

Chapter 20

The Management Commitment and Its Impact on Economic and Competitive Benefits Gained by the Implementation of Kaizen in the Industry: Management Commitment and Its Relation to Economic and Competitive Benefits of Kaizen

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ABSTRACT

This chapter provides an analysis of the effect of management commitment as a critical success factor Kaizen, on the economic and competitive benefits obtained by implementing the same in industrial enterprises during their planning stage is presented. To collect information apply 423 questionnaires distributed to 68 companies in the states of Tabasco, Sinaloa and Chihuahua in Mexico. The partial least squares method was used with the software WarpPLS 4.0 software to develop a model of structural equations that explain such effects. The results show that when there is a high management commitment, this impacts on the economic and competitive benefits to companies directly and positively. Como result of this study is shown in a tangible way, the impact of a certain critical success factor Kaizen, the benefits of implementing it, essential to their sustainability over time element.

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BACKGROUND

Kaizen means continuous improvement involving everyone, managers and workers alike (Imai, 1996). From a strategic viewpoint the Kaizen is the systematic and long-term action aimed at the accumulation of improvements and savings, in order to beat the competition on levels of quality, productivity, costs and delivery times.

The meaning of Kaizen comes from two Japanese ideograms: “Kai” means change and “Zen” which means to improve (Savolainen, 1999; Newitt, 1996). This term implies a culture of constant change to evolve into best practices (Imai, 1996), i.e, what is commonly known as continuous improvement and continuous improvement principle (Lillrank, 1995). Authors like Brunet and New (2003), as defined by Kaizen: “A penetrating mechanism ongoing activities, where the people involved play an explicit role in identifying and securing impact or improvements that contribute to organizational goals.

Suarez (2007) defines it as: A management philosophy that generates small changes or incremental improvements or in the method of work (or work processes) that reduces waste and consequently improve work performance, leading organization to a spiral incremental innovation. Finally, for others the Kaizen can be understood as an element of Quality Management (Crosby, 1979; Deming, 1989; Juran, 1990; Ishikawa, 1986; Feigenbaum, 1991).

To summarize, it is important to note that after analyzing the literature that Kaizen has been a term that is still evolving, which has resulted in different meanings depending on time and the organizational context in which it was presented (Tozawa & Bodek, 2002).

On the one hand continuous improvement was implemented in Japan for being an inexpensive way to improve production and reduce costs in a period of acute shortage of resources. And on the other hand it was due to pressure from the occupation authorities to use continuous improvement methods to speed reconstruction after World War II. In 1949, the US military established a contract with TWI Inc. for the purpose of developing training programs for Japanese companies. The fundamental idea of these programs was to train people in standard methods, then have them train others, that is, train the trainer.

Although the Japanese were using quality circles and suggestion systems as a regular part of their management, continuous improvement increased its appeal during the oil crisis of 1973, as a method of reducing costs without major investments. So the Toyota automobile that year received six times more tips than in 1970. Canon began a campaign to be a world leader, which allowed them to save \$ 200 million in direct costs due to the introduction of the system of continuous improvement.

In the 1980s due to the invasion of Japanese products, American companies more forcefully retake the development of systems of continuous improvement, which was notorious between the results of companies like Xerox, Motorola, Harley Davidson and General Electric among others.

In 1984 at a General Motors old facilities located in the state of California, the company jointly with Toyota establish a joint holding company called NUMMI (New United Motor Manufacturing Inc.). GM’s plant was closed due to workers – employer’s conflicts, poor quality and low productivity.

To resolve this NUMMI implemented the Just in Time system (JIT), stipulated a new agreement with the union (UAW) for the improvement of quality the increase in productivity levels and improving the work environment through Kaizen, which included the JIT, quality circles and suggestion schemes. For this to work, the union agreed to reduce the number of job classifications, from 64 to 4, in return for which the employer agreed not reduce or dismiss staff as a result of higher productivity levels.

Based on the foregoing, the Kaizen is not a new philosophy, its origins lie in the mid-twentieth century as the Japanese author Masaaki Imai explains in his book “Kaizen: The Key to Competitive

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