



**THE IMPACT OF WORKFORCE SPECIALIZATION ON
ENTERPRISE UPGRADING AND TRANSFORMATION: A CASE
STUDY OF SHANDONG NYZB COMPANY**

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**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
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This Independent Study has been Approved as a Partial Fulfillment of the Requirements for
the degree of Master of Business Administration (International Program)

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ABSTRACT

Title: The Impact of Workforce Specialization on Enterprise Upgrading and Transformation: A Case Study of Shandong NYZB Company
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The purpose of this paper is to explore the definition of workforce specialization in enterprise upgrading and transformation, the way it is implemented, and its impact on organizational structure and business processes. The three research objectives were; 1) To explore the definition and implementation of workforce specialization in enterprise upgrading and transformation; 2) To analyze the impact of workforce specialization on organizational structure and business processes; 3) To analyze the impact of increased workforce specialization on competitive advantage.

This paper adopted the documentary research method and the SWOT analysis and selected Shandong NYZB Company as the study subject. The company's experience and practices in workforce specialization were comprehensively analyzed. Through detailed analysis of the company's practical experience, the key role of workforce specialization in improving enterprise competitiveness was revealed.

The study found that: 1) Workforce specialization not only includes skill training, but also reflects the deep splitting of employees' duties and fine delineation of professional fields; 2) Optimization of business processes improves work efficiency and execution through the introduction of professional teams. The SWOT analysis reveals the company's strengths and weaknesses, as well as external opportunities and threats in the market environment, which provides practical guidance for the company

to formulate its strategies; 3) The company's technological advancement and staff specialization become internal strengths that enable it to better meet customer needs and improve the quality of its products and services in the market. Through the collaboration of specialized teams, the company can adjust its strategies more flexibly and respond to changes in the market more quickly, ensuring that the company stands out from the fierce competition in the market.

Keywords: Chinese business practices, organizational decline, labor specialization



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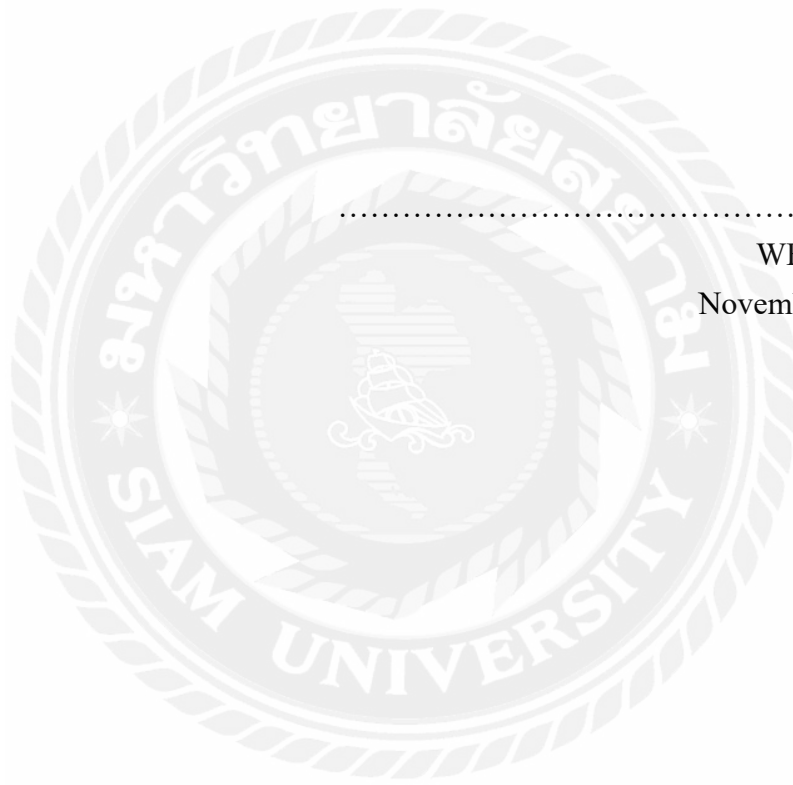
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ZHANG PENG
November 29, 2023



DECLARATION

I, WEI YAPING, hereby certify that the work embodied in this independent study entitled “*The Impact of Workforce Specialization on Enterprise Upgrading and Transformation: A Case Study of Shandong NYZB Company*” is the result of original research and has not been submitted for a higher degree to any other university or institution.



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November 28,2023

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CHAPTER 1 INTRODUCTION

1.1 Research Background

With economic uncertainty and a slowdown in the Chinese economy, business activities in Asia have fallen dramatically with many organizations struggling to cope. Turnaround activity is expected to increase across the region. In global business today, it is crucial to develop strategic skill sets to do business across societies. Evidence gathered shows that the utility of the predominantly Western model of firm turnaround has limits in Asia. A knowledge gap exists in the turnaround literature (Boyacigiller & Adler, 1991; Bruton, Ahlstrom, & Wan, 2003). The author believes that this empirical study of turnaround strategy with specific reference to organizations in ASEAN is an important field for research in Asia.

SMEs have been in the spotlight in Asia with the dramatic changes in East Asia's trade structures associated with a massive intra-industry division of labor (Lim & Kumura, 2010; Wignaraja, 2012). SMEs account for the vast majority of establishments and are seen as having significant potential to contribute to regional development through participation in global value chains. However, most current turnaround strategies are developed from studies on large multinational organizations. SMEs encounter significantly different business landscapes and challenges relative to large organizations.

With the rapid development of the global economy and the intensification of market competition, organizations continue to face an increasingly complex and rapidly changing business environment (Chen & Li, 2022). In order to remain competitive in this transforming environment, firms must continually upgrade and adapt their business models, technology levels, and organizational structures. In this context, workforce specialization has gradually become one of the most important factors for the successful transformation of enterprises.

Taking Shandong NYZB as an example, the company, as a representative enterprise, is facing tremendous pressure due to technological advancement, market

changes and industry competition. In order to cope with these challenges, the company chose to undergo a comprehensive enterprise upgrading and transformation. Upgrading involves not only the renewal of technology and equipment, but also the restructuring of the organizational structure, the optimization of business processes, and the upgrading of employee training. In this transformation process, the specialization of the workforce played an important role and became one of the key drivers of the successful transformation of the firm.

As Smith et al. (2019) point out, firms should pay attention to the specialization of their employees during the upgrading process in order to adapt to the application of new technologies. Jones' (2020) study highlights the positive impact of workforce specialization on firms' innovation and competitiveness, underscoring its importance in the transformation. In addition, Brown's (2021) study found that firms can better adapt to changes in the marketplace and enhance their ability to cope with uncertainty by increasing employee specialization.

However, although there have been a number of studies focusing on the role of workforce specialization in firm transformation, in-depth case studies on specific firms are still relatively limited. Therefore, this study aims to provide more detailed empirical and theoretical support for enterprises and academics through an in-depth study of Shandong NYZB Company to gain a deep understanding of the specific application and impact of workforce specialization in actual transformation.

1.2 Research Questions

1. What is the definition and implementation of workforce specialization in enterprise upgrading and transformation?
2. What does workforce specialization affect organizational structure and business processes?
3. What does increasing workforce specialization differentiate the company from the competition?

1.3 Research Objectives

The objectives of this paper are to explore, through an in-depth study of Shandong NYZB Company, the enterprise's understanding of workforce specialization and how it is implemented in practice, in order to reveal its core significance in the transformation process, of understanding how workforce specialization gives rise to adjustments in the company's organizational structure and business processes, and how it balances the employees' professional needs with overall organizational coordination in the process, and to study whether increased levels of workforce specialization have a positive impact on the company's performance in the competitive arena, with a special focus on its effects on productivity, innovativeness, and responsiveness to changes in the marketplace, and to reveal its critical role in the successful transformation of the enterprise.

The main three objectives are as follows:

1. To explore the definition and implementation of workforce specialization in enterprise upgrading and transformation.
2. To analyze the impact of workforce specialization on organizational structure and business processes.
3. To analyze the impact of increased workforce specialization on competitive advantage.

1.4 Research Scope

The study focuses on the recent upgrading and transformation process of Shandong NYZB Company, the exact timeframe of which will be determined on a case-by-case basis to ensure a comprehensive understanding of the company's latest situation. The study focuses on the specific industry in which the company operates in order to gain insights into the characteristics and challenges of the industry, which serve as the key context for the study. The study focuses on the group of employees involved in the critical tasks of upgrading and transformation, looking at different levels and areas of the workforce in order to gain a comprehensive understanding of the implementation of workforce specialization. The study also investigates and analyzes the key factors

that drive change in companies, such as technological advances, market changes, and competitive pressures. Ultimately, the core focus of the study is on assessing the impact of increased workforce specialization on company performance, including but not limited to performance in terms of productivity, innovation, market competitiveness, and so on. Through this comprehensive scope of the study, we aim to gain insights into the practical application of workforce specialization in upgrading and restructuring of enterprises, and provide useful experiences and insights for other enterprises.

1.5 Research Significance

The significance of this study lies in providing practical guidance, theoretical contributions and an integrated perspective for strategic decision-making. By thoroughly examining the upgrading and transformation experience of Shandong NYZB company, the research findings will provide practical guidance for other firms to cope with the challenges of a rapidly changing business environment, and the lessons learned, especially in the area of workforce specialization, will serve as a valuable strategic resource. In addition, the research contributes to the theoretical community's in-depth understanding of the relationship between corporate upgrading and workforce specialization, provides empirical support for related theories, and promotes the continuous improvement of the theoretical framework of organizational change and workforce development in academia. Evaluating the impact of increased workforce specialization on a firm's competitive advantage will provide decision support to business leaders, enabling them to develop more targeted strategies to improve their position in a competitive market. Ultimately, the research results contribute to experience sharing among firms, which promotes firms in the industry to face challenges and share successes together, and promotes the sustainable development of the industry as a whole. Through this comprehensive contribution, this study aims to provide practical guidance for enterprises, empirical support for academia, and promote common progress in the fields of organizational change and workforce specialization.

1.6 Research Limitations

Although this study seeks to gain insights into the application of workforce specialization in upgrading and transformation in Shandong NYZB Company, there are still some limitations of the study. First, by focusing on a single case, namely Shandong NYZB Company, the generalizability of the study's findings is somewhat limited and difficult to generalize to other industries or organizations. Second, the availability of data may be limited, and certain sensitive information or internal company data may not be available, which may affect the overall understanding of the actual impact of workforce specialization. The time constraints of the study may also have resulted in a failure to capture all stages of the firm's transformation process, thus affecting the comprehensiveness of the study. The case study design employed made it impossible to establish causality and although it revealed relevant factors, it could not prove that workforce specialization directly led to the success of the transformation. In addition, as information provided by company insiders may be influenced by self-representation bias, the results of the study may tend to present a picture of the company's successes while ignoring aspects of difficulties or failures. The study does not fully consider the impact of external factors (e.g., macroeconomic changes, regulatory changes, or global market movements) on firm transformation, nor does it adequately cover the impact of socio-cultural factors on firm transformation and workforce specialization. Finally, as the study is based on past data, there is some uncertainty in the prediction of future firm development. These limitations need to be carefully considered when interpreting and applying the results of the study to ensure a more comprehensive and accurate understanding of the relationship between firm transformation and workforce specialization.

CHAPTER 2 LITERATURE REVIEW

2.1 An Overview of Organizational Decline

The empirical understanding of turnaround and organizational decline are deemed inadequate by many (Trahms et al., 2013). No consensus is found in the literature as to what organizational decline, what the main drivers are or its ramifications (Cameron, Sutton, & Whetten, 1988; Weitzel & Jonsson, 1989; D'Aveni, 1989; Zammuto & Cameron, 1985). However, there is agreement that the process begins with a failure to anticipate, recognize, avoid, neutralize and adapt to external or internal pressures resulting in loss of organizational control that threaten the long-term survival of the organization. In some cases, the final stage is organizational demise. In some, substantial organization and business changes towards a turnaround is carried out until a new balance and repositioning in the environment is achieved (Cameron & Whetten, 1983; Hambrick & Schechter, 1983; Whetten, 1987; Pearce & Robbins, 1993).

Compounding the difficulty of the analysis, there is also disagreement on when an organization is terminated. It could be the organization's mortality, exit or eath (Swaminathan, 1996), organizational collapse (Argenti, 1976), bankruptcy (Laitinen, 1993) or decline (Chowdhury & Lang, 1993). Lacking a common definition of failure and termination makes it difficult to start to classify and find causal relationships between actions and performance. For the purpose of this paper, the definition of the termination of an organization is not relevant, as the author is investigating what organizations do in turnaround situations. Cameron, Kim and Whetten's (1987) definition of organization decline as a condition in which a substantial, absolute decrease in an organization's resource based occurs over a specified period of time" is followed. The author distinguishes organizational decline as an involuntary, unintended resource decrease that affects an organization from organizational downsizing which is an intentional workforce reduction engineered by managers (Freeman & Cameron, 1993). Organizational decline is more prevalent today and failing organizations negatively affect lives. Bambra et al. (2007) found restructuring having adverse effect on the physiological and psychological health of employees. Dougherty

and Bowman (1995) noted there are hidden costs of organizational problems such as disruption to local communities. Studies of organizational turnaround and recovery have appeared on the research agenda since late 1970s, focusing mainly on management strategies (Bibeault, 1982; Hofer, 1980; Pearce & Robbins, 1993; Stopford & Baden-Fuller, 1990) and more recently on leadership characteristics and cultural impact (Carmeli & Sheaffer, 2009; Bruton et al., 2003). However, as noted by Trahms et al. (2013), research on organizational decline and turnaround remains empirically and theoretically fragmented.

2.2 Labor Specialization and Turnaround Management

Adam Smith (1776) posits that the greatest improvements in the productive power of labor lie in the division of labor. According to Smith, the division of labor creates specialized knowledge of a particular task, which makes laborers engaged in the task more dexterously and therefore more productive. Division of labor also maximizes labor time by focusing on isolated tasks which leads to innovation in the methods and tools employed in the task. Smith's concept of economic growth, rooted in the increasing division of labor, allowed Victorian factories to grow throughout the nineteenth century. The development of reaping the benefits from the specialization of labor was facilitated through the rise of Taylorian organizations. Since then, the generally accepted theory of competitive advantage was to create and deploy a more intensive and dense division of labor.

Then, in the 1990s, with team organization, production flexibility, decentralization of decision-making, greater emphasis on customer responsiveness, and changing nature of work, many researchers began to question the need for labor specialization with the growing versatility of workers and the increasing complementarities among tasks (Migrom & Roberts, 1990; Homstrom & Migrom, 1991; Hammer & Champy, 1993; Wikstrom & Norman, 1994). However in the new knowledge era of recent years, with the rise of knowledge work and communications technology in recent years, Malone, Laubacher, and Johns (2011) envision in the new knowledge era, the potential quality,

speed and cost advantages of ‘hyper- specialization’ would guarantee the model of labor specialization to become more widespread. Bylund (2011; 2013; 2014) further suggests that an organization is an artificially dense collection of specialized assets in different density and configuration from its competition.

Turnaround managers are often hired to stem the organizations’ decline (Apri, 1999; Slatter, Lovett, & Barlow, 2006; Zimmerman, 2002). In turnaround situations, managers are expected to create a novel division of labor, enabled by specialized assets and engage in resource orchestration that is to effectively structure, bundle and leverage firm resources to save the organization from permanent decline (Sirmon, Hitt, Ireland, & Gilbert, 2011). Bylund (2011) argues that organizations exist to implement the imagined future of the manager. The manager has a vision of a novel division of labor and machines that is more efficient than the competition.

The experimentation to create the knowledge to reconfigure the organization-specific assets, which are inherently unique, unpriced and mutually specialized (Bylund, 2014). Bylund (2013) posits that by creating deeper specialization, and in a different density and configuration than the organizations’ competition, turnaround managers would be able to save their organizations from decline. In more simplistic terms, turnaround managers are to change the division of labor and specialization to synchronize with the organization’s movement. The benefits of reconfiguration and synchronization have been confirmed empirically. Kim and Mahoney (2008) have tested changes in specialized assets and how they benefited performance. Morrow, Sirmon, Hitt, and Holcomb, (2007) have found that turnarounds see the best results when they reconfigure valuable and rare organizational resources. On the other hand, managers often face scarce and dwindling organizational and environmental resources amidst increased stakeholder conflicts during turnaround situations. Managers of declining organizations also have limited time and information when analysing and effecting change (Ndofor, Vanevenhoven, & Barker, 2013). Managerial decisions in difficult times have accounted for the majority of variance in organization performance (Adner & Helfat, 2003).

2.3 Turnaround Strategies: Reduction, Reconfiguration and

Innovation

There are many studies on the strategic management of organizational turnarounds (Schendel, Patton, & Riggs, 1976; Hofer, 1980; Hambrick & Schechter, 1983; O'Neill, 1986; Pearce & Robbins, 1993; Bibeault, 1982). The main issue behind these various research is why asset and labor reduction are normally the main steps in the turnaround process. Pearce and Robbins (1993) postulate that organization resource slack is needed and cost reduction preserves what remains. Reduction brings flexibility to the organization when resources are converted to cash. The researchers' unique contribution to literature is an acknowledgment of the complexity of organizational decline and the development of an analytical method for classifying the cause of decline, severity, and strategies that are congruent.

Barker and Mone (1994) challenge the postulate of Pearce and Robbins (1993) and argue that reducing assets or costs in an absolute sense does not always mean that efficiencies are gained or that a stabilized core of operations is achieved. They further argue that how organizations retrench is also important. The process of implementation may be as important as the choice of strategy. In addition, they note that what is retrenched is also important, e.g. it may be foolish to sell off an organization's most productive assets. Barker and Mone (1994) strongly suggest that strategies that require retrenchment may be misleading, as the gains from reduction may not necessarily outweigh the costs of that reduction. Academic debates between the researchers revealed that a fundamental assessment has been challenged. Perhaps asset reduction is not always the answer, and sometimes reconfiguration is more effective.

Trahms et al. (2013) have more recently written a comprehensive review of the empirical literature of organizational decline and turnarounds. In their review, they have classified four main areas of ongoing research: the cause of the decline, response factors, organization's actions and outcomes. Alexander, Fennell, & Halpern, (1993) examined the effects of leadership instability in the health care sector and their findings indicated declining organizations experienced more instability in the CEO

position over time than stable organizations. Carmeli and Sheaffer (2009) found that leadership risk-aversion and self-centeredness are significantly related to organizational decline and intensified organizational downsizing.

Hoffi-Hofstetter and Manheim (1999)'s study of 252 managers in Israeli enterprises proposes that individual coping resources and organizational patterns explain the responses of mid-level managers to organizational recovery to decline. There is a body of literature suggesting that organizational decline has an inhibiting effect on adaptation. One of the influential contribution to this school of thoughts is Staw, Sandelands, and Dutton's (1981) 'threat-rigidity' model. The researchers argued that threat leads organizations to restrict information processing, centralized control and conserve resources. These responses increase rigidity and reduce organization's capacity to adapt to environmental change. Other theoretical and empirical work in the organizational decline and resource scarcity literatures is consistent with the effects predicted by Staw (1981) (Cameron et al., 1987; D' Aunno & Sutton, 1992; D' Aveni, 1989). As compelling as the argument put forward for organizational decline as an inhibitor of adaptation, there is also a body or research which suggests organizational decline may function as a stimulus for adaptation. Miles and Cameron (1982) described a number of strategic adaptations that firms made to meet declining demand and external threat in the tobacco industry.

Mckinsey (1984) showed that sales declines were correlated with adaptation behaviours. Cummings, Blumenthal, and Greiner (1984) explore the case for trans-organizational systems where organizations with disparate goals combine resources to manage organizational decline. More recently, Latham and Braun (2014) considered four scenarios that can unfold when organizations either innovate or respond rigidly to organizational decline. They introduced the concept of flexible versus inflexible innovation which influences the success probability of an innovative response to decline.

It is interesting to note that Trahms et al. (2013) have often cited well regarded research studies with conflicting empirical results. For example, they have cited Ndofor et al. (2013) found a strong effect of CEO succession on turnaround performance for

declining organizations in a growth industry. In contrast, Winn (1997) found organizations that have successfully turned around from asset productivity decline did not replace their top management, whereas organizations that failed to turn around from asset productivity decline did replace management 21.5% of the time.

Trahms et al. (2013) noted several times in their paper that there is little empirical evidence in the field of asset orchestration in turnarounds. More importantly, the review highlights the fact that most of the decline and turnaround research studies have been phenomenon based, with less theoretical development within and integration across the components of the decline and turnaround process.

2.4 Organizational Decline in SMEs

SMEs benefit society in many ways. SMEs harbor vast innovation potential, create the

majority of jobs in many nations and are a cause of wage growth (Hoffman, Parejo, Bessant, & Perren, 1998; Malchow-Møller, Schjerning, & Sørensen, 2011; Storey, 1994). Intuitively, the fact that little is known about their decline and turnarounds is a major concern for economic development efforts. Watson (2003) reported that only 50% of small businesses are still trading after the first three years. More recent US data, researched by Statistics Brain Research Institute, recorded that 44% of start-up businesses failed by the third year. Increasing their survival rate by a better understanding of turnarounds in their context will bring enormous benefits to the society at large.

There is a lack of agreement on what causes organizational decline in SMEs. The lack of consensus indicates a lack of theoretical understanding and empirical evidence when it comes to reviving poor performance. There is no conclusive theory that explains the high failure rate of small organizations or how to turn them around. Empirical research has found that the mortality rates of organizations decline increases with size (Hannan & Freeman, 1989; Sutton, 1997). Ropega (2011) argues that small businesses simply do not have the support of resources that larger

organizations typically possess. These organizations also have difficulty sourcing financial support from banking institutions.

Bradley, Aldrich, Shepherd, and Wiklund (2011) found that credit, equity and organizational slack are integral to turnaround success. However, it is not clear why slack assists survival, as organizations with more cash to burn just take longer to terminate. Moreover, if it is the case that large organizations have advantages, why are there small organizations at all? Since the literature cannot fully explain the dynamics of small organizations and their success rate, the author of this paper may infer that the theory of the organization and competitive advantage are incomplete. The confounding nature of SME decline and turnarounds has led researchers to look for setup and operational differences in SMEs in regards to their turnarounds and decline.

Organizational characteristics are found to be important for SMEs in turnaround situations. For example, organization size has been found to influence risk taking during organizational decline, with smaller organizations reducing risk and larger organizations increasing risk (Audia & Greve, 2006). The composition of the board of directors has also been found to be important to the success of the turnaround process.

Daily and Dalton (1993; 1994; 1995) found that boards of successfully reorganized organizations were composed of approximately 65% outside directors, while organizations that ended in failure had boards composed mostly of insiders. There is, however, no research findings on causal reasons. Small organizations are often run by owners or family members, they do not normally have outside directors and, hence, may be impacted by the board contingency. There is a lack of understanding of what organization action and contingencies affect turnaround success (Greve, 2011; Trahms et al., 2013). For example, large organizations seem to suffer from their own inertia, which limits the scope of their response, and a misalignment between capabilities and market needs (Cyert & March, 1963; Teece, 2007).

In addition, blundered management may lead to organizational decline in both small and large organizations. For instance, inaction or actions that use resources ineffectively (Schendel et al., 1976), reducing research & development investments indiscriminately (Johnson, 1996) or targeting acquisitions that lack complementarities

(Hitt, Harrison, & Ireland, 2001), can all lead to decline. However, such research studies specifically on SMEs are not found.



CHAPTER 3 RESEARCH METHOD

3.1 Introduction

This paper adopted the documentary research method. According to the current "five development concepts" and the realistic difficulties faced by the development of manufacturing enterprises in the post-epidemic era, this study first puts forward the main problems and main objectives of our research. Secondly, through literature retrieval, literature related to enterprise transformation, enterprise upgrading and enterprise transformation and upgrading is reviewed, and relevant theories are briefly reviewed. On this basis, the challenges and opportunities of transformation and upgrading faced by small and medium-sized enterprises are analyzed, and the problems existing in the current process of transformation and upgrading and the reasons are analyzed, and the countermeasures and suggestions for the company's transformation and upgrading are put forward according to the existing theories. At the same time, on the basis of sorting out and analyzing existing relevant researches, this paper summarizes and analyzes domestic and foreign researches on the motivation, risk, path and effect of transformation and upgrading, and points out the progress and shortcomings of existing researches. With the help of the Library of Siam University, CNKI and Web of Science have read, sorted out and analyzed the classic domestic and foreign articles on enterprise transformation and upgrading in the past five years, especially the literatures on the motivation, risk, path and effect of enterprise transformation and upgrading. This paper analyzes the progress and shortcomings of existing research, and lays a literature foundation for the development of this study.

3.2 Case study method

Case analysis is a method commonly used in qualitative research. It is a scientific analysis method that obtains a general understanding through careful analysis of representative things. This study took NYZB Company as the case study, analyzed the current situation and existing problems of NYZB's transformation and upgrading carefully, in order to obtain a comprehensive understanding of NYZB's transformation

and upgrading, and lay the foundation for the optimization and improvement of its transformation and upgrading path.

3.2.1 Case study of Shandong NYZB Company's historical development

Shandong NYZB Company is the world's top 500 Shandong Energy Group of secondary units, its business projects include mining, digging, transportation, washing equipment, mining machinery and equipment, wind turbines, transformers, instrumentation manufacturing and sales; Non-standard equipment processing and manufacturing and sales; Steel production and processing and sales; Lifting machinery equipment sales; Equipment leasing; Heat treatment of metal materials; Repair and installation of mechanical and electrical equipment; Environmental engineering facilities; Scrap metal recovery, sales.

In August 2016, Shandong NYZB Company completed the integration of coal machinery sector within the mountain can group restructuring, at present, the enterprise is located in taian, zaozhuang, laiwu, yanzhou and other regions, and in Inner Mongolia, xinjiang has built large-scale equipment manufacturing and remanufacturing base, respectively, in Beijing to establish a national engineering research center of mechanical products remanufacturing and international mining equipment research institute, At present, the industrial pattern of "manufacturing, remanufacturing and modern service industry" has been formed. Among them, the remanufacturing project has 10 sets of 10KW CARBON dioxide laser processing systems, 22 sets of 3KW semiconductor lasers and 7 sets of supporting processing systems. The annual laser cladding area reaches 6,800 square meters, the amount of powder used is about 80 tons, the comprehensive output value is 198 million yuan, and the annual processing of various used parts exceeds 10,000 tons. Mining face complete set of equipment production with precision casting, forging, riveting, welding, mechanical processing, heat treatment, assembly and other a complete set of production process, has formed "four machines one" (fully mechanized mining hydraulic support, shearer, scraper conveyor, belt conveyor and roadheader) complete set of equipment effectively closed.

At present, it has established a perfect technology research and development system, including postdoctoral workstation, independent research and development center, 4 management rooms, 10 technology development research rooms, 3 professor-level researchers and 836 senior and intermediate engineering management and technical personnel.

The process of mechanical equipment remanufacturing is to disassemble raw materials and waste mine reducer and fast-proof motor, cleaning, detection, remanufacturing processing of remanufactured parts, remanufacturing processing, inspection, (directly used parts + remanufactured parts + new parts) assembly test, anti-corrosion, packaging.

After the old parts are recovered, they are completely disassembled and cleaned. After screening, some can be restored after treatment, such as: journal wear, box, etc., and some do not need to be repaired, such as screws, it can be reused after cleaning. Key technologies in the business include nano brush plating technology to repair box bearing hole wear, journal wear, keyway key-side wear, surface scratches, corrosion pits, etc. High-speed arc spraying technology to repair wear parts, improve wear resistance, anti-corrosion, high temperature anti-corrosion, anti-skid; Laser cladding technology can form a surface coating with very low dilution and metallurgical combination with the base material after rapid solidification, thus significantly improving the wear resistance, corrosion resistance, heat resistance and oxidation resistance of the surface of the base material.

3.2.2 Case study of Shandong NYZB Company's transformation and upgrading

In recent years, with the continuous development of its main business, Shandong NYZB Company has seen significant growth in operating profits and increased its market share. However, it is undeniable that with the continuous implementation of the concept of green production, the Party and the government have increased environmental protection requirements for enterprises, which makes the production

cost of enterprises rise, and NYZB's competitive advantage has decreased. In general, the reasons for Shandong NYZB Company to promote enterprise transformation and upgrading mainly include the following aspects: First, most of the machinery manufacturing products mainly produced by the enterprise are medium and low grade products, and there is a lack of high-grade or brand advantage products. Specifically, The technical innovation ability of Shandong NYZB Company is insufficient to produce functional and technical products, and the existing product line is relatively backward. Second, the profit of Shandong NYZB Company mainly depends on the price advantage of land and raw materials supported by the government. Its development mode is still extensive, and it has not yet adopted the intensive growth mode relying on technology, capital and talent. As a result, the room for corporate profits to grow is limited. Third, the added value of the products manufactured by Shandong NYZB Company is relatively low, which is mainly due to its lack of independent research and development capability, and the lack of brand building and management, which makes it close to China there is still a big gap between famous manufacturing enterprises or international advanced large factories. At the same time, due to the backwardness of Shandong NYZB company in marketing means, its products are not well known outside Shandong Province, and it does not have a relative control in the whole industrial chain, so it can only be in the production link with low added value.

3.3 SWOT Analysis

This study uses the strengths, weaknesses, opportunities, and threats to analysis the market environment of the Shangdong NYZB Company

CHAPTER 4 FINDINGS

4.1 Definition and implementation of workforce specialization in enterprise upgrading and transformation of Shandong NYZB Company

1. Definition of workforce specialization:

Shandong NYZB defines workforce specialization as a comprehensive strategic choice in the process of enterprise upgrading and transformation, emphasizing not only skills training but also focusing on the deep splitting of employees' duties and the fine delineation of professional fields. Workforce specialization is not only about improving the skills of employees, but also about stimulating creativity, professionalism and a deep understanding of the company's mission. This definition highlights the fact that workforce specialization is not only a process of improving employees' technical skills, but also a strategic choice to deeply integrate into the corporate culture.

2. Implementation of workforce specialization:

In implementing workforce specialization, Shandong NYZB has taken a series of practical measures. First, the company has developed a customized training program to provide targeted training based on employees' individual needs and career development paths. This includes technical training, leadership training and other multi-level professional development programs aimed at comprehensively improving the professionalism of employees.

Second, the company has promoted organizational restructuring through the establishment of professional teams and the assignment of employees to more refined

areas of expertise. This change in organizational structure not only emphasizes cross-departmental collaboration and information sharing, but also improves the execution efficiency of business processes.

In addition, Shandong NYZB focuses on creating a positive working atmosphere and encourages employees to participate in the company's decision-making process, which encourages employees to have a deeper understanding of the company's mission and to give full play to their individual professionalism in the workplace.

In summary, Shandong NYZB has made workforce specialization a part of its organizational culture during its upgrading and transformation, and has improved the professionalism of its employees through personalized training and optimization of its organizational structure, enabling them to better adapt to the fast-changing business environment. This comprehensive and in-depth workforce specialization strategy provides a solid foundation for the company to remain competitive in a highly competitive market.

4.2 Impact of Workforce Specialization on Organizational Structure and Business Processes of Shandong NYZB Company

1. Adjustment of organizational structure:

Workforce specialization has driven a profound restructuring of the organizational structure in Shandong NYZB Company. The company has emphasized cross-departmental collaboration and information sharing by setting up specialized teams and assigning employees to more refined areas of expertise. This adjustment has made the organization more flexible and able to adapt to market changes more quickly. At the same time, the establishment of professional teams also promotes the exchange and sharing of knowledge, strengthens the synergy between different professional areas, and improves the overall innovation capability of the organization.

In addition, the company has emphasized cross-functional collaboration, breaking down traditional departmental barriers. Such an organizational restructuring allows for a freer flow of information, which improves the efficiency of synergy within the company. Employees are more likely to form cooperative relationships with each other, resulting in a more dynamic and interactive organization.

2. Optimization of business processes:

Workforce specialization has also had a significant impact in terms of business processes. By bringing in specialized teams, companies inject a higher level of professionalism into their business processes, improving efficiency and execution. Specialized teams are more focused on the core issues of the business area, resulting in more accurate and faster business decisions.

Optimization of business processes is not only about improvement at the execution level, but also includes innovation of the process itself. The involvement of professional teams in different business segments enables the company to adjust its strategy more flexibly and respond to market changes more quickly. This flexibility helps companies better adapt to the rapidly changing business environment and remain competitive.

Through these effects of workforce specialization on organizational structure and business processes, Shandong NYZB Company has achieved internal and external organizational synergy and improved responsiveness and flexibility. This gives the company a more competitive edge in a rapidly changing market and lays a solid foundation for sustainable development.

4.3 Impact of Increased Workforce Specialization on Competitive

Advantage of Shandong NYZB Company

Increased technological sophistication:

With the increase in workforce specialization, Shandong NYZB Company's employees will be more focused on their specialized skills and knowledge in their field. This will have a direct impact on the company's technological sophistication. In terms of technological updating and innovation, a highly specialized team is more likely to master new technologies in a short period of time and improve the quality and innovation level of products or services. This technological sophistication helps the company stand out in the market and provides strong support for competition.

Business process optimization and efficiency gains:

A highly specialized workforce is usually accompanied by more optimized business processes. The involvement of specialized teams leads to quicker and more precise business decisions, as well as increased efficiency. This optimization not only reduces costs, but also allows for greater flexibility in meeting market demands. The company's efficiency in business execution is expected to increase its chances of competing in the marketplace.

Improvement in customer satisfaction:

By increasing the specialization of its workforce, the Company is able to better meet the needs of its customers. The presence of specialized teams enables the Company to provide more specialized solutions with a deeper understanding of the industry characteristics and needs of its customers. This will have a direct impact on increasing customer satisfaction, earning the company customer loyalty and creating a competitive advantage.

Increased market adaptability:

A highly specialized workforce makes the company more market adaptable. The professionalism of the team members makes it easier for the company to adapt to market changes and adjust its strategies to meet new business trends. This flexibility makes the company more competitive in a changing market.

Brand reputation building:

Increased workforce specialization helps build a company's professional reputation in the industry. A highly specialized team usually generates a good reputation in the industry and establishes the company as an authority in the particular field. This will win customers' trust for the company and form a brand competitive advantage.

Increased specialization of Shandong NYZB's workforce is likely to result in a competitive advantage. Through the improvement of technological sophistication, optimization of business processes, customer satisfaction, market adaptability and brand reputation, the company is able to stand out and maintain its leading position in the fierce market competition.

4.4 SWOT Analysis

Strengths

Technological Advancement: The company invests in advanced technologies, including automated production lines and digital solutions, to improve production efficiency and product quality.

Dedicated team: The company has a highly specialized R&D and design team that not only drives product innovation but also responds quickly to market changes.

Strong Brand Reputation: The company has built a strong brand reputation in the industry by consistently delivering high quality products and excellent customer service.

Weaknesses

Dependence: The company is dependent on a few key customers, which makes it more vulnerable to fluctuations in orders from these customers and changes in the market.

Employee Training Needs: Rapid technological development may require employees to continuously learn new skills, and training costs and time may be a challenge.

Cost Management Challenges: Fluctuating prices of some raw materials and rising production costs are putting pressure on the company's margins.

Opportunities

New Market Entry: The company can look for growth opportunities by expanding internationally or entering emerging markets to reduce overdependence on specific markets.

Technology partnerships: Partnering with technology companies to drive innovation and explore new markets and product areas.

Green Trends: In response to environmental trends, companies can develop and launch greener products to meet the growing demand for sustainable markets.

Threats

Increased competition in the market: The increase of new entrants and existing competitors may lead to a reduction in market share and increased price competition.

Regulatory Changes: Changes in industry-related regulations may increase compliance costs and affect manufacturing processes and product design.

Supply Chain Risks: International trade tensions or global events may lead to disruptions in the supply chain, threatening the availability of raw materials and production processes.

CHAPTER 5 CONCLUSION AND RECOMMENDATION

5.1 Conclusion

Workforce specialization is a key strategic choice in enterprise upgrading and transformation. Through an in-depth study of the case of Shandong NYZB Company, we have gained a comprehensive understanding of the definition of workforce specialization, the way it is implemented, and its far-reaching impact on the organizational structure and business processes from a number of perspectives.

1. Definition and implementation of workforce specialization:

Shandong NYZB Company implemented a series of targeted measures in workforce specialization. Workforce specialization is not simply limited to skills training, but is also reflected in the in-depth splitting of employees' duties and the fine division of professional fields. The company has developed customized training programs to provide employees with personalized professional development paths, aiming not only to improve their skills but also to stimulate their creativity and passion for work.

2. Impact of workforce specialization on organizational structure and business processes:

Driven by workforce specialization, the Company has undergone a major restructuring of its organizational structure. Emphasizing cross-functional collaboration and information sharing, the Company has achieved a more flexible and efficient organizational structure. Business processes have been optimized and the introduction of professional teams has improved efficiency and execution. Through SWOT analysis, we identify the company's internal strengths and weaknesses, as well as external opportunities and threats, helping the company to better utilize its specialized strengths and cope with external challenges.

SWOT Analysis:

Strengths: The company is technologically advanced and has a team of professionals, which facilitates the implementation of workforce specialization.

Weaknesses: There may be challenges in terms of employee training needs and cost management.

Opportunities: Technical cooperation and new market entry are opportunities to increase workforce specialization.

Threats: Competitive markets and supply chain risks may have a negative impact on workforce specialization.

This SWOT analysis not only helps the company to recognize its position in the market environment, but also provides practical guidance for developing a response strategy. Based on its internal strengths, the company is able to effectively neutralize disadvantages and threats by seizing external opportunities.

3. Whether increased workforce specialization brings competitive advantage:

It is found that the enhancement of workforce specialization does bring significant competitive advantages to Shandong NYZB. The company's technological advancement and workforce specialization constitute an internal advantage that enables it to better meet customer needs and improve the quality of its products and services in the market. Meanwhile, through the collaboration of specialized teams, the company is able to adjust its strategies more flexibly and respond to market changes more quickly, ensuring that the company stands out in the fierce market competition.

This study found that workforce specialization is not only a trend but also a choice with strategic value in enterprise upgrading and transformation. Through an in-depth analysis of the case of Shandong NYZB, we provide practical and feasible strategic recommendations for business leaders. In a competitive business environment, workforce specialization not only improves the skill level of employees, but is also a key factor in driving organizational innovation and competitiveness. In addition, the introduction of SWOT analysis provides a more comprehensive perspective to help companies better formulate strategies to capitalize on strengths and avoid weaknesses and threats.

Workforce specialization in enterprise upgrading and transformation is not only a trend, but also a strategic choice, providing practical and feasible strategic suggestions for enterprises to remain competitive in a highly competitive business environment. Through an in-depth analysis of Shandong NYZB's experience, we find that workforce specialization has far-reaching significance in terms of its definition, the way it is implemented, and the impact it has on organizational structure and business processes.

Workforce specialization is not just about skills training, but also about the in-depth disaggregation of employee responsibilities and the fine-grained division of areas of specialization. By developing customized training programs and providing employees with personalized professional development paths, Shandong NYZB not only improved their skills, but also stimulated their creativity and enthusiasm for work. This finding emphasizes the key role of workforce specialization in shaping culture within firms.

Workforce specialization brings about a profound impact on organizational structure and business processes. Driven by workforce specialization, firms experienced organizational restructuring that emphasized cross-functional collaboration and information sharing. The optimization of business processes, on the other hand, improved efficiency and execution through the introduction of professional teams. The introduction of SWOT analysis revealed the company's strengths and weaknesses in the market environment, as well as external opportunities and threats. This provides practical guidance for the company to formulate its strategy and helps it to better utilize the advantages of specialization to cope with external challenges. Most importantly, the increase in workforce specialization does bring significant competitive advantages to Shandong NYZB. The company's technological sophistication and workforce specialization constitute an internal advantage that enables it to better meet customer needs and improve the quality of its products and services in the marketplace. Through the collaboration of specialized teams, the company is able to adjust its strategies more flexibly and respond to market changes more quickly, ensuring that it stands out in a highly competitive market.

This paper concludes that the importance of workforce specialization in enterprise upgrading and transformation cannot be ignored. Through in-depth research and case studies, we provide practical and feasible strategic recommendations for business leaders. In a competitive business environment, workforce specialization not only improves the skill level of employees, but is also a key factor in driving organizational innovation and competitiveness. By combining case studies and SWOT analyses, we not only confirm the importance of workforce specialization in theory, but also provide insights at the practical operational level, offering practical guidance for companies to stay competitive in a highly competitive market. In promoting workforce specialization, enterprises need to flexibly adjust their strategies according to their own situation and continuously adapt to changes in the market to achieve sustainable development and long-term competitiveness.

5.2 Recommendation

1. Strengthen workforce specialization training: The company can enhance employee specialization by providing more specialized training and skill development opportunities. This will help deepen employees' knowledge in their professional fields, thereby improving work efficiency and execution.

2. Optimize business processes: Further optimizing business processes and introducing specialized teams will help improve work efficiency and execution. The company can review current business processes, identify and eliminate bottlenecks and inefficient processes to ensure smooth operations.

3. Use SWOT analysis to guide strategic planning: The company should utilize the results of SWOT analysis to gain insights into its strengths, weaknesses, as well as opportunities and threats in the market environment. This will provide practical guidance for formulating future strategies.

4. Emphasize technological advancement and staff specialization: Continuing to advance technology and provide specialized training for employees is crucial. This will

enable the company to better meet customer needs, enhance the quality of its products and services, and maintain a competitive edge in the market.

5. Strengthen teamwork and flexibility: By enhancing collaboration among specialized teams, the company can adjust strategies more flexibly and respond more quickly to market changes. This will help ensure the company stands out amidst fierce market competition.

This study took Shandong NYZB Company as the research object, analyze the opportunities, existing problems, and causes of its transformation and upgrading, and puts forward countermeasures and suggestions for its transformation and upgrading. However, due to the limitation of the author's academic research level, there are still some deficiencies in this study. On the one hand, due to the availability of text data, this study only took Shandong NYZB Company as the subject of case study, and could not carry out a comparative analysis of multiple cases. On the other hand, enterprise transformation and upgrading is a process of long-term dynamic change. In this study, we regard the transformation and upgrading of Shandong NYZB Company as completed, which is a static state, and the whole process of transformation and upgrading cannot be described completely.

In view of the above limitations, for further research and in-depth analysis from the following aspects as far as possible in future research. First, multiple cases of state-owned enterprises are supplemented for comparison, so as to compare and analyze whether there are similarities or differences in the difficulties faced by state-owned enterprises of different industries and sizes in their transformation and upgrading, and whether they can learn from each other in their transformation and upgrading paths. Second, when conditions permit, specific questionnaires are designed to conduct a questionnaire survey on managers and employees of NYZB Company in Shandong, so as to obtain the cognition of internal managers and employees of the company on the transformation and upgrading of the company, and empirical quantitative research method is used to analyze the problems of the transformation and upgrading of NYZB Company. Third, the transformation and upgrading of the enterprise can be regarded as a long-term process of change. Multiple observation and interview methods can be used

to collect the transformation and upgrading materials of NYZB company at different stages, and these text materials can be used for detailed analysis. Based on the above analysis, these problems need to be further explored and improved in future studies.



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