

Why Self-proclaimed Kaizen Management is becoming very fashionable in Ethiopia? An Observation

Asayehgn Desta, Ph.D.

Sarlo Distinguished Professor of Sustainable Economic Development

Dominican University of California

Despite the current economic slowdown in Japan (for example, according to Global competitiveness, Japan's stance has declined from 8 in 2009/10 to 9 in 2011/12), it is very interesting to note that a number of public and private enterprises in contemporary Ethiopia are proclaiming that the Japanese kaizen management strategy (meaning change for better or continuous improvement involving everyone in the organization) would restore for them the quality and quantity of their products. It is generally assumed that implementing the kaizen management technique in Ethiopian firms would create competitive products (i.e., products with lowest price, highest quality, and with the best services) for their domestic and international customers. Through a continuing teamwork approach with interactive communications, kaizen would improve their organizational capacity, empower employees, improve the quality of workers, and add value to their products. Ethiopian manufacturers are currently at a disadvantage. The manufacturing sector is less than 5.0 % of its Gross Domestic Product due to lack of highly skilled human resources, differentiated managerial tools, and a technological gap. A different management strategy would significantly improve their future (See Kitaw and Bete, 2013).

Given the ambition to advance, it was imperative for Ethiopian policy makers to endorse the institution of kaizen in order to overcome the abysmal industrial situation. In 2008, the late Prime Minister Meles Zenawi, thus requested the Japanese Government to help Ethiopia establish the Japanese management technique, known as *kaizen*. Before implementing and fully institutionalizing the kaizen Unit on a large scale, the then Ethiopian Ministry of Industry and Trade (MOIT) reviewed about 63 companies that were located within 100km of Addis Ababa to ascertain their quality and productivity status from October 2009 to June 2011. After a preliminary diagnosis of the 63 companies only 30 companies (i.e., 10 from Metal; 6 from Agro processing; 6 from Chemicals; 4 from Leather and; 4 from Textiles) were chosen to serve as pilot projects. Those companies a) had proximity to Addis Ababa (i.e., they were within 100km distance), b) contributed towards export and /or import, c) achieved scale of capital, and d) had qualified employees. As a result, in 2011, the Ethiopian Kaizen Institute (EKI) was established as a fully-fledged consulting Unit to assist in the development and enhancement of the quality and productivity framework for the entire country.

Also, with the notion that kaizen works well when workers have good skills and basic experiential training, four units were sent to visit Egyptian kaizen projects and three units were sent to Tunisia from January 12 to January 15, 2010 to gain practical training and learn more from the experience of the Egyptian and Tunisian kaizen workers respectively. Finally, from May 8-23, 2010, the Ethiopian kaizen Unit members and participants from the 30 pilot companies were divided into two groups that were required to undergo kaizen training at centers in Osaka and Nagoya, Japan, to acquire first hand experience and learn more about work place management, team work, and other kaizen management capacity building techniques (for details see, Weldemariam, 2010).

As outlined by Getahun Tadesse, Director General of the Ethiopian Kaizen Institute, at this time, of the 30 pilot companies, ten, five and three companies have been awarded good, best and excellent status respectively by the Ethiopian kaizen Unit. As demonstrated by Gebrehiwot (2013), value was added by the firms and workers, and the profit margin of the pilot firms who went through the kaizen process increased by 176 %, 105%, and 210% respectively, mainly due to labor productivity. The effect of material inputs, machinery, and energy was insignificant (Kitaw, March 15, 2013). Also, though it is

difficult to precisely ascertain the spillover effect of the global competitiveness of the pilot firms, it can be said that as a result of the kaizen management strategy, Ethiopia's standing in the Global Competitive Index (GCI) has improved from being ranked 118 in 2009/10 to 106 in 2011/12, while most African countries competitiveness stand with the exception of Malawi, Mali, Mauritius, Rwanda has either remained stagnant or declined from 2009 to 2012 (Kitaw, March 15, 2013).

As shown above, the growth rate in the manufacturing companies that have instituted the kaizen management system has substantially improved. Nonetheless, it is sad to note that a number of firms and educational institutions, recently observed while I was in Ethiopia, are abusing the kaizen concept in order to give their companies an instantly memorable identity. What they don't realize is that a stolen slogan could rob their chance to establish their own identity. Of course, companies that use kaizen need to realize that by definition kaizen has to be deeply ingrained in the minds of both workers and managers. It involves process-oriented thinking; is people-centered; is directed at people's efforts based on a teamwork approach; involves a change of attitude; shows commitment to improvement; involves the entire workforce; and assumes that every worker has an interest in improvement running across functional responsibilities. It believes that workers are the most important asset of a company, and that the "bottom up" participatory process involves front line workers taking the initiative to clarify problems and come up with solutions, motivating and empowering employees to have the information and skills needed to make decisions on a wide range of issues concerning their own working environment. As found everywhere within Ethiopian enterprises, just posting the 5 basic kaizen activities on the wall (i.e., sort or organize; set or neatness; shine or cleaning; standardize; and sustaining self-discipline) without adequately arranging work areas in the best manner and condition can be seen as window dressing and not to optimize performance, comfort, safety, and cleanliness. Therefore, companies that copy the kaizen techno-jargon may look pretty smart now but are likely to be paper tigers in the future. Their future existence is highly questionable. Posting kaizen as if it is effectively used is nothing but pretentious posturing.

Thus, the mushrooming of the kaizen management strategy in companies without adequate preparation is likely to promote dysfunction and eventual disaster for Ethiopia. Stockholders need to demand transparency. Since kaizen can thrive under a top management that has a genuine concern for the long-term health of the firm, management needs to be passionately committed to evaluating a particular company's strategic condition so that each company establishes a routine for achieving continuous improvement. Before undertaking kaizen, however, each company or educational institution needs to train its employees (learners) to undertake situation analysis centered on two analytical techniques, analyzing the company's 1) vision (future aspirations of the firm) and 2) mission statement (the firm's reason for being, its basic purpose, and where it is going.)

Using the brainstorming technique, the employees of the firm could undertake an analysis of the internal and external factors that can affect the company. As stated by Alex Faickney Osborn (1953), brainstorming is a process used for developing creative solutions to problems. It proposes that teams of twelve participants from a wide a range of disciplines and experiences (i.e., from management level, middle managers, and frontline workers) could double their creative output with brainstorming as they understand the flow of the product or service. (See Osborn, 1963)

Using the vision, mission of the enterprise, and the information collected from the brainstorming session, the team could start analyzing the Strengths (good at doing, or a characteristic that gives an important capability); Weaknesses (what a company lacks or does poorly in comparison to others); Opportunities (external trends waiting to be taken advantage of); and Threats (external movements which may cause a problem or have a negative impact on the firm's business.)

In short, some of the pertinent strategy-making issues/problems the company needs to address may ask:

- Does the company have any internal strength or core competencies or an attractive strategy that can be built around?
- Do the company's weaknesses make it competitively vulnerable and /or do they disqualify the company from pursuing certain opportunities? Which weaknesses does a new strategy need to correct?
- Which opportunities does the company have the skills and resources to pursue with a real chance of success? (*remember: opportunity without the means to capture it is an illusion*)
- What threats should managers be most concerned about, and what strengths have they for crafting a good defense?

In summary, since kaizen is a management philosophy that emphasizes problem-awareness and provides clues to identifying problems, before launching the kaizen strategy for improvement, firms need to take the time to review their performance and determine their strengths and weaknesses. In short, each firm in Ethiopia needs to determine the following: 1) Is there a synergic relation between the Japanese kaizen quality initiatives and the business environment of the firms in order to embark on quality journey with Japan's experience as the guideline? 2) Has the transferred kaizen management system been modified and appropriately designed to suit the diversity of practical circumstances and conditions of the Ethiopian firm, or is it adaptable to fit the firm's working culture? 3) Are the workers in the firm disciplined and motivated enough to share the underlying kaizen philosophy which goes beyond formal job requirements to effectively participate in process improvement i.e., to: a) identify opportunities, b) improve things, c) challenge the status quo, d) create favorable conditions, and become self-starting and proactive? 4) Are the firm employees ready to utilize the kaizen process tools and methods to make the problems of their firms visible, and then use formal root analysis to identify and correct the problems at the source?, and finally, 5) Is the enterprise prepared to think of ways of continuously improving its products and services to meet customer's demand? (See Desta, 2012).