

Literature review on the kaizen theory management essay



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INTRODUCTION

To produce competent and professional managers to fulfill strategic roles within any organization or government enterprise, the need for the practice of ' Operations Management' cannot be relinquished (Naylor, 2002).

Operations Management is an essential element in an organization since it is the heart of the organization which keeps the organization going efficiently and effectively by controlling the system of operations (Gupta and Boyd, 2008).

Slack et. al (2007) defines ' Operations Management' as “ the activity of managing the resources which are devoted to the production and delivery of products and services and the operations function is the part of the organization that is responsible for it”.

Over the years, operations management has evolved as one of the most important and well extensively researched subject area. Many practitioners and academics have continuously researched and practiced numerous concepts of operations management which is implemented and studied worldwide by organizations and academic institutions. Out of those abundant schools of knowledge, this assignment will discuss four renowned concepts related to operations management i. e. Kaizen, Total Quality Management, Elimination of Wastes and Benchmarking.

. The first section will assess various literatures on these concepts individually. The second section will evaluate the similarities and uniqueness in these four concepts. Finally, through the third section, this assignment will attempt to suggest organizations in regards to the usefulness and
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importance of these concepts towards improving organizational operational practices.

SECTION 2

LITERATURE REVIEW

Beginning with the Kaizen theory, Brunet and New (2003) highlights the point that the importance of 'Kaizen' is often presented as one of the underlying principals of Lean Management and Total Quality Management. Another famous writer, Slack (2007) defines 'Kaizen' as 'the participation and mobilization of workforce in process improvement, by creating and providing main channel for employees and workers to contribute to the organisation's development and success'. Aken et. al. (2010) informs that Kaizen is a Japanese word for 'Continuous Improvement'. According to Brunet and New (2003), Kaizen philosophy has ingrained in the minds of businessmen and has been implemented all around the world in order to improve productive values and improving employee morale and safety, keeping in mind of the core principal which is to make small and immediate improvements in the processes and maintaining standards of the workplace.

It is believed that Kaizen theory consists of three main core concepts. The first element of this theory suggests that in order to produce good outcome, management should be focused on creating sound processes; hence process orientation Berger (1997). Sequentially, the second element highlighted by Imai (1986) outlines that in order to maintain and improve standard performance, innovations and effort should go hand in hand. Last but not the least; it is believed that involvement of employees in the organization results

in intrinsic desire for quality and productivity in a long run, hence people oriented.

Moving towards Total Quality Management, it has hit the earliest wave of management fashion which facilitates improved quality and performance in order to meet customer satisfaction (Dale, 1994). The concept of TQM is rooted goes back from the teachings of Drucker, Juran, Deming, Ishikawa, Crosby, Feigenbaum and other famous writers that have studied and practiced to improve the process of organizational management. TQM has evolved over the years due to innovations of various theories and creation of varieties of definitions. Regardless of this, TQM is seen by most as a holistic approach which survives on the essentials of improving quality, productivity and competitiveness (Pfau, 1989; Hellsten, Klefsjo, 2000; Eriksson, Hansson, 2003; Yang, 2003; 2005). One of the famous writers, Feigenbaum (1986) defines TQM as “ an effective system for integrating the quality development, quality maintenance and quality improvement efforts of the various groups in an organization so as to enable production and service at the most economical levels which allow for dull customer satisfaction”. TQM has been coined by many managerial gurus, as the best thought of as a philosophy of how to approach the organization of quality improvement, which evolved over the years (Slack et. al., 2007). It is supposed to be a concept which revolves around four frameworks of operations management. The first framework is benchmarking which simply means a tool to improve organizational performance and competitiveness in business life (Fitzsimmons & Fitzsimmons, 2006). The second framework is Continuous improvement which stresses on the momentum of improvement in

performance (Slack et. al., 2007). The third framework which is highlighted is Customer Focus (watchword of business) which is one of the most essential fundamental key to success. Peter Drucker in his study mentions that customer focus and their satisfaction is one valid definition of business purpose (Lagrosen, 2001). The fourth framework defines Employment Involvement which is considered as it helps in decision making and concerns work design and its impact on intrinsic motivation.

Travelling to Elimination of waste, it is a concept which was originated by Slack et. al., (2007) who defines wastes as “ Anything that does not add value from a customer perspective or the customer is not prepared to pay for”. Relatively, this phenomenon has alarmed many businesses, in efficient operations to the enormous waste which is dormant within all operations. Identifying waste towards eliminating it has been an operational excellence strategy which has developed over the years (Pereira, 2009). Seven forms of waste has been identified in order to reduce waste in different types of operations; both services and production. The first type of waste that is commonly recognized is overproduction (Samaddar and Heiko., 1993; Naylor, 2002; Slack et. al., 2007) which means production of goods more than the market requires. This waste is often called the Mother of Wastes, simply because excess production gives birth to other wastes which are moved around and stored (transportation and inventory waste), using people from their work (motion waste). Situation like delay in production of products needed by customers can occur (waiting waste). The second type of waste is transportation outlined by Naylor (2002) which means movement of materials and information which creates space consuming transportation

waste and adds no value to the business. The third type of waste is inventory, in accordance with Vonderembse (2004), which clearly means the production of goods and materials which are held available in stock by a business for immediate requirement by customers or a downstream activity. It has been outlined that inventory can lead to low quality and productivity. The fourth type of waste is waste due waiting as highlighted by Heizer and Render (2011) which means a policy of no overproduction exposed resulting in frustrated customers. The fifth type of waste highlights process waste which involves over performance, which adds no value from a customer perspective (Naylor, 2002; Barnett, 1996). The sixth type of waste defines Motion as an “ Unnecessary movement of people which does not add value and refers to the importance of ergonomics for productivity and quality” and also an extremely high productivity killer. A worker may look busy but due to needless motion being taken place in the workplace, it adds no value by the work (Slack et. al., 2007). Finally, is the defective waste which delineates any quality work performance that is seen lesser than the customer perspective (Barnett, 1996) like rework, scrap or correction.

Finally, the process of benchmarking is understood as simply the process of measuring the performance of one’s company against the best in the same or another industry as outlined by Spendolini (1992). It was further redefined by Fitzsimmons & Fitzsimmons (2006) as a “ tool to improve organizational performance and competitiveness in business life”. The concept of benchmarking clearly provides opportunities for businesses to adapt learning from other comparable operations to one’s own performance or methods. In order to carry out supplier development, utilization of benchmarking

approach is carried out, as a tool for continuous improvement in quality and performance (Datakumar and Jagadeesh, 2003). One of the primary goals of benchmarking indicated is the visibility of information for organizations to be evaluated, used and shared (Harper, 1996). Indeed, the definition proposed by Anand and Kodali (2008) goes beyond Camp (1995) which focuses on “searching for best practice”. The concept of benchmarking is primarily divided into three commonly in used elements today. The first element suggests Process benchmarking (Naylor, 2002) which has received the most vigilant attention which has evolved over the years (Anderson and McAdam, 2005 and Beretta et. al., 1998). It focuses on the day-to-day managerial operations of the organizations, which improves specific critical way processes and operations are performed (Slack et. al., 2007). Some examples of process benchmarking highlighted are customer complaint process, the billing process, the order fulfillment process and the recruitment process (Heizer and Render, 2011). The second element outlined is the performance or competitive benchmarking which is compared between the levels of achieved performance in different operations (Heizer and render, 2011). The comparison can be made in terms of quality, speed, durability, flexibility and cost. Slack et. al., (2007) clarifies that organizations can produce improvement plans based on the outcome of the competitive benchmarking. When dealing with performance benchmarking, improvement facilitates in revealing strengths and weaknesses of business operations activities and helps prepare the business to meet its customers’ needs and requirements. This benchmarking helps to deal easily with strategic benchmarking in future (Roberta et. al., 2003). When dealing with performance benchmarking, improvement facilitates in revealing strengths

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and weaknesses of business operations activities and helps prepare the business to meet its customers' needs and requirements. This benchmarking helps to deal easily with strategic benchmarking in future (Roberta et. al., 2003; Naylor, 2002). Last but not the least is the Strategic Benchmarking involves necessity to improve an overall performance by observing and examining the long term strategies and other approaches that have facilitated high performance in the organization in order to succeed. Slack et. al., (2007) remarks that considering high level aspects such as core competencies, development of new products and services and improvement of capabilities for dealing with changes in the external environment assists in improvement of overall performance.

SECTION 3

CONCEPT ANALYSIS

If we analyze all the concepts above, we can see that there exist numerous similarities in them. If you refer to the concept of Total Quality Management, we can see that its framework includes the concept of benchmarking in it. Research shows that benchmarking has not only created a strong hold in enhancing production efficiency and effectiveness but also has the potential in improving bottom line results (Mehregan et. al., 2010). It reveals that benchmarking significantly appears to be of primary importance and display impact on product quality performance (TQM). Maire et. al. (2008) informs that in today's highly competitive, rapidly changing global economy has been compelled to consider that TQM would only be successfully implemented if management is supportive of a life long process of improving consistently in comparison with competitors by benchmarking against the

best industry. This means that, if we as operation managers decide to practice TQM, then we will automatically be practicing benchmarking which is necessitated to focus on continuous improvement to aim at achieving total customer delight, also known as, customer satisfaction. This is where Continuous Improvement, often known as Kaizen, takes place. It can be illustrated by a diagram shown below (Figure 1). According to Lagrosen (2001) Kaizen aims for continuous improvement and two main elements it focuses on is to reduce waste and to enhance quality of the processes, of the people involved and therefore the products.

Kaizen and TQM both arise from a similar, pluralistic background which in order to implement they require a specific culture that is based on trust and empowerment of employees TQM companies often focus on systematic approaches in management of data of all practices to eliminate wastes and pursue continuous improvement. Further studies outline that in order to ensure survival, the identification of all kinds of wastes and problems within the work area assists in the improvement of the activity; hence superior performance, which can also result in business benefits such as reduced product cost, flexibility increased capacity, improved quality and safety. As defined above by Dale (1996), Total Quality Management (TQM) is an approach to improve and maintain quality of all areas of a business.

Therefore, it won't be inappropriate to say that they are if not entirely then to a large extent a part of Kaizen. Additionally, the aim of Kaizen deals with the improvement of processes continuously therefore the application of Kaizen encompasses both these techniques, or the application of Kaizen will not be complete without these techniques. Therefore, it reveals that

Deming's fourteen points (Figure 2) proves the fact that continuous improvement is deployed as one of the reference points, which makes Kaizen a subset of TQM and not mere concept of comparative purposes.

FIGURE 2.

Adapted from (PHCC Educational Foundation, 1996)

Elmuti and Kathawala (1997) underline the fact that benchmarking is increasingly a popular tool for continuous improvement. Studies show that many organizations that have devotedly used benchmarking strategies as a tool for continuous improvement have actually achieved a cost of 30-40% more (Lyonnais, 1997).

The difference between Continuous Improvement and Wastes is not the goal but it has become a prime approach in achieving success in businesses. The implementation of smooth flow interprets quality problems which always existed in order to achieve continuous improvement. Hence, waste reduction has always been a consequence. Kaizen approach is described in many lean articles and books as Toyota Production Model. The advantage argued for this approach is that it takes a system-wide perspective whereas a 'waste' focuses on this perspective assumed (Heizer and Render, 2011).

Kindly note that as the principle of Kaizen is flexible in nature as its elements are easily implemented in numerous departments such as management, services, marketing, accounts, human resource and engineering (Slack et. al., 2007). Slack in his study also mentions that wastage of elimination and benchmarking also assists the company in gaining maximum outcome with

limited resources. This factor is unique in this concept which is not identified by any other concepts explained above.

FIGURE 1.

Adapted from Lagrosen (2001)

SECTION 4

BENEFITS TO ORGANIZATIONS

After extensive literature review and careful comparative analysis of the four concepts, we can say that these concepts are useful in the following ways to organizations worldwide.

In case of benchmarking, Ford Motor Company was required to change many facets of its operations to cut down costs due to undergoing suffering automotive market (Mehregan et. al., 2010). Therefore, studies show that management should be responsible to improve processes in the accounts payable department by underpinning the concept of benchmarking.

Gathering data from the best-in-class company, Mazda's accounts payable operations, Ford analyzed and compared with its own. Results show that Ford reduced costs by 5% which became better for the company.

Let's take an example of Canon, well known Japanese Company, which exercised the concept of Kaizen and Elimination of Wastes in its organization. According to Naylor (2002) the productivity rate inconsiderably increased by 3% within six months of utilizing Kaizen in to their operations. Canon utilized the theory of matrix management system to eliminate or reduce wastes in order to encourage the workforce at its best level. It also

believed in “ Reduce, Reuse, Recycle, Recover Energy and Refill” which assisted them the main metrics to eliminate wastes. Today, if you see, Canon has established its branches worldwide, giving all the credit to introduction of the concept Kaizen and Elimination of Wastes Theory.

The exceptional example of TQM is demonstrated by The Ford Company focused on customer service, role of employees in service delivery and quality awareness. Back in 1980's, Ford was so influenced by TQM that its slogan read as ‘ Quality is Job 1’. In the process of wanting to produce organizational resource in continual monitoring of better quality, evaluating their effectiveness, a stable work environment for the workforce and profitability, the slogan ‘ Quality is Job 1’ became ‘ Quality People, Quality Products’. Ford Motors have succeeded by implementing its Ford Q1 Award Process which implements many quality principles and tools associated with a TQM organization (Fitzsimmons & Fitzsimmons, 2006).

CONCLUSION

The introduction of the four concepts behind Kaizen (also known as Continuous Improvement), Benchmarking, TQM and Elimination of Wastes indirectly or directly has played a major and prime role in many organizations which has resulted in better outcome lucratively. But some organizations that have failed to derive maximum benefit from it, may lead to failure. There is no doubt that these concepts are here to stay in this epoch. Recommendations can be made by outlining the fact that companies should exercise the use of concepts in order to attain world class competitive capabilities, prosperous global economy and above all, survival in the market (Elmuti and Kathawala, 1997). Nevertheless, these concepts go hand in hand <https://assignbuster.com/literature-review-on-the-kaizen-theory-management-essay/>

and are not options for companies. It also can be highlighted that they should be utilized by all who want to remain in the competitive world because many organizations have actually used it and succeeded like Toyota, Ford, General Motors and many more. The overall goal is to assist companies to survive in the market by employing the concepts of Kaizen, benchmarking, Total Quality Management and Wastes.