AMT using strategic arguments.

Vracking [65] suggested that AMT projects might have to be justified on the basis of strategic arguments. Criteria such as comparison with competitors, the retention, attainment or perception of industry leadership, and expected future developments in the industry might serve as alternative factors for decision makers to approve AMT projects. Support for this strategic view is also provided by Huang and Sakurai [25], who found that, in Japanese firms, installation of AMT is seen as a natural step that must be taken to retain manufacturing credibility as well as market share. Primrose [41] indicated that if strategic benefits are not quantified in the appraisal, they will appear as unexplained variances not attributable to the project in the accounting report. Another approach is to regard the benefits from the new technology as essential and calculate the cost of meeting these with conventional technology. However, there is a fear that such an approach might militate against the adoption of useful conventional projects.

To alleviate the problems inherent in using purely financial or purely strategic appraisal approaches, recent studies have promoted hybrid economic and strategic appraisal approaches (Raafat [43]). Kakati and Dhar [27] suggest that AMT projects should be evaluated using two basic criteria: first, through

economic justification, and then a strategic assessment if the project fails to meet the investment criteria. An earlier variation of this approach called for the use of DCF techniques, and if the project is not feasible, the difference needed to make it feasible is determined (Kaplan [28]). The adoption decision is then based on the ability of the strategic benefits to make the project acceptable. There is also a school of thought that considers all AMT costs and benefits to be quantifiable (Primrose [41]). These authors suggest that all projects should be appraised through a single evaluation technique which uses sensitivity analysis on the intangible benefits to compensate for the risk associated with evaluating these parameters. However, there is evidence that suggests that manufacturers are still having great difficulty quantifying intangible benefits and that conventional appraisal techniques are partly to blame for missing some potential benefits (Lefley *et al.*, [30]).

The move towards merging economic and strategic approaches has also seen the evolution of several weighted scoring models (WSM) which allow management to assign weights to each tangible and intangible factor under consideration (Slagmulder and Bruggeman [54]; Soni *et al.*, [56]). Scoring models possess multiple criteria capabilities, are simple to use, and can take management policies and the impact of flexibility into consideration (Suresh and Meredith [57]). While these techniques represent the importance of each strategic factor by weights determined by management, these weights are generally not measured for consistency. Furthermore, the assumption of linear additivity of the weighted scores may not be accurate. Wabalickis [66] proposed the use of more sophisticated scoring models such as the analytic hierarchy process which can correct for managerial inconsistencies. There are some other recent approaches to hybrid justification that utilize decision support tools, the analytic hierarchical process and fuzzy logic (Abdel-Kader and Dugdale [1]; Chiadamrong and O'Brien [11]; Luong [31]). When flexibility, risk and non-monetary benefits are expected, and particularly if the probability distributions can be subjectively estimated, analytical procedures may be used.

TABLE I JUSTIFICATION METHOD FOR ADVANCED MANUFACTURING TECHNOLOGIES [29]

| | <i>Techniques</i> | <i>Advantages</i> | <i>Disadvantages</i> |
|------------------|---|---|---|
| <i>Economic</i> | Payback method | Ease of data collection | Do not take into account strategic and non-economic benefits |
| | Return on investment | Intuitive appeal | Consider a single objective of cash flows, and ignore other benefit such as quality and flexibility |
| | Discounted cash flow techniques | | |
| <i>Strategic</i> | Technical importance | Require less technical data | Necessity to use these techniques with economic or analytic ones since they consider only long-term intangible benefits |
| | Business objectives | | |
| | Competitive advantage | Use the general objectives of the firm | |
| | Research and development | | |
| <i>Analytic</i> | Scoring models (Analytic Hierarchy Process AHP) | Uncertainty of the future and multi-objectivity can be incorporated | Require more data |
| | Mathematical programming | | |
| | Integer programming | | |
| | Goal programming | | |
| | Data Envelopment Analysis (DEA) | | |
| | Stochastic methods | Subjective criteria can be introduced in the modelling phase | Usually more complex than the economic analysis |
| | Fuzzy set theory | | |

Strategic justification methods are qualitative in nature and are concerned with issues such as a technical importance, business objectives and competitive advantage (Meredith and Suresh [33]). When strategic approaches are employed, the justification is made by considering long-term intangible benefits. Hence, using these techniques with economic or analytical methods would be more appropriate. Table I, which is an updated version of the classification initially proposed by Meredith and Suresh [33], evaluates the different justification methods for AMT.

Wabalickis [66] developed justification procedure based on the Analytic Hierarchy Process (AHP) to evaluate the numerous tangible and intangible benefits of an FMS investment. Chakravarty and Naik [8] pointed out the need for integrating the non-financial and strategic benefits of AMT with the financial benefits and proposed a hierarchical evaluation procedure involving strategic evaluation, operational evaluation and financial evaluation. Shang and Sueyoshi [53] proposed a selection procedure for an FMS employing the AHP, simulation and Data Envelopment Analysis (DEA).

Small and Chen [55] discussed the results of a survey conducted in the US that investigated the use of justification approaches for AMS. According to their findings, manufacturing firms using hybrid strategies, which employ both economic and strategic justification techniques, attain significantly higher levels of success from advanced technology projects. Sambasivarao and Deshmukh [51] presented a decision support system integrating multi-attribute analysis, economic analysis and risk evaluation analysis. They suggested AHP, TOPSIS and linear additive utility model as alternative multi-attribute analysis methods. Methods include game theoretical models, multiattribute utility models, fuzzy linguistic methods and expert systems.

In summary, investment justification of AMT should include consideration of the operational costs and strategic and operational benefits of these systems together with consideration of the costs and benefits of the infrastructural adjustments (e.g. information technology adjustments, employee training and development costs) that are required to successfully implement these systems. The choice of AMT should reflect both the benefits that the organization expects to achieve and the quality of organizational preparation and support for the adoption of the chosen system. In addition, measurement of AMT performance must be focused on assessing progress towards the original strategic, business and organizational objectives for implementing the systems.

IV. CLASSIFICATION OF AMTs ISSUES

The decision to implement useful advanced manufacturing technology (AMT) is a major decision for many organizations. Selection of the appropriate technology that achieves or matches with the organization objective, and maximum benefits of technology, which is made based on a sound decision-making process. Selection and ranking of advanced manufacturing technologies (AMTs) which are defined as the strategic decision-making process for successful implementation of AMT would be the goal of the

hierarchy. Numerous issues are addressed by researchers in studies involving the selection and justifications of AMT. A researcher has given attributes the different names but the concepts behind the terminology are the same.

Mohanty R.P. [35] has classified implementation issues into six categories: direct cost factors, preproduction cost factors, human issues, social issues, strategic issues, and technological issues. Selection issues are classified primarily based on accountability for analysing AMT benefits. Tangible factors are quantifiable dimensions. These factors are classified into two categories, namely Cost and Time.

Economic issues: Economic issues involve cost-borne analysis of AMT. They include cost-benefit analysis and economic analysis strictly in monetary terms. The economic factors are either estimated, based on certain assumptions, or are actual cost-borne figures. It is evident to the literature that economic attributes play a major decisive role for selection and justification of AMT. However, analysis based on economic factors may not be adequate, because AMT offers a large number of intangible benefits.

TABLE II ECONOMIC ISSUES

| Researchers | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-------------------------------------|----------------|-----------------|---|---------------|---|---|---|
| Sambasivarao and Deshmukh[51] | x | x | x | x | x | x | x |
| Crookall[12] | x | | | | | x | |
| Ferdows <i>et al.</i> [17] | x | x | x | | x | x | x |
| Young and Murray[68] | | | | | | x | |
| Park and Son[40] | | | x | x | | | |
| Wabalickis[66] | x | | | | | | x |
| Fry and Smith[20] | | x | x | | | | |
| Troxler and Blank[63] | x | x | | | | x | |
| Huang and Sakurail[25] | | x | x | x | | x | |
| Ghosh and Wabalickis[21] | | | x | | x | | x |
| Primrose[41] | x | | | | | x | |
| Datta <i>et al.</i> [13] | | x | | | | x | x |
| Demmel and Askin[14] | x | x | x | x | x | | |
| Afzulpurkar <i>et al.</i> [3] | | x | | | | | x |
| Chang and Tsou[10] | | x | x | | | | |
| Hin <i>et al.</i> [23] | x | x | | | | x | |
| Mohanty[36] | x | x | x | | x | x | x |
| Sambasivarao and Deshmukh[52] | | x | | | x | x | |
| Mohanty and Deshmukh[37] | x | | | | | | x |
| Kevin Low Lock[60] | | | x | | | | |
| Chan, H. Lau[9] | | x | x | x | | | x |
| Crowe and Noble[61] | | | | x | x | x | |
| Godwin and Ehie[22] | | x | x | | | x | x |
| Borenstein and Becker[15] | | x | | | | x | x |
| Rosnah Mohd and Chek[46] | | | x | | | | |
| Hulya Julie Yazici[26] | | | x | | | | |
| Sohal and Burcher[4] | | | x | | | | |
| Sacrista'n Di'az and lvarez Gil[32] | | x | | | | | x |
| DeRuntz and Turner[6] | | | | | | | x |
| Key: | | | | | | | |
| 1. Investment | 3. Labour | 5. Modification | | 7. Throughput | | | |
| 2. Inventory | 4. Maintenance | 6. Quality | | | | | |

Time issues: Time issues would be one of the essential components of competition environment. All steps of production cycles from production lines until market position can perform effectively and would reflect all their potential benefits if they were scheduled well.

Selection of advanced manufacturing technologies involves a large number of intangible attributes. Intangible attributes are the indirect/direct factors which are generally not quantifiable. However, their relative importance may be analyzed using multi attribute decision-making approaches. These issues include Human, Social, Strategic and Technological issues. Thus, manufacturing firms will face large-scale issues when selecting and implementing AMT.

TABLE III TIME ISSUES

| Researchers | 1 | 2 | 3 | 4 |
|-------------------------------------|---|---|---|---|
| Sambasivarao and Deshmukh[51] | x | x | | |
| Mohanty and Deshmukh[37] | x | x | | |
| Kevin Low Lock[60] | | x | x | |
| Chan, H. Lau[9] | x | | | |
| Crowe and Noble[61] | | x | | |
| Godwin and Ehie[22] | x | | x | |
| Borenstein and Becker[15] | x | x | x | |
| Hulya Julie Yazici[26] | | | | x |
| Sohal and Burcher[4] | x | | x | |
| Sacrista'n Dr'az and Ivarez Gil[32] | | x | | x |
| DeRuntz and Turner[6] | x | | x | x |
| Sohal and Schroder[5] | | x | x | |
| Salaheldin Ismail[50] | | | x | x |
| Bolden and Waterson[44] | | | | x |
| Rosnah and Megat Ahmad[45] | | | | x |

Key:

| | |
|-----------------------------------|-------------------------------------|
| 1. Shortening product life-cycles | 3. Reduced change over/set up times |
| 2. Reduced lead time | 4. Improving speed of delivery |

Human issues: Employees play a most vital role in selecting AMT. It may be evident that one of the objectives behind the innovation of AMT is to reduce human intervention. In developed countries like the UK, Germany, France and the USA, more efforts are put in order to reduce human intervention in manufacturing as the industry appears to be capital-intensive. Human factors play a very significant role, especially in many developing countries where AMTs are at the critical early stages of implementation AMTs.

Social issues: Automation technologies have far-reaching social impacts. Social issues are essential to consider as they involve cost borne and benefits received by those associated with the organization.

Strategic issues: The strategic impacts have long-term implications for the organization as a whole. It is necessary to consider the effects of AMT on other functional departments of an organization. Many researchers have discussed the effects of AMT on manufacturing strategy. These effects are reflected in decisions like replacement with improved technology, expansion of entire plant and plant modernization projects. Strategic issues can be viewed as having significant repercussions of AMT on different functional areas of the organization. These repercussions are reflected in costs borne and benefits received by each of the functional departments. These are the key factors for setting the management objectives and can be viewed as indicators to assist in making strategic decisions.

TABLE IV HUMAN ISSUES

| Researchers | 1 | 2 | 3 | 4 |
|-------------------------------|---|---|---|---|
| Sambasivarao and Deshmukh[51] | | x | x | x |
| Ferdows <i>et al.</i> [17] | | x | | |
| Voss[64] | | | x | x |
| Weatherall[67] | | x | x | |
| Troxler and Blank[63] | | | x | |
| Datta <i>et al.</i> [13] | | x | x | |
| Demmel and Askin[14] | | x | x | |
| Hin <i>et al.</i> [23] | | | | x |
| Mohanty[35] | | x | x | x |
| Sambasivarao and Deshmukh[52] | | x | | x |
| Mohanty and S.G. Deshmukh[37] | x | | | |
| Chan, H. Lau[9] | | x | | x |
| Crowe and Noble[61] | | x | | |
| Rosnah Mohd and Chek[46] | x | | | |
| Sohal and Burcher[4] | x | | x | |
| Abdel-Kader and Dugdale[1] | | x | | |
| Salaheldin Ismail[50] | x | | x | |
| Sohal and Schroder[5] | x | | x | |
| Rosnah and Megat Ahmad[45] | x | | | |

Key:

| | |
|------------------------------|---------------------------------------|
| 1. Level of skill | 3. Employee and working relationships |
| 2. Employee moral/motivation | 4. Manpower planning |

TABLE V SOCIAL ISSUES

| Researchers | 1 | 2 | 3 | 4 | 5 |
|-------------------------------------|---|---|---|---|---|
| Sambasivarao and Deshmukh[51] | x | x | | x | x |
| Frazelle[19] | | x | | | |
| Ferdows <i>et al.</i> [17] | x | | | | |
| Park and Son[40] | x | | | | |
| Weatherall[67] | x | | | x | |
| Troxler and Blank[63] | x | | | | |
| Ghosh and Wabalickis[21] | | x | | | |
| Mohanty[35] | x | x | | x | x |
| Mohanty and Deshmukh[37] | x | | x | | |
| Kevin Low Lock[60] | | | x | | |
| Abdel-Kader and Dugdale[1] | | | x | | |
| Godwin and Ehie[22] | x | | | | |
| Orlando and Aguilo[39] | | | | | x |
| Rosnah Mohd and Chek[46] | | | | | x |
| Hulya Julie Yazici[26] | | | x | | |
| Sohal and Burcher[4] | | x | | | |
| Sacrista'n Dr'az and Ivarez Gil[32] | x | | | | |
| DeRuntz and Turner[6] | x | | | | |
| Sohal and Schroder[5] | x | | | | |
| Bolden and Waterson[44] | | | x | | |
| Rosnah and Megat Ahmad[45] | x | | | | |

Key:

| | | |
|--------------------------|--------------------------|------------|
| 1. Customer satisfaction | 3. Responsiveness | 5. Ecology |
| 2. Working environment | 4. Community development | |

TABLE VI STRATEGIC ISSUES

| Researchers | 1 | 2 | 3 | 4 | 5 | 6 |
|-------------------------------------|---|---------------------------|---|-------------------|---|---|
| Sambasivarao and Deshmukh[51] | x | x | x | x | x | x |
| Ferdows <i>et al.</i> [17] | | x | | x | | |
| Voss[64] | | x | x | | x | |
| Wabalickis[66] | | | | x | | |
| Weatherall[67] | x | | | x | | x |
| Troxler and Blank[63] | x | | | x | | x |
| Huang and Sakurail[25] | x | x | x | x | | |
| Primrose[41] | | | | x | | x |
| Datta <i>et al.</i> [13] | x | | | x | | x |
| Demmel and Askin[14] | | | x | x | | x |
| Mohanty[36] | x | | | | | x |
| Mohanty[35] | x | | x | x | x | x |
| Sambasivarao and Deshmukh[52] | x | x | x | x | x | x |
| Mohanty and Deshmukh[37] | x | x | | x | x | x |
| Kevin Low Lock[60] | | | | x | | x |
| Chan, H. Lau[9] | | | | x | | x |
| Crowe and Noble[61] | | | | x | | |
| Godwin and Ehie[22] | | | | | | x |
| Sohal and Burcher[4] | | | x | x | | x |
| Sacrista'n Di'az and Ivarez Gil[32] | | | | x | | x |
| DeRuntz and Turner[6] | | | | x | x | x |
| Sohal and Schroder[5] | | | x | | | x |
| Salaheldin Ismail[50] | | | x | x | | x |
| Bolden and Waterson[44] | | | | x | | x |
| Rosnah and Megat Ahmad[45] | | | | | x | |
| Monge and Rao[7] | | | | x | x | x |
| Key: | | | | | | |
| 1. Finance position | | 3. Management development | | 5. R&D activities | | |
| 2. Government policy | | 4. Market position | | 6. Competition | | |

Technological issues: These issues are limited to the capabilities of the AMT to improve manufacturing performances. The following issues describe the compliance of manufacturing systems. Pervious studies have reported that changed markets require flexible manufacturing. The researchers have described procedure and methodological aids such as technological performance, and economic evaluation used for planning and realization of a CAM system. Henceforth, Cost, Time, Technological, Strategic, Social and Human issues would be the success factors for selecting AMT and criteria of the hierarchy.

V. CONCLUSION

One of the main objectives of this paper is to identify the important criteria affecting advanced manufacturing technology selection. These factors would affect the overall organization through new technology selection and implementation, which are identified as main criteria and sub-criteria of the AMT selection. From the literature, it may be observed that a large number of issues are involved in advanced manufacturing technology implementation procedures.

Various attributes are addressed and used in this paper for procedures involving selection and justification of AMT. In this paper, a comprehensive list of attributes has been identified and classified under two categories – tangible and intangible attributes. The literature observes common difficulties in implementing AMT such as lack of technical skills, managerial problems, and lack of the systematic evaluation methods. Economic issues alone are inadequate for justify new manufacturing systems because traditional evaluation methods are inadequate for the purpose.

The present paper suggested has brought several elements to the fore. Advanced manufacturing technologies involve a set of quantifiable and non-quantifiable attributes. There is a need to evolve an integrated framework for comprehensive appraisal of AMTs using these attributes.

TABLE VII TECHNOLOGICAL ISSUES

| Researchers | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-------------------------------|---|---------------------------|---|-----------------|---|-------------|---|
| Sambasivarao and Deshmukh[51] | x | x | x | x | | x | x |
| Frazelle[19] | | x | | | | | |
| Crookall[12] | | | | | x | | |
| Ferdows <i>et al.</i> [17] | | x | x | | x | | |
| Young and Murray[68] | | x | | x | x | | |
| Voss[64] | | | x | | | | x |
| Park and Son[40] | | | | | | | x |
| Weatherall[67] | | x | | | x | x | |
| Fry and Smith[20] | x | x | | | | | |
| Troxler and Blank[63] | x | x | | | x | | |
| Huang and Sakurail[25] | x | x | x | | x | | x |
| Ghosh and Wabalickis[21] | x | | | x | | | |
| Primrose[41] | | x | | x | | | |
| Datta <i>et al.</i> [13] | x | | | x | | x | x |
| Demmel and Askin[14] | | x | x | x | | | |
| Mohanty[36] | | | x | | | | |
| Afzulpurkar <i>et al.</i> [3] | x | | | | | | |
| Chang and Tsou[10] | | | x | | | | x |
| Hin <i>et al.</i> [23] | | | x | x | | | x |
| Mohanty[35] | x | x | x | x | x | x | x |
| Sambasivarao and Deshmukh[52] | x | | | | | | |
| Mohanty and Deshmukh[37] | | x | | | x | x | |
| Crowe and Noble[61] | | | | | x | | |
| Godwin and Ehie[22] | | x | x | x | | | |
| Borenstein and Becker[15] | x | x | | | x | x | |
| Rosnah Mohd and Chek[46] | | x | | | x | | |
| Hulya Julie Yazici[26] | x | x | | | | | |
| Sohal and Burcher[4] | | x | | x | | | |
| DeRuntz and Turner[6] | | x | | | x | | |
| Sohal and Schroder[5] | | x | | x | x | | |
| Monge and Rao[7] | | x | | | x | | |
| Salaheldin Ismail[50] | x | x | | | x | x | |
| Bolden and Waterson[44] | | x | | | | x | |
| Rosnah and Megat Ahmad[45] | | x | | | x | | |
| Orlando and Aguilo[39] | | x | | | x | x | |
| Houseman and Tiwari[38] | x | x | | | | | |
| Abdel-Kader and Dugdale[1] | | x | | | | | |
| Dessureault[16] | | x | x | | | | |
| Tilak Rajand Shankar[62] | | x | | | x | | |
| Key: | | | | | | | |
| 1. Capacity utilization | | 3. Hardware | | 5. Productivity | | 7. Software | |
| 2. Flexibility | | 4. Management information | | 6. Reliability | | | |

REFERENCES

- [1] Abdel-Kader, M. and Dugdale, D. (2001). *Evaluating Investments in Advanced Manufacturing Technology: A Fuzzy Set Theory Approach*, British Accounting Review, Vol. 33, No. 4, pp. 455-489.
- [2] Attaran, M. (1989). *The automated factory: justification and implementation*, Business Horizons, Vol. 32 No. 3, pp. 80-5.
- [3] Afzulpurkar, S., Huq, F. and Kurpad, M. (1993). *An alternative framework for design and implementation of cellular manufacturing*, International Journal of Operations & Production Management, Vol. 13 No. 9, pp. 4-17.
- [4] Amrik S. Sohal, Peter G. Burcher, Robert Millen and Gloria Lee. (1999). *Comparing American and British practices in AMT adoption*, Benchmarking: An International Journal, Vol. 6, No. 4, pp. 310-324.
- [5] Amrik S. Sohal, Richard Schroder, Enrico O. Uliana, William Maguire. (2001) *Adoption of AMT by South African manufacturers*, Integrated Manufacturing Systems, Vol. 12, No. 1, pp. 15-34.
- [6] Bruce D. DeRuntz and Roger M. Turner. (2003). *Organizational Considerations for Advanced Manufacturing Technology*, The Journal of Technology Studies, Vol. 1, No. 1.
- [7] Carlo A. Mora Monge, S. Subba Rao, Marvin E. Gonzalez, Amrik S. Sohal. (2006) *Performance measurement of AMT: a cross-regional study*, benchmarking: An International Journal, Vol. 13 No. 1/2, pp. 135-146.
- [8] Chakravarty, A.K. and Naik, B. (1992). *Strategic Acquisition of New Manufacturing Technology: a Review and Research Framework*, International Journal of Production Research, Vol. 30, No. 7, pp. 1575-1601.
- [9] Chan F.T.S., Chan M.H., Lau H. and R.W.L. IP. (2001). *Investment appraisal techniques for advanced manufacturing technology (AMT): a literature review*, Integrated Manufacturing Systems, Vol. 12, No. 1, pp. 35-47.
- [10] Chang, D.S. and Tsou, C.S. (1993). *A chance-constraints linear programming model on the economic evaluation of flexible manufacturing systems*, Production Planning and Control, Vol. 4, No. 2, pp. 159-65.
- [11] Chiadamrong, N. and O'Brien, C. (1999). *Decision support tools for justifying alternative manufacturing and production control systems*, International Journal of Production Economics, Vol. 60/61, pp. 177-86.
- [12] Crookall, J.R. (1986). *Computer integration of advanced manufacture*, Proceedings of Mechanical Engineers, Vol. 200 No. B4, pp. 257-64.
- [13] Datta, V., Sambasivarao, K.V., Kodali, R. and Deshmukh, S.G. (1992). *Multi-attribute decision model using the analytic hierarchy process for the justification of manufacturing systems*, International Journal of Production Economics, Vol. 28 No. 2, pp. 227-34.
- [14] Demmel, J.G. and Askin, R.G. (1992). *A multiple-objective decision model for the evaluation of advanced manufacturing system technologies*, Journal of Manufacturing Systems, Vol. 11 No. 3, pp. 179-94.
- [15] Denis Borenstein, João Luiz Becker and Eduardo Ribas Santos. (1999). *A systemic and integrated approach to flexible manufacturing systems design*, Integrated Manufacturing Systems, Vol. 10, No. 1, pp. 6-14.
- [16] Dessureault, S. (2004). *Justification techniques for computer integrated mining*, The Journal of The South African Institute of Mining and Metallurgy, March 2004.
- [17] Ferdows, K., Miller, J.G., Nakane, J. and Vollmann, T. (1986). *Evolving global manufacturing strategies: projections into the 1990s*, International Journal of Operations & Production Management, Vol. 6 No. 7, pp. 6-16.
- [18] Fotsch, R. (1984). *Machine tool justification policies: their effect on productivity and profitability*, International Journal of Production Research, Vol. 20 No. 2, pp. 169-95.
- [19] Frazelle, E. (1985). *Suggested techniques enable multi-criteria evaluation of material handling alternatives*, Industrial Engineering, Vol. 17 No. 2, pp. 42-9.
- [20] Fry, T.D. and Smith, A.E. (1989). *FMS implementation procedure: a case study*, IIE Transactions on Industrial Engineering, Vol. 21 No. 3, pp. 288-93.
- [21] Ghosh, B.K. and Wabalickis, R.N. (1991). *A comparative analysis for the justification of future manufacturing systems*, International Journal of Operations & Production Management, Vol. 11 No. 9, pp. 4-23.
- [22] Godwin J. Udo and Ike C. Ehie. (1996). *Advanced manufacturing technologies: Determinants of implementation success*, International Journal of Operations & Production Management, Vol. 16 No. 12, pp. 6-26.
- [23] Hin, L.K., Leong, A.C. and Gay, R.K.L. (1993). *Selection and justification of advanced manufacturing technologies*, in Sen, A., Winsor, J. and Gay, R., (Eds), Proceedings of the 2nd International Conference on Computer Integrated Manufacturing, World Scientific and Global Publications Services, Singapore, pp. 136-43.
- [24] Hodder, J.E. and Riggs, H.E. (1985). *Pitfalls in evaluating risky projects*, Harvard Business Review, Vol. 63 No. 1, pp. 128-35.
- [25] Huang, P.Y. and Sakurai, M. (1990). *Factory automation: the Japanese experience*, IEEE Transactions on Engineering Management, Vol. 37 No. 2, pp. 102-8.
- [26] Hulya Julie Yazici. (2005). *Influence of flexibilities on manufacturing cells for faster delivery using simulation*, Journal of Manufacturing Technology Management, Vol. 16 No. 8, pp. 825-841.
- [27] Kakati, M. and Dhar, U.R. (1991). *Investment justification in flexible manufacturing systems*, Engineering Costs and Production Economics, Vol. 21, pp. 203-9.
- [28] Kaplan, R.S. (1986). *Must CIM be justified by faith alone?*, Harvard Business Review, Vol. 64 No. 2, pp. 87-95.
- [29] Karsak, E. and Tolga, E. (2001). *Fuzzy Multi-Criteria Decision-Making Procedure for Evaluating Advanced Manufacturing System Investments*, International Journal of Production Economics, Vol. 69, pp. 49-64.
- [30] Lefley, F., Wharton, F., Hajek, L., Hynek, J. and Janacek, V. (2004). *Manufacturing investments in the Czech Republic: an international comparison*, International Journal of Production Economics, Vol. 88, pp. 1-14.
- [31] Luong, L.H.S. (1999). *Decision support systems for the selection of computer integrated manufacturing technologies*, Robotics & Computer-Integrated Manufacturing, Vol. 14 No. 4, pp. 45-53.
- [32] Macarena Sacristán Díez, María José Álvarez Gil and José A. Domínguez Machuca. (2005). *Performance measurement systems, competitive priorities, and advanced manufacturing technology: Some evidence from the aeronautical sector*, International Journal of Operations & Production Management, Vol. 25 No. 8, pp. 781-799.
- [33] Meredith, J.R. and Suresh, N.C. (1986). *Justification Techniques for Advanced Manufacturing Technologies*, International Journal of Production Research, Vol. 24, No. 5, pp. 1043-1057.
- [34] Michael H. Small. (2006). *Justifying investment in advanced manufacturing technology: a portfolio analysis*, Industrial Management & Data Systems, Vol. 106 No. 4, pp. 485-508.
- [35] Mohanty, R.P. (1993). *Analysis of justification problems in CIMS: review and projections*, International Journal of Production Planning and Control, Vol. 4 No. 3, pp. 260-71.
- [36] Mohanty, R.P. (1992). *Project selection by a multiple-criteria decision-making method: an example from a developing country*, International Journal of Project Management, Vol. 10, No. 1, pp. 31-8.
- [37] Mohanty, R.P. and Deshmukh, S.G. (1999). *Evaluating manufacturing strategy for a learning organization: a case*, International Journal of Operations & Production Management, Vol. 19 No. 3, pp. 308-327.
- [38] Oliver Houseman, Ashutosh Tiwari and Rajkumar Roy. (2004). *A methodology for the selection of new technologies in the aviation industry*, Cranfield University.
- [39] Orlando Durañ and José Aguilo. (2008). *Computer-aided machine-tool selection based on a Fuzzy-AHP approach*, Expert Systems with Applications 34, pp. 1787-1794.
- [40] Park, C. and Son, Y. (1988). *An economic evaluation model for advanced manufacturing systems*, The Engineering Economist, Vol. 34 No. 1, pp. 1-26.
- [41] Primrose, P.L. (1991). *Investment in Manufacturing Technology*, Chapman & Hall, London.
- [42] Proctor, M.D. and Canada, J.R. (1992). *Past and Present Methods of Manufacturing Investment Evaluation: A Review of the Empirical and Theoretical Literature*, The Engineering Economist, Vol. 38, No. 1, pp. 45-59.
- [43] Raafat, F. (2002). *A comprehensive bibliography on justification of advanced manufacturing systems*, International Journal of Production Economics, Vol. 79, pp. 197-208.
- [44] Richard Bolden, Patrick Waterson, Peter Warr, Chris Clegg and Toby Wall. (1997). *A new taxonomy of modern manufacturing practices*, International Journal of Operations & Production Management, Vol. 17 No. 11, pp. 1112-1130.

- [45] Rosnah, M.Y., Megat Ahmad, M.M.H. and Osman, M. R. (2004). *Barriers to advanced manufacturing technologies implementation in the small and medium scales industries of a developing country*, International Journal of Engineering and Technology, Vol. 1, No. 1, pp. 39 – 46.
- [46] Rosnah Mohd. Yusuff, Lo Woon Chek and M. S. J. Hashmi. (2005). *Advanced Manufacturing Technologies in SMEs*, CACCI Journal, Vol. 1.
- [47] Roth, A.V., Gaimon, C. and Krajewski, L. (1991). *Optimal acquisition of FMS technology subject to technological progress*, Decision Sciences, Vol. 22 No. 2, pp. 308-34.
- [48] Saaty, T. (1980). *The Analytical Hierarchy Process*. N.Y. McGraw-Hill.
- [49] Saaty, T. (1990). *How to make a decision- The analytic hierarchy process*. European Journal of Operational Research 48: 9-26.
- [50] Salaheldin Ismail Salaheldin. (2007). *The impact of organizational characteristics on AMT adoption: A study of Egyptian manufacturers*, Journal of Manufacturing Technology Management, Vol. 18 No. 4, pp. 443-460.
- [51] Sambasivarao, K.V. and Deshmukh, S.G. (1995). *Selection and implementation of advanced manufacturing technologies Classification and literature review of issues*, International Journal of Operations & Production Management, Vol. 15 No. 10, pp. 43-62.
- [52] Sambasivarao, K.V. and Deshmukh, S.G. (1994). *Strategic framework for implementing the flexible manufacturing systems in India*, International Journal of Operations & Production Management, Vol. 14 No. 4, pp. 52-65.
- [53] Shang, J. and Sueyoshi, T. (1995). *A Unified Framework for the Selection of a Flexible Manufacturing System*, European Journal of Operational Research, Vol. 85, No. 2, pp. 297-316.
- [54] Slagmulder, R. and Bruggeman, W. (1992). *Investment justification of flexible manufacturing technologies: inferences from field research*, International Journal of Operations & Production Management, Vol. 12 Nos 7/8, pp. 168-86.
- [55] Small, M.H. and Chen, I.J. (1997). *Economic and Strategic Justification of AMT - Inferences From Industrial Practices*, International Journal of Production Economics, Vol. 49, No. 1, pp. 65-76.
- [56] Soni, R.G., Parsaei, H.R. and Liles, D.H. (1990). *A methodology for evaluating computer integrated manufacturing technologies*, Computers & Industrial Engineering, Vol. 19 Nos 1/4, pp. 210-4.
- [57] Suresh, N. and Meredith, J. (1985). *Justifying multimachine systems: an integrated strategic approach*, Journal of Manufacturing Systems, Vol. 4 No. 2, pp. 117-34.
- [58] Swamidass, P.M. and Waller, M.A. (1991). *A classification of approaches to planning and justifying new manufacturing technologies*, Journal of Manufacturing Systems, Vol. 9 No. 3, pp. 181-93.
- [59] Swann, K. and O'Keefe, W.D. (1990). *Advanced manufacturing technology: investment decision process. Part I*, Management Decision, Vol. 28 No. 1, pp. 20-31.
- [60] Teng, Kevin Low Lock, Seetharaman and Arumugam. (2009). *Selection and Management of Cost Justification Techniques among Advanced Manufacturing Technology Companies in Malaysia*, International Journal of Management. FindArticles.com. 01 Jun.
- [61] Thomas J. Crowe and James S. Noble and Jeevan S. Machimada. (1998). *Multi-attribute analysis of ISO 9000 registration using AHP*, International Journal of Quality & Reliability Management, Vol. 15 No. 2, pp. 205-222.
- [62] Tilak Raj, Ravi Shankar, Mohammed Suhaib, Suresh Garg and Yashvir Singh. (2008). *An AHP approach for the selection of Advanced Manufacturing System: a case study*, International Journal of Manufacturing Research, Volume 3, Number 4, pp. 471 – 498
- [63] Troxler, J.W. and Blank, L. (1990). *Decision support system for value analysis of integrated manufacturing technology*, in Parsaei, H., Ward, T. and Karwowski, W. (Eds), Justification Methods for Integrated Manufacturing Systems, Elsevier, New York, NY, pp. 193-202.
- [64] Voss, C.A. (1986). *Managing advanced manufacturing technology*, International Journal of Operations & Production Management, Vol. 6 No. 5, pp. 4-7.
- [65] Vrakking, W.J. (1989). *Consultants' role in technological process innovation*, Journal of Management Consulting, Vol. 5 No. 3, pp. 17-24.
- [66] Wabalickis, R.N. (1988). *Justification of FMS with analytic hierarchy process*, Journal of Manufacturing Systems, Vol. 7 No. 3, 1988, pp. 175-182.
- [67] Weatherall, A. (1988). *Computer Integrated Manufacturing*, Affiliated East-West Press Pvt., New Delhi.
- [68] Young, A.R. and Murray, J. (1986). *Performance evaluation of FMS*, International Journal of Operations & Production Management, Vol. 6 No. 5, pp. 57-62.

Zahra Banakar is master student of Industrial and Manufacturing Faculty of Engineering at the University of Malaya (UM).

Farzad Tahriri is currently a PhD candidate in Industrial and System Engineering, and research assistance with the Center for Product Design and Manufacturing (CPDM) in Industrial and Manufacturing, Faculty of Engineering at the University of Malaya (UM). He graduated with Master Degree in Industrial and System Engineering in 2008 at University Putra Malaysia (UPM). His research interests include: Advanced Manufacturing Engineering (AMT), Robot optimization and Simulation, Virtual Reality, Decision Making and Optimization Model.