The Transferability of the Japanese Kaizen Management Techniques: Lessons for Ethiopia

Asayehgn Desta, Ph.D.
Sarlo Distinguished Professor of Sustainable Economic Development
Dominican University of California & Associate Editor of the British Journal of Management and Economics

Introduction

Based on its competitive success in the 1990s, in its aid package to support growth for those countries late to industrialization, Japan has used its kaizen management system, (a continual process of improvement which is related to quality and productivity) to intensify the capacity development goals of Africa as monitored by the Japan International Cooperation Agency (JITC). Fully convinced that the Japanese kaizen management model would be an effective strategy for latecomers like Ethiopia to industrialization and realizing that the contribution of the manufacturing sector to GDP is only about 5 %, employees of thirty pilot companies from Ethiopia were sent to Japan, Egypt, and Tunisia to have practical training and learn from the experience of the Japanese, Egyptian, and Tunisian kaizen workers. The purpose of this paper is to review the literature and develop a conceptual framework for assessing the transferability of the Japanese “kaizen” management techniques to manufacturing plants in Ethiopia.

To understand the transferability of the kaizen strategies to Ethiopia, the second section summarizes studies related to the transferability of kaizen to overseas. The third section develops the conceptual framework needed to study the kaizen institutes in Ethiopia. Finally section four presents the conclusion of the study.

I. Literature Review

“Training will neither make a fish fly nor a bird swim; but training will certainly help a fish to swim faster and a bird fly higher” (Yong, AKB, 1996.)

As mentioned in Part I of the study, Japan being the flagship of economic growth has been offering assistance through private channels such as intra-company technology transfer and support for local suppliers, and through public channels such as official development assistance (ODA) to public organizations in the form of the kaizen business strategy to a number of countries of East Asia, South Asia, Latin America, Eastern Europe, and more recently to Africa. (See for example, Ohno et al., 1997). Since the Japanese kaizen calls for continuous improvement that involves everyone in the organization from top management to the workers on the shop floor, its operating system allows employee participation and the delegation of responsibility. As described by Ohno, et al (1997), “Kaizen focuses on the way people approach work. It shows how management and workers can change their mindset together to improve their productivity.” (See also, Imai, 1986). In addition, Lee et al (1987) argue that the Japanese management system is based on a philosophy and organizational culture that stresses: hard work
for common goals; consultative decision-making; a two-way communication system; long-term planning; sharing of overall objectives of the organization by the employees at all levels; establishing harmony and loyalty; and showing a high degree of concern for people and their values. (See also, Tasie, G. 2009). Given these characteristics, the question that needs to be addressed is: Is the kaizen organizational structure that is embedded in the Japanese culture transferrable to other nations with different organizational structures; i.e., can it produce in the host country’s manufacturing plants quality products that can compete in the global market?

Based on Recht’s (1998) theoretical contributions and experience, he has come to the conclusion that “kaizen-oriented suggestion systems are transferable to non-Japanese cultural environments.” But he asserts that to increase the chances of a successful transfer, six organization-culture conditions are necessary: a) a clear employee orientation, supported by a (contractually or verbally assured) non-lay-off policy; b) employees committed to the company’s long-term viability; c) a free flow of information, both along the vertical axis and between units of the same hierarchical level; d) empowered employees, i.e., employees that have the information and skills needed to make decisions on a wide range of issues concerning their own working environment; e) a so-called ‘pragmatic’ orientation; and finally f) employees who are both process- and results-oriented (Recht, 1998).

The first JICA project was extended to Singapore, from 1983 to 1990, for productivity management and it was very successful. Building on the success of this cooperative effort, the Singapore Productivity and Standard Board has subsequently grown to become a major organization with external training programs in other countries and regions, including the Southern African Development Community (SADC) under partnership arrangements with JICA (Hhno, Hhno, and Uesu, 2009, p.7).

Similarly, when we look at kaizen companies operating in transitional countries such as those in Eastern Europe, the kaizen organizational structure seems to be easily transferable because the employees of these organizations have a “hungry mentality” at work and “…are eager to learn advanced technologies and management systems imported from abroad in order to survive in the international competition. At the individual level, due to the lower standards of living, people are striving to earn better lives. Thus, people are motivated to work following the rules and standard operating procedures and also they tend to go above and beyond their job responsibility” (Yokozawa, Steenhuis and Bruijin, 2010). Also, it is persuasively argued by Yokozawa, Steenhuis and Bruijin that “…openness, creativeness, and the challenging mentality can positively influence the transfer of kaizen because people can easily accept the foreign idea and suggest for improvement using their creativity and challenging mentality” (2010). As a result, the kaizen mode of production has improved company productivity through “…Quality Improvement, Cost Reduction, shortened delivery, reduced lead time, inventory control improvement, safety improvement” (Dobi, 2006).

After studying Japanese management techniques and their transferability in India, Brazil, the Dominican Republic, Mexico and Zimbabwe, Kaplinsky and Posthuma (1988) argue that Japanese management techniques were adopted in these countries because of the fact that they are late starters and were seeking to be innovative. Hosono also endorses the view that kaizen as well as Japanese types of Total Quality Circles (TQC) and Total Quality Management (TQM)
can be introduced to countries where the culture is very different from that of Japan. To illustrate his argument he gives three Japan International Cooperation Agency (JICA) projects, one in Brazil and two in Central America, where kaizen were introduced. “In the first case, JICA’s Brazilian counterpart established its own concept of quality and productivity, adjusted to promote a new movement for productivity improvement in Brazil and meet the current requirements of the country” (October 2009). Though the management system in Central America is different from that of Japan, kaizen had various positive impacts on productivity because it brought about: 1) positive changes in attitude among workers; 2) introduced 5S and participation of management and not just workers; 3) simplification and standardization of the production processes; 4) improvements in team work; and 5) better awareness of international competition (Hosono, October 2009).

For example, a case study of Honda’s Siel India affirms that the advantages of adapting the Japanese management system in India included: 1) the Japanese management system techniques are not capital intensive and therefore their implementation was not difficult; 2) Japanese management techniques are to a large extent based upon training and not formal education; and 3) the Japanese management system is being recommended for high quality and high productivity that could be easily transferred to benefit India by making its products competitive within domestic and international markets (Choudhury, November 2005).

After a through analysis of the compatibility of the Japanese management system in Nigeria, Ghana, Zimbabwe, and Kenya, Tasie (2009) comes to the conclusion that “If African countries are to improve their management styles efficiently and effectively, they must apply, but with caution, the Japanese styles of management.” Otherwise, Tasie warns that “… these tools in the absence of the requisite group cohesion, organizational loyalty and flexibility in attitude, may at best serve only a window dressing purpose.” (2009). In addition, Anh et al (2011), illustrates that kaizen practices can be transferable to non-Japanese cultural environments such as South Korea, Italy, United States, Austria, Germany, Finland, and Sweden. However, he warns his readers that the performance of kaizen implementation is contextually dependent.

On the other hand some scholars still assert that kaizen practices are embedded in the Japanese culture and are difficult to transfer abroad. Actually, they argue that kaizen has been dysfunctional in a number of foreign companies because it is insensitive to domestic cultures, urges foreign-owned companies to emulate the Japanese way of management, and is based on the assumption that what works in Japan has to be uniformly implemented in other countries (Shaari, 2010). Drawing on insights from the cybernetics of Beer (1966), it is possible to argue that kaizen categorizes the management of complexity in the management of target-oriented operations.

Many Japanese management systems are not easily adopted by an overseas counterpart due to environmental factors such as differences in national culture and work ethics. Transferred management systems are more likely to be hybridized with locally practiced systems (Yokozama, K. 2010). To use Lillrank’s (1995) conclusion, the direct transfers of Japanese management practices often fail not because of geographical distance but rather due to the mental distance, i.e., culture, history, and strategic paradigms. Moreover, Hayashi (1994) argues that a kaizen management system works effectively in Japan because the Japanese organizations
tend to have organic structures with decentralized decision-making, a low degree of specialization and formalization, and above all the culture of horizontal communication. Lincoln and McBride argue that the Japanese management system which is based on teamwork, participatory decision-making and quality circles is a result of the collective culture that views self-development to be occurring through harmony and reciprocity in interpersonal relations. Thus, Japanese companies by and large use consensus decision-making with everyone in the company being consulted on each decision (cited by Chow, C. et al., 1991).

More specifically, the transfer of *kaizen* to other countries does not appear to be successful because of a lack of synergy between the requirements of *kaizen* and the work ethics of local industrial workers. Out of respect, or fear, local workers may not feel comfortable making suggestions to their managers (See for example, Fukuda, 1988). For instance, Yokozawa, Steenhuis and Bruijin succulently argue that though Japanese companies are attempting to transfer *kaizen*, they are finding it difficult to create a pleasant and reassuring organizational climate because they fail to pay enough attention to the host country’s national culture (2010). A case in point, Yokozawa, Steenhuis and Bruijin (2010) established that the *kaizen* management system in Indonesia has not been operating as expected because the Indonesian workers feel that they are less responsible for their jobs. In a similar vein, some Japanese companies have found it very difficult to transfer *kaizen* to Germany because German enterprises have rigid job descriptions and the bureaucratic organizational structure of their firms prevents workers from sharing responsibility, having open communication, or developing teamwork, aspects that are paramount to fulfilling the functions of *kaizen* (Yokozawa, Steenhuis and Bruijin, 2010). Along with a nation’s cultural characteristics, Recht, R and Wilderom, C (1998) and Anh et al (2011) assert that the adoption of *kaizen* is to a large extent dependent on some specific organizational features such as centralization of authority and cooperation that cuts across functional lines.

Furthermore, Ishiwata, A. (2009) argues that implementation of *kaizen* in Africa and in particular in Ethiopia may be facing challenges because in African countries with a “socialistic nature like Ethiopia, power is mainly concentrated in the hands of a top manager, whereas the basic concepts of *kaizen* are to empower the workers.” Because the *kaizen* method focuses on visualization of production and quality performance, workers without sufficient educational backgrounds may not be able to understand the tables and figures. Thus, separate, in-depth training for workers needs to be provided in order for them to develop a full understanding of the tools used in the *kaizen* work environment. Furthermore, Ishiwata argues that the sources of the loss in productivity in Africa are mainly found outside the company. There are delays in the delivery of materials and sudden interruptions of orders from retailers and traders. Given this, Ishiwata suggests that there needs to be improvement in business networking, both backward and forward, if business productivity is to improve for most African manufacturers.

### II. Conceptual Framework

From the foregoing discussion, the conceptual framework that could be developed to study the success of *kaizen* overseas transferability and implementation of the *kaizen* practices in Ethiopia depend on the degree of compatibility between the Japanese company’s *kaizen* culture and the host country’s national culture. As articulated by Anh, et al., (2011) though not a
universal model for successful kaizen transferability to other countries, Kaizen practices should be adapted to the local culture in order to have the highest probability of success. Given that kaizen is a vital approach to problem solving, its application requires restructuring the organizational culture and then use formal root cause analysis to identify and correct the problem at the source. Thus, kaizen practices could be implemented by the manufacturing companies of host countries provided that the host companies have a low level of centralization of authority, and practice cross-functional team cooperation of eight to 12 people with a skilled facilitator to identify, measure, and correct the problem associated with the process (See for example, Anh, et al, 2011). In short, manufacturing companies in the kaizen host countries may be in a position to generate significant value-added products that could effectively compete in the global market provided there is a synergy between the work ethics of the Japanese kaizen system and a host company’s organizational culture. In addition, the kaizen host companies need to be fully committed to boosting the morale of their workers to develop members’ capabilities, to achieve self-actualization, and to work cooperatively. These commitments are vital to the process for improving the quality of the company’s output. As discussed by Zimmerman (1991) and Imai (1997), as a process kaizen utilizes various tools and methods to make the problem visible, and uses formal root tool cause analysis and other means to identify and correct the problem.

Given this conceptual framework, the introduction of kaizen as a management tool and success in the transfer of technology to improve and enhance productivity and managerial capability in Ethiopia needs to be seen in the establishment of several building blocks in addition to conceptual issues related to:

1) the fit between kaizen culture and the organizational culture of Ethiopia’s manufacturing practices;
2) changes in the mindset of Ethiopian manufacturing workers so they will adhere to the kaizen work ethics;
3) workers’ training and discipline so that workers follow standard operating procedures;
4) the existence of a hungry mentality so Ethiopian factory workers will do work which is above and beyond their responsibility; and
5) the empowerment and involvement of workers in decision-making to cooperatively identify problems, generate solutions, implement them and then follow up to evaluate quality and productivity.

III. Conclusion

On May 2008, at the Fourth Tokyo International Conference for African Development (TICAD IV) also known as the Yokohama Action Plan, Japan promised to cooperate in the reinvigoration of Africa’s economic growth. Given that Ethiopia’s manufacturing sector was only about 5% of the country’s GDP, it showed no hesitation and jumped to take advantage of the Japanese offer help Ethiopia across its industries. Japan’s offer proposed techniques that could accelerate and improve the quality and productivity of Ethiopia’s manufacturing enterprises. After Japan showed its willingness to help with Ethiopia’s industrial development, it gave a seminar in collaboration with the Ethiopian Ministry of Trade for about 300 attendees in
Addis Ababa on November 26, 2009. As a result, through the Ethiopian Ministry of Industry, the Japanese International Cooperation Agency (JICA) was mandated to become involved in setting up KAIZEN Institute in Ethiopia, and then selecting and training the pilot project companies.

The Kaizen project in Ethiopia consisted of three phases. The first phase which started in August, 2009, reviewed the quality and productivity of 63 companies. After preliminary diagnosis of these factories, 30 companies were selected based on the following criteria: 1) proximity to Addis Ababa, within 100km distance, 2) contributions to exports and /or imports, 3) scale of capital, and 4) number of employees. Then, the employees of the pilot companies were sent to Japan, Egypt and Tunisia to get practical training and learn from the kaizen workers in these countries. In October 2009-2010, by the end of the first phase of the project, from the thirty pilot companies, only 6, 4, and 8 companies were finally chosen by Ethiopia’s Kaizen Institute for having high possibility, good possibility, and some possibility respectively to become kaizen model companies (Ethiopian Ministry of Trade, 2011). Therefore, in order to understand the mechanisms needed for the transference of the Japanese kaizen management system from Japan to Ethiopia, it is worthwhile to review the literature and identify the important variable needed for the transferability of the Japanese kaizen management techniques to other countries.

Over the years kaizen has become a global activity. Japan, either through its multinational enterprises or through the support of the Japanese International Cooperation agency (JICA), has attempted to transfer its factory-level model for improving quality and productivity, known as kaizen, to a number of countries. Particularly, since kaizen can realize productivity improvement with little additional investment, it has been adopted by a number of developing countries with different cultures and business environments. Over the years, kaizen becomes internalized and institutionalized in some host countries because it is generally regarded as a philosophy of life. For example, kaizen has been adopted by highly disciplined workers and by workers with an unwavering hungry mentality conducive to innovation that makes them eager to learn advanced technologies and management systems in order to survive in international competition.

In some countries, however, the implementation of kaizen has been challenging because of a lack of synergy between the requirements of kaizen and the work ethics of local industrial workers. Kaizen practices are embedded in the Japanese culture and are very difficult to transfer abroad. The dysfunction of the kaizen management techniques occurs when Japan is insensitive to domestic cultures of foreign manufacturing companies. Japan has assumed that what works in Japan has to be uniformly implemented in other countries, and Japan insists that foreign-owned companies must emulate its management system (Shaari. 2010).

Given that kaizen is a vital approach to problem solving, the transferability and practical implementation by foreign companies involves bottom-up decision-making and an employee-driven management style that adheres to cross-cultural cooperation. In short, manufacturing companies in the host countries could generate value-added products and effectively compete at the global market provided they maintain their synergy with the work ethics of kaizen. Their organizational cultures must be fully committed to boosting the morale of their workers and developing their ability to achieve self-actualization. As a result of such coordinated efforts by all employees, they will all be rewarded by the improvement of the quality of their products.
References:


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