


Critical Evaluation of Continuous Improvement and Its Implementation in SMEs

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ABSTRACT

The purpose of this paper is to represent the current scenario of continuous improvement activities of SMEs in Indian context in different sectors. Literature study focuses on the approach of implementation of CI activities in SME, overseas, and Indian sub-continent based on the tools and techniques adopted. Continuous Improvement is an organisational innovation and design principles rooted in TQM paradigm in context with Indian SMEs. An increase in the number of SMEs in developing country like India give rise to a number of organizations to impart focus towards the emphasis on improvements, performances, cost reductions, benchmarked products, etc. to achieve competitive success and sustain in the present turbulent environment. SMEs significantly contribute to industrial and national economy to any developing country to be competitive in this era of international business. SMEs generally are observed with lack of financial resources, time, and efficient number of expertise, as advocated by number of authors.

KEYWORDS

Incremental Improvement, Industries, Innovations, Methodologies, Philosophies, Processes, Review, Techniques, Tools

INTRODUCTION

“Change is a requisite law of Universe”. Change, in industrial context, large enterprise or small, may be in an individual, a group, culture, an enterprise etc. that leads to improvement activities. Synonymous to that, Kaizen is a Japanese word composed of two concepts: Kai (change) and Zen (for the better) (Palmer, 2001). Kaizen is defined as a Japanese philosophy of Continuous improvement, being globally used by organization with an objective a dynamic change for better. KAIZEN indicates a process of continuous incremental improvement of standard way of work (S. Lee et al, 2000). In western companies it is coined as Continuous Improvement (CI). Major companies around the world are encountering a necessity to provide a positive response to the changing circumstances, customer’s requirements, desires and tastes. In order to compete in this continuous changing environment globally, the companies (large or small) needs to identify and develop new methods that promote them to remain competitive, flexible, qualitative, cost efficient, enabling their companies to respond rapidly to new demands. The phrase “CI” is associated with variety of organisational development techniques like

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Lean manufacturing, total quality management (TQM) employee improvement programmes, customer service initiatives and waste reduction campaigns.

In 1990s CI had emerged as one of the key issue in organisational design as well as quality management. (Choi, 1995). The philosophy of CI offer flexibility in adaption to the changing operational environment and adjacently improvise employee participation. CI systems are very complex, making it impossible to isolate the tools and techniques used to achieve quality and productivity objectives from the people engaged (Jurburg et al, 2016). There has been number of cases whereby the company has tried to imitate or transfer certain technique which have proved successful somewhere but failed because there was a failure to engage people inside the organisation (Jaca et al, 2014). CI has been always been a part of craftsmen, academics, professionals and managers, who are expected to develop their individual skill. This has relation that, although strongly associated to quality, CI as a concept has its roots in many other field, including, Socio-technical system design, human relation movements and more recently the discussion surrounding 'lean manufacturing'. (Womack and Jones, 1997).

In the simplest form, CI can be defined as a company-wide process of focussed and continuous incremental innovation-small step, short cycles of change, which taken alone have little impact but in cumulative form can make a significant contribution to performance. (J. Bessant et al, 1994). The improvement not only the results a team but also the process itself (J. Bessant, 1998). Compared to other strategies of innovation, CI is a low cost investment but a much greater effort to learn innovation is required. The improvement activities as carried out are in incremental or gradual way rather than radical ones. A major improvement takes place with passage of time as a result of numerous incremental improvements. These changes are obtained with usage of tools and techniques that are dedicated to finding the sources of problems, waste, variation and finding the ways to minimise them (Nadia Bhuiyan, Amit Baghel, 2005).

INNOVATION AND KAIZEN

Innovation may be defined as a new function or improving the functionality of a product, process or service for a product that can respond to the market demand or generate a new demand from the market. It may also be defined as the activity that allows the apparition of innovation as a product and which is based on an individual, social, on a company, creative and dynamic behaviour.

Incremental innovation deals with processes of modification, simplification, refining, consolidation and improving of product or processes, the services and the activities of production and distribution already existing. On the other hand radical innovation implies the inserting new or services that are developing into a new business. It may result into creation of a new industry or can cause a major change in a whole industrial branch tending to new systems or values (Aurel Mihail Titu et al, 2015).

Radical innovation refers to product and processes those results from advances in knowledge whereas incremental innovation refers to the continual process of improvement of techniques (Mole and Elliot, 1987). Competitive pressures from world-wide operations provide strong motivation for innovation. According to Schonberger (1986), who popularised the term world-class, "Today there is wide agreement . . . that continual improvement in quality, cost, lead time, and customer service is possible, realistic, and necessary". Kaizen philosophy is better suited to a slowly growing economy while innovation is better suited to a fast growing economy (G. Wittenberg, 1994). Kaizen produces results through Process orientation (Ray Cheser and Cheryl Tanner, 1993). The broader comparison between Kaizen and Innovation is presents in Table 1.

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