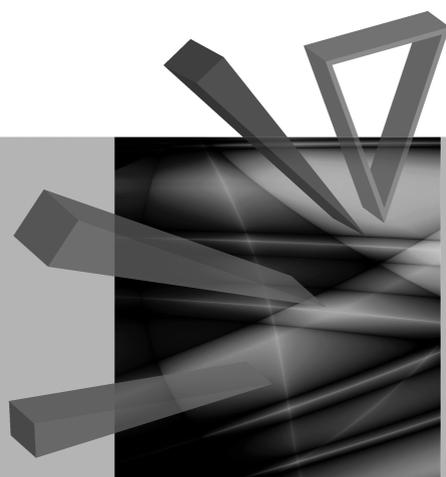


Faces of Competitiveness in Asia Pacific



edited by
Bogusława Skulska
Anna H. Jankowiak



Publishing House of Wrocław University of Economics
Wrocław 2011

Senat Publishing Committee

Zdzisław Pisz (chairman)

*Andrzej Bąk, Krzysztof Jajuga, Andrzej Matysiak, Waldemar Podgórski,
Mieczysław Przybyła, Aniela Styś, Stanisław Urban*

Reviewers

*Ewa Oziewicz, Beata Stępień, Maciej Szymczak,
Katarzyna Żukrowska*

Copy-editing

Marcin Orszulak

Layout

Barbara Łopusiewicz

Proof-reading

Agnieszka Flasińska

Typesetting

Małgorzata Czupryńska

Cover design

Beata Dębska

All rights reserved. No part of this book may be reproduced in any form
or in any means without the prior permission in writing of the Publisher

© Copyright by Wrocław University of Economics
Wrocław 2011

ISBN 978-83-7695-126-3

ISSN 1899-3192

Printing: Printing House TOTEM

Contents

Introduction.....	9
-------------------	---

Part 1. Determinants of the competitiveness of regional groupings in the Asia and Pacific region

Ewa Oziewicz: Remarks on international competitiveness of ASEAN economies.....	13
Yoshiaki Sato: The drift of East Asian Community. Why promoting freedom of movement now?	22
Sebastian Bobowski: Baldwin’s “domino theory” of regionalism – its sources and implications for East Asian states	29
Andrzej Cieřlik, Tao Song: Preferential trade liberalization in Southeast Asia. The case of ASEAN countries.....	41
Bartosz Michalski: Linking free trade with fair competition. Case study of ASEAN’s experiences	51
Marcin Grabowski: Will Trans-Pacific Strategic Partnership Agreement increase the competitiveness of the Asia-Pacific region?	61
Marcin Nowik: The competition in the field of development co-operation – between the Beijing and the Washington Consensus.....	74
Monika Paradowska: Transport as an area of co-operation between integrating countries in Europe and Asia	82
Zbigniew Piepiora: The regional co-operation in the field of counteracting the results of natural disasters as the factor of increasing the competitiveness in the Asia-Pacific region	91
Marian Źuber: Nuclear-Weapon-Free Zones in the Asia and Pacific region in the context of global security.....	100

Part 2. International competitive potential of the economic actors of the Asia and Pacific region

Guenter Heiduk, Agnieszka McCaleb: Competitiveness of Chinese MNEs. Innovation versus imitation, branding versus price, acquiring versus developing?	117
Piotr Adam Wiřniewski: Competitiveness of Chinese suppliers of telecommunication technology on international markets.....	128
Sylwia Przytuła: Human capital as a source of competitive advantage of East Asian corporations (Chinese and Japanese)	141

Anna Żelezna: Transnational corporations and their influence on the competitiveness of Asian newly industrialized economies	150
Sebastian Bobowski, Anna H. Jankowiak, Szymon Mazurek: Business networks and the competitiveness of transnational corporations in East Asia	163
Anna H. Jankowiak: Cluster models in Japan on the example of Toyota cluster	173
Karolina Łopacińska: <i>Keiretsu</i> as a form of partnership in the Japanese business system	182
Agnieszka Piasecka-Głuszak: The main problems in the implementation of Japanese <i>kaizen/lean</i> tools in companies on the Polish market in accordance with the <i>Kaizen</i> Management System – the analysis of research.....	194

Streszczenia

Ewa Oziewicz: Uwagi na temat międzynarodowej konkurencyjności gospodarek ASEAN	21
Yoshiaki Sato: Koncepcja Wspólnoty Azji Wschodniej. Dlaczego właśnie teraz powinno się promować Ruch Wolności?	28
Sebastian Bobowski: „Teoria domina” regionalizmu Baldwina – jej źródła i implikacje dla państw regionu Azji Wschodniej	40
Andrzej Cieślik, Tao Song: Preferencyjna liberalizacja handlu w krajach Azji Południowo-Wschodniej. Przypadek krajów ASEAN.....	50
Bartosz Michalski: Między wolnym handlem a uczciwą konkurencją. Studium przypadku ASEAN	60
Marcin Grabowski: Czy Porozumienie o Strategicznym Partnerstwie Transpacyficznym (TPP) podniesie konkurencyjność regionu Azji i Pacyfiku?	73
Marcin Nowik: Konkurencja w obszarze pomocy rozwojowej – pomiędzy Konsensem Waszyngtońskim a Pekinśkim.....	81
Monika Paradowska: Transport jako obszar współpracy w integrujących się krajach Europy i Azji	90
Zbigniew Piepiora: Współpraca regionalna w zakresie przeciwdziałania skutkom katastrof naturalnych jako czynnik wzrostu konkurencyjności w regionie Azji i Pacyfiku	99
Marian Żuber: Strefy bezatomowe w regionie Azji i Pacyfiku w aspekcie bezpieczeństwa globalnego	113
Guenter Heiduk, Agnieszka McCaleb: Konkurencyjność chińskich przedsiębiorstw wielonarodowych. Innowacja kontra imitacja, branding kontra cena, przejęcia kontra rozwój organiczny?	127
Piotr Adam Wiśniewski: Konkurencyjność chińskich dostawców technologii telekomunikacyjnych na rynkach międzynarodowych.....	140

Sylvia Przytuła: Kapitał ludzki jako źródło przewagi konkurencyjnej przedsiębiorstw wschodnioazjatyckich (chińskich, japońskich)	149
Anna Żelezna: Korporacje transnarodowe i ich wpływ na konkurencyjność gospodarek nowych krajów przemysłowych Azji	162
Sebastian Bobowski, Anna H. Jankowiak, Szymon Mazurek: Połączenia sieciowe a konkurencyjność korporacji transnarodowych z Azji Wschodniej	172
Anna H. Jankowiak: Modele klastrów japońskich na przykładzie klastra Toyota	181
Karolina Łopacińska: <i>Keiretsu</i> jako forma partnerstwa w japońskim systemie biznesowym	193
Agnieszka Piasecka-Głuszak: Główne problemy we wdrażaniu japońskich narzędzi <i>kaizen/lean</i> w przedsiębiorstwach na rynku polskim zgodnie z <i>Kaizen Management System</i> – analiza badań.....	203

Agnieszka Piasecka-Gluszak

Wrocław University of Economics

**THE MAIN PROBLEMS IN THE IMPLEMENTATION
OF JAPANESE *KAIZEN*/LEAN TOOLS IN COMPANIES
ON THE POLISH MARKET IN ACCORDANCE WITH
THE *KAIZEN* MANAGEMENT SYSTEM
– THE ANALYSIS OF RESEARCH**

Summary: Contemporary European companies to achieve sustainable competitive advantage are looking for different solutions. To achieve the best results, managers of many European companies began to observe the tools and management systems used in the country of rising sun, such as *Kaizen* Management System. The aim of this paper is to present the results of the study, which aimed to show the main problems faced in daily *kaizen* improvement activities and lean managers in various companies on the Polish market.

Keywords: *kaizen*, *kaizen* manager, management problems, *Kaizen* Management System.

1. Introduction

Contemporary European companies look for different solutions to achieve sustainable competitive advantage. On the one hand, there are solutions that meet customer requirements, but on the other hand solutions to help reduce costs, increase productivity or simply achieve the Key Performance Indicators, KPI. To achieve the best results, many European companies began to observe the management methods used in the country of rising sun, began to wonder what makes the Japanese corporations manage efficiently the flow of products from supplier to final delivery to the customer. So it was noted that Japanese companies are aimed at the elimination of waste and any actions that do not add value to the product and focus on continuous improvement and proper organization of processes, increase quality of manufactured products, appropriate conflict resolution and appropriate utilization of labor resources in the process and motivation of employees. The three main elements, such as quality, cost and appropriate management of human resources, have become a source of not only Japanese corporations but also European including Polish ones. The use of improvement tools in the lean management described by J. Womack, D. Jones, J. Liker or *Kaizen* Management System described by M. Imai and E. Coimbra allowed the continuous development tailored to changing customer

requirements. This approach however, required changing the way of thinking of European companies, including Polish, required managers to change behavior in the spirit of *kaizen* i.e. continuous improvement and also required involvement in the process of change of all the employees from the highest to the lowest level. *Kaizen* Management System shows how with just little investments companies may achieve desired results and later achieve and maintain sustainable competitive advantage or can be a leader in its industry.

The aim of this paper is to present the results of the study, which aimed to show the main problems that *kaizen* and lean managers are facing in daily improvement of activities in various companies in the Polish market.

2. *Kaizen* Management System

Kaizen Management System is an original approach developed by the *Kaizen* Institute¹, which in 2007 was awarded European Medal given by the Business Centre Club and Office of Committee for European Integration. It is a structure on which the methodology of implementation of *kaizen/lean* tools in any enterprise is based, which covers the entire supply chain management process, from the supply of needed products from the supplier, through the production process, company internal customers, to delivery of manufactured goods to the final customer. Within the system there are four models which make it precise how to proceed and what in what order to implement to achieve the intended effects, so that during the flow such elements as quality, cost, and delivery-logistics were the most efficient. *Kaizen* Management System structure consists of a base – a foundation on which are based four models (so-called “pillars”), such as Total Flow Management, Total Productive Maintenance, Total Quality Management, Total Service Management. To be able to carry out all changes in a company, that is Total Change Management, and so that these models have achieved the desired effect, the skills are required and abilities in the basic fundamentals of KMS, which include such elements as awareness of waste, standardization, visualization and 5S practice.

3. The concept and essence of *kaizen/lean* management

In practice, both the concept of *kaizen* and lean management have been introduced in Japan; they are often used interchangeably, confused, because are based on the same

¹ The founder of the KAIZEN ® Institute in 1985 was Masaaki Imai, believed to be the precursor and the guru of *kaizen/lean*; the organization is present in 26 countries around the world, in Poland since 2004 as the Kaizen Institute Poland, engaged in consulting, training and effective implementing *kaizen/lean* in Polish and international enterprises; The Kaizen Institute Poland is the only institution in Poland offering a certified training program based on all the models and tools of *Kaizen* Management System.

assumptions and use the same tools that streamline the process of the enterprise. *Kaizen* in Japanese means “a good change”, “a change for the better”. Systematic and permanent exploration and implementation of improvements by all employees entered the business after World War II. The concept of *kaizen* is that all you do you can do better than ever, that through small steps you can achieve the intended effects, you can improve internal processes. Lean in English means slim, in regard to the company refers to the reduction of losses. Any lean activities cannot be realized without continuous *kaizen* improvement and *kaizen* activities cannot be done without the use of lean tools. The combination of *kaizen* and lean (*kaizen/lean*) tells us to continually improve business processes, so that they are realized without incurring losses. Based on the literature and experience of many companies, we can say that these are complementary concepts, because they rely on similar assumptions, use the same tools for improvement. The goal of both concepts is to stimulate human activity, search and eliminate all sources of waste, such as for example overproduction, stored and maintained inventories at every stage of product flow, repairs/defects and any adjustments, unnecessary movement of employees, processing – inadequate technology, mismatched parameters of processes, waiting – due to a lack of process flexibility, improper balancing of work of operator and machine, when employee waits because of e.g. machine failure or lack of spare part or when he or she only watches the machine or unnecessary transport and handling operations.

The development of *kaizen* and lean was affected by various events, resulting in creation of different systems which, if properly connected, allow creating a company reacting to changes in the environment. These include among others:

- the implementation of just in time concept and use of *kanban* technology in Toyota company;
- the introduction of *jidoka* concept and its main tools such as *Poka Yoke* and *Andon*;
- the extension of management concept of Total Quality Management (abbreviation: TQM), a comprehensive quality management;
- the development of quality management concept by W.E. Deming and J. Juran and control of business processes, developing a systematic approach to solving problems, known as the PDCA cycle “Plan-Do-Check-Act”;
- the introduction of comprehensive enterprise machinery equipment management – productivity management – Total Productive Maintenance (abbreviation: TPM).

4. *Kaizen* and innovation

Implementation of KMS in Asian countries is usually not a problem on the part of workers or managers, which is primarily due to the inborn mentality, systematic improvement and seeking innovations, problem solving rather than searching for the guilty, which, unfortunately, is not visible in Western countries. Improvements

in Asian countries, especially in Japan are related among others to compliance and improvement of existing standards and the task of management is to adequately train and motivate employees. In most Asian countries the dominating management style is paternalistic style oriented on teamwork and co-operation among employees. Belonging to a particular group is deeply rooted in the minds of residents. Each worker is associated with the company for lifetime, therefore individualism and competition are not valued by employers, which unfortunately cannot be said about companies on the Polish market. Another important element aiding to the fruitful implementation of *kaizen/lean* activities is orientation of the company from the very beginning on the processes, their quality and only then on the result. The evaluation of employees is not based on the achieved results, but on the way the process is executed. In European countries mostly the result counts, not human contribution to the work, and achieving unsatisfactory results has an impact on salary, as well as on the position held in an organization. Hence, the transfer of Japanese methods to Europe without visible, rapid results may lead to a failure or reduction of grants for improvements or premature withdrawal. Another aspect is the consistent application of rules which everyone must accept and respect. These include 5S, which is appropriate maintenance of the workplace, identifying and eliminating sources of waste, introduction of standards for each task, visual management, as well as running quality circles.

Different social systems and cultural elements of European and Asian countries have developed different approaches to management. So in the case of Asian countries, as mentioned earlier, we can speak of *kaizen* approach, which are small improvements, when in the case of European countries, we speak of innovations, large, rapid changes carried out by middle and executive level management (see Table 1).

Many European companies cannot implement the concept of KMS fully, as executives of large corporations want to make above all great and rapid progress through costly innovations instead of progressive improvement of the product. *Kaizen* is not a method that is to replace making radical changes, it only enhances the innovation process. *Kaizen* does not make sharp changes and the obtained results are mainly due to the incorporation of minor improvements and they are sufficient for an organization. Western workers do not report as many proposed changes as their counterparts from Japan and if they do, they count on financial reward, while managers are often reluctant and suspicious approaching to these suggestions and when the ideas do appear, they count on fast, positive results. In the Japanese system, the application of *kaizen* approach uses traditional technology, focuses on the people and the product is also focused towards *kaizen*. The western approach prefers to invest in advanced technologies, innovations are focused on technology and an innovative product is created. Nevertheless, in various countries to meet the demand of customers, there is a need to make improvements, but in the implementation process managers meet resistance from the staff side and occasionally from top management too.

Table 1. Innovation and *kaizen* – the comparison of concepts

Innovation	<i>Kaizen</i>
Creativity	Easy adaptation
Individualism	Teamwork (team approach)
Orientation on expertise	Orientation on general knowledge
Focus on big changes	Focus on details
Orientation on technology	Orientation on people
Information flow: closed, proprietary	Information flow: open, sharing information
Functional orientation	Cross-sectional orientation
Searching for new technology	Building on existing technologies
Relates to the production line and staff	Relates to the entire organization
Limited feedback	Full feedback

Source: M. Imai, *Kaizen. Klucz do konkurencyjnego sukcesu Japonii*, MT Biznes, Warszawa 2007, p. 61.

5. Analysis of the research – research survey

Tests were conducted using a questionnaire survey method CAWI (Computer Assisted Web Interviews), which is an interview over the Internet through the provision the respondents to complete the online questionnaire and through direct interviews. Surveys were addressed to selected companies on the Polish market. Their choice was not accidental and resulted primarily from the previously established contacts. In the survey participated 64 companies located in various parts of the country that are implementing or have already implemented the concept of lean and *kaizen*. Surveyed were managers of companies (upper, middle, and lower level) directly engaged in using the tools of lean and *kaizen* improvement in an organization. 31 companies responded (48.44%), but after verification of the completeness of the questionnaires, for the analysis there were used 29 companies (45.31%, two companies did not provide complete answers, because a company is not implementing *kaizen*/lean or there is not any person responsible for such activities), which allowed achieving this objective.

The main objective of the study was to investigate the most important characteristics from the viewpoint of the person directly involved in the *kaizen*/lean in an enterprise, as well as learning the most important problems in their daily continuous improvement. The selection of respondents assumed that persons working in these positions have the knowledge and skills to answer the test questions. Information obtained by the author was quantitative and qualitative type of research. Manager's characteristics identified by respondents were subjective and were dependent on their position within an organization. A large role in the percentage of responses was played by a level of knowledge based on participants' own experiences. Respondents had to answer a few questions, both closed and opened, including the need to list the

three major problems that manager meets during introduction of *kaizen* or lean in the company.

The surveyed companies differed in size and level of employment and also in represented industry. These differences did not affect the quality of research. The largest group among the 29 companies participating in the study (79.31%) were representatives of large companies employing from 250 to 2,000 people, followed by medium-sized enterprises (10.34%) with number of employees from 50 to 249, big companies employing over 2,000 employees (6.90%) and small (3.45%) having from 10 to 49 workers (see Table 2).

Table 2. Companies participating in the study by size (number and % of workforce)

	Companies			
	Small	Medium	Large	Big
	(up to 49 employees)	(from 50 to 249 employees)	(from 250 to 2000 employees)	(over 2000 employees)
number	1	3	23	2
%	3.45%	10.34%	79.31%	6.90%

Source: author’s own research.

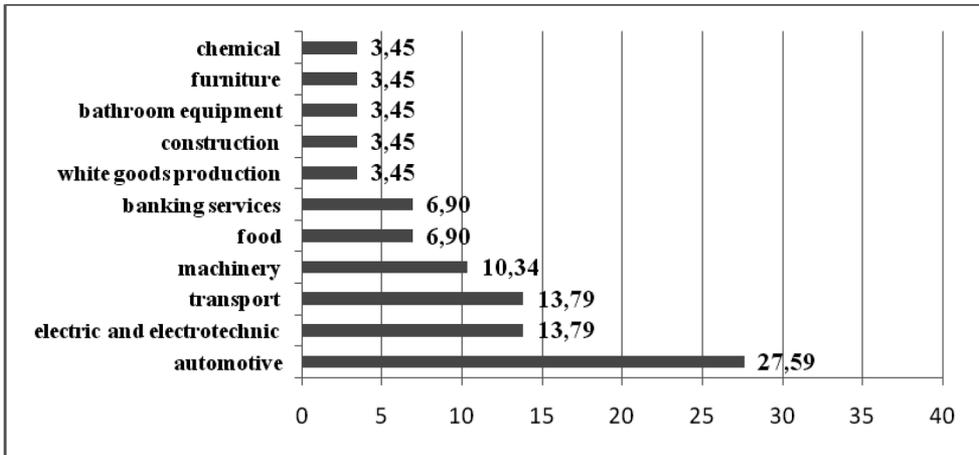


Figure 1. Division by sectors of the surveyed enterprises in %

Source: author’s own research.

In response to questions, to whom a *kaizen*/lean manager is reporting directly in a company, there is high diversity among answers, there is no unified structure and

each company operates by its own rules. In most companies, he or she is a subordinate of the general manager of a company and president (CEO) of a company, while in other companies it is the board of directors, quality manager, production manager, etc. The smallest number of companies identified the section leader, supply chain management and production manager, continuous improvement/lean manager (see Figure 2). In many enterprises the *kaizen* manager or *kaizen* co-ordinator (lower level in the structure) is subordinate of the lean manager or continuous improvement manager. He deals primarily with system of suggestions.

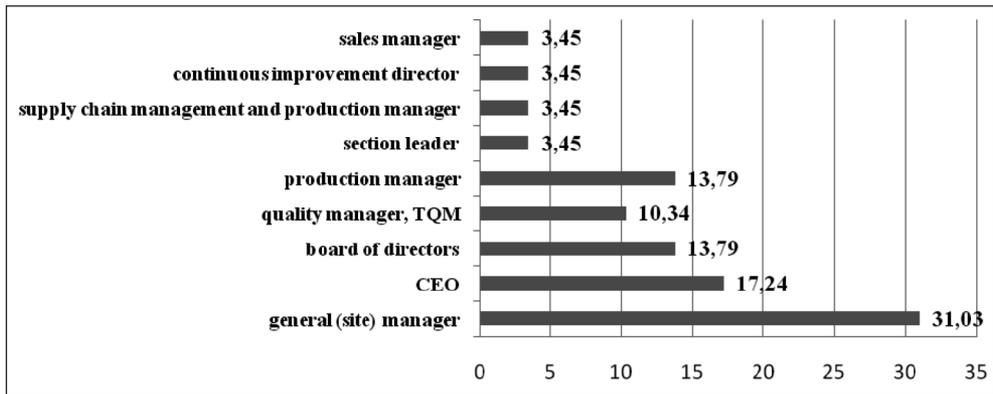


Figure 2. Subordination of *kaizen*/lean manager in enterprises (%)

Source: author's own research.

Kaizen/lean managers have given in the survey a total of 17 major problems (see Figure 3), faced in their daily work during the implementation of *kaizen* and lean. In the analyzed companies, most employees participate in continuous improvement. There is a suggestion and motivation system, not working in all companies, but as shown by managers it is helpful. In almost 9% of companies there is neither suggestion nor motivation system. In about 4% of companies there is a system of suggestions, but there is no system of motivation. In those companies, where there is no adequate system of suggestions and motivation, the main problem managers have is the workers' reluctance, resistance, and fear of change. It is also difficult to encourage teamwork.

In companies where the approach of continuous improvement is ingrained from the very beginning of company's existence, problems associated with reluctance of workers occur in a lesser extent. Every worker knows that he or she must comply with existing norms and standards and every improvement creates higher quality of existing standards and thus the conditions and manner of performing work. In most companies, mostly large ones, the *kaizen* culture is built, awareness of creation the best in terms of quality product, tailored to the needs of the final customer. It is said

indeed that there are external clients, those who buy products, and internal ones that are those who participate in the creation of added value. In these companies every change is a process which is to fill the gap between current state and desired state in the future through appropriate planning, implementation, and evaluation. Assessment is not focused on an employee, but above all on a process. These organizations have clearly stated standards that each employee has to accept. In addition, companies develop a suitable suggestion system which is encouraging to make changes and find more, better solutions. Each improvement, even the smallest, is treated as an opportunity, challenge, new skills. In other enterprises where there are no clearly defined rules and KMS system just begins to be implemented, unfortunately there is very high resistance to improvement to be seen. Workers show the biggest resistance because they do not know what the consequences might be, they are afraid to lose control, they do not understand the reasons and objectives of change or have too little time to carry out certain tasks or do not relate directly to this benefit. In such companies it is important to realize by every employee why *kaizen* is being implemented. Moreover, important elements are permanent, systematic transfer of information, training, assistance in the implementation, active support for changes, problem solving in a team and motivating of course.

The surveyed managers of 29 companies involved in *kaizen* and lean as a major problem in the continuous improvement of the company listed the resistance and the reluctance of workers to changes. Although *kaizen/lean* managers in most of the companies have support of top management, according to the analysis the second major problem that they face is the lack of support and commitment of senior management. The lack of support results from their reluctance to long-term changes, the lack of coherent vision or a competent person to approve the improvement. When asked whether the highest level of management support *kaizen/lean* actions in an organization, 75% of surveyed managers responded definitely yes, 20% said that they did not always and 5% said that definitely not. In a group of 20%, the majority i.e. more than a half responded that acceptance on the part of senior management only occurs during the initial period of implementation of activities. Other people in this group of managers argued that the involvement occurs only after using the main tools of *kaizen* and showing the waste, as well as after presentation of advantages for the company.

Another major problem faced by managers is a misunderstanding of the sense of the introduction of *kaizen/lean*. This problem is primarily due to difficulties in convincing staff about the positive effects of implementation or treating improvements by employees as additional work.

Over 9% of those surveyed managers as one of the problems have listed “no time to improve”, explaining that the activities of *kaizen/lean* are treated as an additional task, not basic obligations. Moreover managers think that when there is too heavy burden on operational staff, it prevents full commitment to build lean.

Another important issue mentioned by the managers is the fear of making changes, especially the fear of losing jobs. This problem may result from the fact that, according to employees, the improvements can affect the increased efficiency and thus fewer staff is needed.

Further problems which the *kaizen/lean* manager give are insufficient human and financial resources to implement ideas, inappropriate placement of a person responsible for *kaizen/lean* in the structure of an organization, the occurrence of discrepancies between the different functions of the KPI, the difficulties of teamwork, a lack of co-operation, problems with maintaining standards, a lack of motivation, a lack of foresight thinking – focusing only on the current activity or simply a lack of clearly identified objectives of *kaizen/lean*.

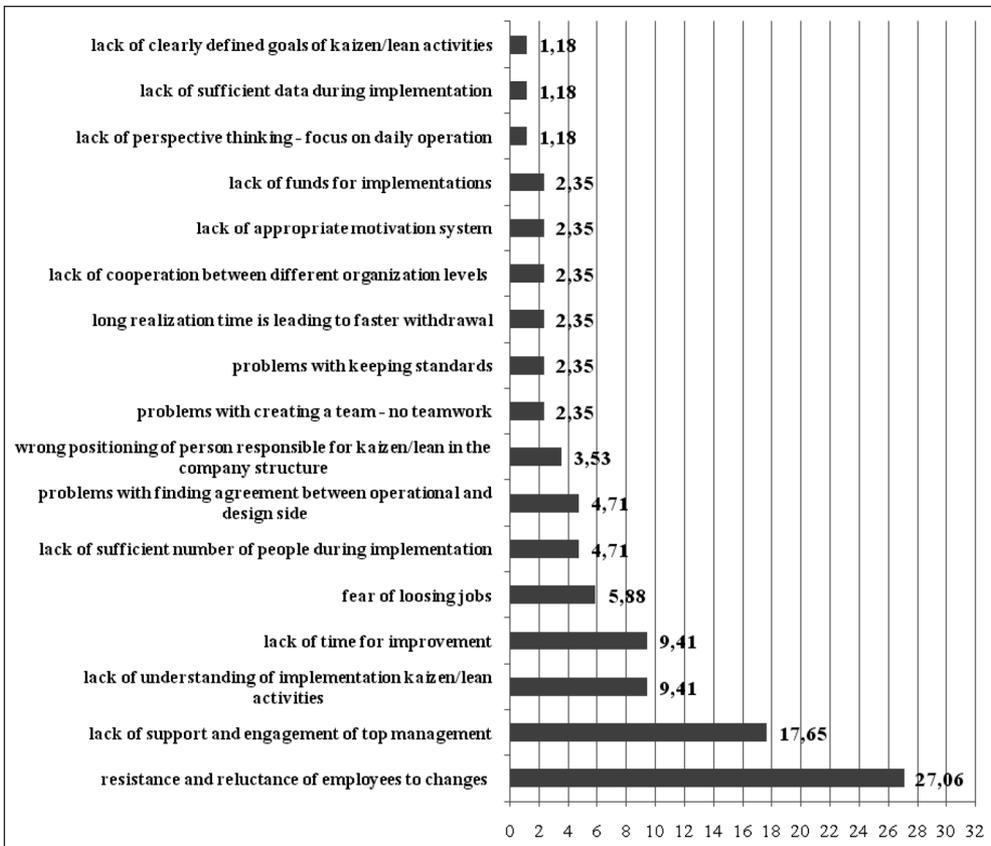


Figure 3. Answers concerning the problems faced by *kaizen/lean* managers in enterprises (%)

Source: author's own research.

6. Conclusions

The main problems in the implementation of Japanese *kaizen/lean* tools in companies on the Polish market in accordance with the *Kaizen* Management System arise mainly due to different mentality and awareness of employees. The faster and more appropriate involvement of employees in the process of continuous improvement, to make better products or services, then the more effective *Kaizen* Management System, allow an organization to overcome the hard times, would eliminate the main sources of waste through process improvement. Much depends on the involvement of top management, but also the managers directly involved in the *kaizen/lean*. Each manager, in spite of the problems encountered in everyday reality, cannot forget about the good motivation and supporting employees by providing ongoing information, support for teamwork, priority setting, ensuring a systematic problem-solving. His or her task is also to conduct an appropriate training system, because only then everyone will know how to proceed and what are the main objectives of the company. Among the most common causes of failures of the introduction of *Kaizen* Management System in European companies, including Polish, there are a lack of training in *kaizen* implementation, ignorance of and bad attitude of employees towards the basic tools of *kaizen*, introduction of too many processes at the same time, a lack of patience in achieving results or too high expectations concerning achieving positive results in a short time. Identification and awareness of *kaizen/lean* managers, what the main problems may arise in their daily work and showing the causes of failures can contribute to the full implementation of *Kaizen* Management System and thereby reduce costs, increase productivity, and finally gain a competitive advantage in rapidly evolving global economy.

References

Imai M., *Kaizen. Klucz do konkurencyjnego sukcesu Japonii*, MT Biznes, Warszawa 2007.

GŁÓWNE PROBLEMY WE WDRAŻANIU JAPONSKICH NARZĘDZI KAIZEN/LEAN W PRZEDSIĘBIORSTWACH NA RYNKU POLSKIM ZGODNIE Z KAIZEN MANAGEMENT SYSTEM – ANALIZA BADAŃ

Streszczenie: Współczesne przedsiębiorstwa europejskie, aby osiągnąć trwałą przewagę konkurencyjną, szukają różnych rozwiązań. Aby osiągnąć jak najlepsze rezultaty, menedżerowie wielu przedsiębiorstw europejskich zaczęli obserwować narzędzia i systemy zarządzania stosowane w kraju kwitnącej wiśni, takie jak na przykład *Kaizen Management System*. Celem niniejszego artykułu jest przedstawienie wyników przeprowadzonych badań, które miały na celu pokazanie głównych problemów, z jakimi spotykają w codziennym doskonaleniu działań menedżerowie *kaizen* i *lean* w różnych przedsiębiorstwach na rynku polskim.