Kaizen: a Japanese philosophy and system for business excellence

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Made in Japan

In attempting to decode the competitive success of industrial Japan, researchers and practitioners in the West, and those in the Anglosphere in particular, have identified with the tangible tools and techniques of the Japanese quality management philosophy of kaizen (Brunet and New, 2003). Those tangible tools are evident in manufacturing plants across North America, Europe, the United Kingdom, Australia and New Zealand. In businesses as diverse as Caterpillar (Illinois, USA), Harley Davidson (Wisconsin, USA), Husqvarna (Jönköping, Sweden) and GDM Group and Q-West (Wanganui, New Zealand), the tools of kaizen are used to enhance production techniques, systematise operations and seek greater contributions from employees. However, the data collection methodologies used by researchers, and the significant cross-cultural limitations encountered have resulted in kaizen being largely misinterpreted and misunderstood outside of Japan.

Across the Anglosphere, practitioners tend to view kaizen somewhat simplistically. At worst, it is viewed as an organisational free lunch, something through which to achieve the continuous improvement of operations, adopted with little regard for the host country’s individual and indigenous social characteristics. At best, the tools and techniques have been applied with real diligence, and improvement has been achieved in the short term. But the lack of understanding with respect to those same individual and social characteristics has ensured that a sustainable contribution to business excellence over the longer term is yet to be forthcoming. To be sure, there are rare exceptions, such as Toyota’s own manufacturing plants in the USA. These exceptions continue to fuel the thirst for the adoption of the tangible tools and techniques of kaizen, beyond that provided by Japanese manufacturers themselves.

The codification of kaizen began in with Ohno’s (1978) Japanese edition of the “Toyota Production System” and with the publication of this seminal work in English a decade later. Other influential publications that introduced the Japanese philosophy of kaizen to the West include:

- Imai’s (1986) “Kaizen”;
- Womack et al.’s (1990) “The Machine that Changed the World”; and

This genre of literature sets the stage for many of the West’s attempts at catching up with the late twentieth Century Japanese quality movement. However, Japanese kaizen has a deeper meaning than “continuous improvement” (Anand et al., 2009) and a significantly wider scope than that applied to business operations. Therefore, the broad philosophy cannot be easily transplanted to another culture despite the breadth of applications observed in the West: These are only the tangible tools and techniques.
The deep assimilation of the philosophies of Buddhism, Confucianism, Taoism and Shintoism in the Japanese lifestyle has extended beyond the individual, family and community to organisational management and business practices. The result is a seamless fusion of both understanding and behaviours from the home to business in Japan, and with that the apparent paradox of heterogeneity at home and homogeneity beyond its door. By the very nature of these philosophies, Japanese culture emphasises authority, discipline, respect and reverence for the family, age and status. These in turn provide for stable social hierarchies that tolerate inequalities on one hand and social harmony and cooperation between social structures, organisations and individuals on the other. However, for such social harmony and cooperation to exist, members must relinquish individualism and conform to strong social boundaries (Hill, 2007).

**Kaizen as an audience**

Japanese society maintains an established set of well-defined boundaries that guide an individual’s public behaviour, but these boundaries tend not to define the individual’s behaviour in private. In public, the individual must uphold the tenets of Japanese society. In private, individuals are free to nurture their creativity in ways that may not be possible otherwise. However, an audience for this private creativity, or even an attentive ear, will at times be missing. It is through this absence of audience that the (industrial) organisation plays an important role by channelling hitherto private creativity and subsequent expressions of individuality into a more public arena. The audience provided is the kaizen environment. It is here that an individual’s expressions of creativity are manifest, becoming the tools and methods of improvement, efficiency and product design. Therefore, the inputs of kaizen are the very cultural and social boundaries of Japan coupled with the individual’s need for creativity, and the outputs are the tangible tools and methods of improvement activity observed in the workplace.

**Kaizen and genba**

Genba (or gemba) refers to the actual place where something happens. It may be understood in the West by the dismissive phrase “go and see for yourself”. However, it is highly distinctive within each Japanese organisation. In the context of business-process improvement, the genba is the place that adds value, such as a manufacturing area or a workshop. But it is more than just the physical place. Genba includes both context and the occurrence of events; it is the place where events happen, where experiences are gained, where knowledge is generated and shared and a place where the intrinsic becomes explicit, and the intangible becomes tangible. It is the place where the underlying philosophy of Japanese culture manifests as exemplary practice. Genba is then the interface of the worker with his audience, where attention is called to ideas and action based on circumstance and accumulated experience. Genba does not, therefore, translate to a workbench or production line, for it is entirely holistic, enduring, encompassing and, for the West, comparatively suffocating.
**Kaizen and knowledge creation**

The process of Japanese-style knowledge creation and diffusion resonates with that of the West. However, Japanese companies focus on genba experience and regular job rotation with the aim of expanding workers’ experiences and deepening knowledge through their interactions with workers of adjacent workplaces (Ueki and Ueki, 2010), reinforcing genba. In addition to learning, workers aim to test personal abilities and their pursuit of creativity – through new work and workplaces, resulting in simultaneous training and evaluation over the long term (Itoh, 2000). “Their “experience” and acquired “knowledge” is inherited, accumulated and shared with other members” (Itoh, 2007, p. 65). Further, mechanisms resulting from production activity and newly acquired knowledge provide a company’s real advantage and form the centre of invisible assets (Itoh, 2000). Organisations are observed to enhance knowledge creation through building a strong management leadership while implementing a strategy and clear vision. They strive to improve brand value and customer satisfaction, encourage two-way information sharing, provide challenging initiatives that tolerate failure and apply comprehensive human resources practices (Ueki and Ueki, 2010).

**Kaizen and monozukuri**

A further term for consideration is monozukuri. Monozukuri has no direct translation in the English-speaking world, as it refers to an object/thing created within the Japanese philosophy of life and spirit, and it portrays ideas, feelings and emotions. Japan-watchers in the West translate the process of monozukuri as craftsmanship or artisanship, with the focal point on the skills of the craftsman (or craftswoman). In contrast, the focal point of Japanese monozukuri is the final object and that from which it has been created, such as experimental and laboratory animals, multiple prototypes and broken tools. There is little if any emphasis on the person responsible for its creation or manufacture. Monozukuri stems from the Japanese philosophy of sangen shugi, or, in Toyota-speak, the “three reals philosophy” (Itoh, 2004a, 2004b): the real place, real object and real situation. However, monozukuri is not limited to the three reals philosophy but is a general knowledge-creating process. The process begins with a knowledge-creating activity, literally from ground up, and ties directly with the concept of genba.

**Japanese management**

Japanese-style management is enigmatic. It involves respect for authority with deference to hierarchy, titles and seniority; trust and relationships; conflict avoidance; and conformism. In addition, it holds in the highest regard group orientations; consensus decision-making; close relationships among governments, companies and workers; and, paternalistic management processes (Hill, 2007). Hence, kaizen is paradoxical by nature. The very energy (or philosophy) on which kaizen is dependent appears to be antithetical to Japanese-style management.

Japanese-style management posits incentive over coercion and resonates with the proverbial carrot rather than the proverbial stick. Japanese organisations use three means of incentives: economic, workplace and behavioural (Saruta, 2006). Economic incentives are predictable and include wages and bonuses, lifetime employment, seniority-based wages, corporate welfare programmes and in-house training and education. It is through economic incentives that lifetime security and belongingness to

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the corporate family are established. By contrast, workplace incentives relate to flexible labour lines and small workgroup management in the form of suggestion systems and quality control circles. These incentives are responsible for creating an environment where each worker becomes an integral part of the organisation, allowing the externalisation of organisational kaizen philosophy, just-in-time methodology and autonomation (Imai, 1986) through minimal worker numbers. Finally, behavioural incentives, which were introduced much later through behavioural science-based labour management, are “incentives from within” (Saruta, 2006, p. 495). This latter form of incentive is based on what may be seen as a combination of Maslow’s hierarchy of needs, McGregor’s theory X and theory Y, Argyris’ job enlargement, Herzberg’s hygiene and motivation Factors and Likert’s group work (Saruta). It uses on-the-job training and self-disciplinary training programmes as a “form of psychological training towards a sense of employee/group consciousness” (Saruta, 2006, p. 495).

People and organisations

In the Japanese organisation, the management of human resources is the most dynamic and important source for future value, far more so than the management of key business functions such as production, inventory and finance. An active kaizen environment provides an organisation the means through which to integrate both the mental and physical and the necessary change management to create a dynamic organisation that is proactive and reactive to internal and external environmental changes. Within the organisation, proactive prevention activity and reactive problem-solving activity are possible through visual management tools and techniques. Production operating efficiency, quality and safety are continually improved through active tools, including analysis, feedback and clarification of operating methods. It is these tools that have been embraced by the West. As kaizen integrates the individual with operations and operations with the organisation, it becomes both pervasive and sustainable within that organisation. Kaizen is then perpetuated through the manufacturing sector in Japan, the application being unique at each site, but conceptually identical across the country.

Definitions of kaizen

Definition from Japanese literature

The Japanese conceptualisation of kaizen in daily life and in industrial settings does not differ except for the tangible outputs of each. The term 改善 (kaizen) stems from two Japanese kanji (ideograms): 改 (kai) meaning reform, change, modify, examine and inspect; and 善 (zen) meaning virtuous and goodness (JMdict). Subsequently, we are able to synthesise the common reference of change for the better.

Neither the Japanese academic nor the practitioner literature offers a precise definition of kaizen, even in papers and articles written specifically on the topic. The literature does, however, offer fuzzy conceptualisations, such as “constant and indefinite pursuit of [improvements in] safety, operation efficiency and morale” (Iida, 2008, p. 36) and “an intellectual and creative activity [. . .] [involving] thinking processes, induction, [and] deduction” (Irikura and Imaeda, 2007, p. 12). Itoh (2004a, 2004b, p. 70) simply explains “knowledge creation” and “problem solving”. Imai (1986, p. 20) provides a generalist definition:
[...]

kaizen means [...] continuing improvement in personal life, home life, social life, and working life. When applied to the workplace [...] it refers to] continuing improvement involving everyone, managers and workers alike [sic].

The authoritative JRS Management Information Service organisation defines kaizen as “the selection of means to better achieve objectives, and method change [...] to change the way of work” (JRS, 2006, p. 2). The very fact that kaizen is not well defined in Japanese literature suggests that it is more than just an activity in the quest for business excellence. It is a means through which Japanese workers view their world. It is a metaphor for their understanding of self, work, organisation, place, growth, development, creativity, contribution and improvement and the interdependencies among these.

Definition from research

Research conducted by the authors, a phenomenological study of the utility of kaizen in Japanese genba, explored how Japanese workers acknowledge, exercise, identify and diffuse kaizen in a sustainable manner. Fifty-three interviews with employees in five Japanese manufacturing corporations were completed. Respondents were drawn from a sample stratified on both age and position within the organisation to ensure that the norms of representativeness were met. The interviews were mostly conducted in Japanese by the lead author, although on some occasions the interview used both English and Japanese at the respondent’s behest. Data reduction followed as recommended by Miles and Huberman (1994), and PASW software (PASW Statistics 18.0) was used for the statistical analysis of results.

Six themes emerged from the data analysis (in italics):

- **Theme 1**: Workers tend to acknowledge kaizen as being both process-oriented and result-oriented, yet it is predominantly process-oriented. Kaizen serves different purposes for different people, being loose conceptual iterations of proactive change and improvement. Holistically, this enables an understanding of what kaizen actually is and confirms the holistic understanding discussed above.

- **Theme 2**: Individuals’ understanding of kaizen changes over time, legitimising the proposition that a universal view of kaizen does not, or does not need to, exist, and perhaps cannot exist, implying a real tolerance for individual interpretations. Drivers for change were identified as being organisational education and promotion programmes and the accumulation of worker experience.

- **Theme 3**: Other workers hold different views of kaizen. This ties back directly to Theme 1, where no single universal definition or view of kaizen exists; and Theme 2, where organisations tolerate individual interpretations of kaizen. Therefore, despite the supposed homogeneity of Japanese society and the strong cultural mores and norms within the workplace, kaizen provides individuality (and heterogeneity).

- **Theme 4**: Parent companies exercise guidance-oriented (control) activity while domain companies exercise facilitation-oriented (controlled) activity. This ties directly into the roles and responsibilities expected from headquarter-subsidiary relationships within the Japanese context.

- **Theme 5**: Kaizen is predominantly management-oriented, in direct contrast to the Western literature that suggests kaizen is predominantly a bottom-up, worker-driven phenomenon.

- **Theme 6**: Kaizen is expected to develop both in the wider-sense and within the organisation in the future. This supports the notion that the bottom-up worker perspective of kaizen will be provided by a top-down management perspective. Kaizen continues to be viewed as the legitimate means through which to achieve business excellence objectives.
In summary, the research revealed that kaizen is both a philosophical approach to work and a management tool to engage organisational active and passive processes in genba.

Definition from the authors

As observed, the Japanese commonly observe two manifestations of kaizen philosophy. In daily life, kaizen literally refers to improvement and ingenuity. In industrial settings, it denotes management’s engagement of the organisation in the pursuit of business excellence through the interplay of the enterprise-side pursuit of profit and competition, and employee-side skills, creativity, confidence and pride. On the enterprise-side, management ultimately requires financial profit as a means of sustainability for the organisation, and competition as motivation. On the opposing side, employees require skills from which to draw knowledge and understanding; creative output as a response to social and cultural boundaries, but within organisational boundaries; confidence in their own abilities, and confidence in future prospects; and pride that channels the employee’s talents and contributions into their organisation.

In addition to the human traits, kaizen also requires the means to operate – tools and methods – and to generate and implement improvement. The culmination of these two elements – the enterprise-side/employee-side and tools and methods – results in an energy that permeates the organisation and creates a shared state of mind among employees to achieve proactive change and innovation. Changes in the proximity or elimination of one or more of these elements affect the level of energy and kaizen activity in the organisation.

Kaizen is culturally bound. Japanese culture provides the directives for the acquisition and development of resultant Japan-centric tools and methods and the enabling kaizen environment. More than being continuous improvement, as often quoted in the Western literature, kaizen is the means and the result of the demands of management and the management of human and non-human resources in the organisation’s pursuit of business excellence.

Final words

Although Japanese literature rarely defines kaizen per se, it tends to use the term loosely in a number of contexts in the presence of the pervasive underpinning philosophy. By contrast, Western literature, through the need to find determinism, presents a vast array of simplistic mechanical outputs with little or no regard for the underpinning philosophy. The authors’ research, conducted within the bounds of kaizen-active Japanese industrial organisations in Japan, finds kaizen to be much more than continuous improvement, but a way of life that is embedded in the Japanese workplace culture, passive at times and active at others, but always pervasive.

The road to the successful (sustained) implementation of kaizen in western organisations can only be achieved through the implementation of informal and formal education and training. Formal education comprises seminars and workshops conducted in-house (rather than being out-sourced) and informal on-the-job mentoring and leadership (both top-down and bottom-up). Education must be regular and consistent at all levels of the organization. Whether or not such a pervasive environment can be recreated in the West remains unknown.

References


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Japan, Continuous improvement, Quality management, Business excellence, Genba, Kaizen


Further reading


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