

The Role of Kaizen in Africa's Industrialization and AfCFTA Advancement

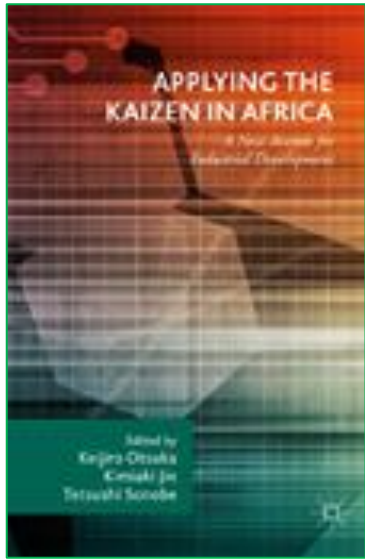
Emerging Views from Recent Research

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**Applying the Kaizen in Africa:
A New Avenue for Industrial
Development (Eds. Otsuka, Jin
& Sonobe 2018)**

https://www.jica.go.jp/jica-ri/ja/publication/booksandreports/20180831_01.html

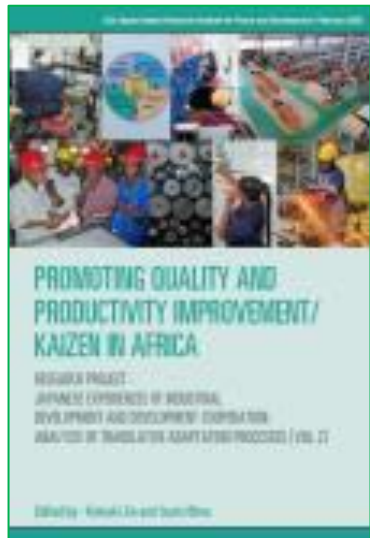


**Workers, Managers, and
Productivity: Kaizen in
Developing Countries (Eds.
Hosono, Page & Shimada 2020)**

https://www.jica.go.jp/jica-ri/ja/publication/booksandreports/202002_01.html



<JICA Ogata Research Institute>



**Promoting Quality and
Productivity Improvement in
Africa (Eds. Jin & Ohno,
2022)**

https://www.jica.go.jp/jica-ri/ja/publication/booksandreports/20220210_02.html

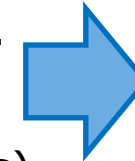


**SDGs, Transformation, and
Quality Growth: Insights
from International
Cooperation (Hosono 2022)**

https://www.jica.go.jp/jica-ri/ja/publication/booksandreports/20220313_01.html

How can Kaizen contribute to African Industrialization & Firm Competitiveness?

- A relatively easy **entry point** for industrialization
 - Low cost & low risk, without significant investment (Imai 1997)
 - Small step, incremental improvement
- Direct effects on **quality & productivity improvement**
 - Reducing lead time, defects, costs, in-company accidents; improving capacity utilization of equipment, etc.
 - Embedding environmental sustainability, energy saving, etc.
- Effects on **learning capacity** ('learning to learn')
 - Inclusive and participatory learning (vs. monetary incentives)
 - Creating a 'learning enterprise' : QCC for front-line workers; TQM for organizational learning
 - Fostering core capacities (PDCA cycle), non-cognitive skills



➔ "Genuine" **inclusive and innovative growth**
(Hosono 2022)

Some research findings

- Firm capability building, learning, **GVC participation & upgrading** (e.g., automotive industry in Thailand (Hosono 2022), Mexico (Katai 2020), South Africa (Ishigame 2020))
- Coping with Covid-19 pandemic through **proactive attitude toward solving problems & good communication** (Jin 2022)
- Profitability? (maybe in the long run)

How can Kaizen contribute to Decent Job?

□ Three Guiding Principles of the Productivity Movement (JPC 1955)

1. Improved productivity should increase, but should not reduce, employment in the long run.
2. To improve productivity, labor and management must consult and work together with each other on an equal footing.
3. The benefits of improved productivity should be distributed fairly among management, labor and consumers.

□ Social dialogue: participation of labor unions in the Productivity Movement

- Experiences of Japan & Singapore (Ohno & Mekonen 2022)

□ Workplace safety and health

- Empowering employees to build safe workplace; *muda* elimination; constant monitoring & data analysis.

□ Fair wages, labor rights & standards, social protection

- Harmonious mgt.-worker relationship, shared prosperity
- Japan: increased share of labor compensation in GDP in the 1960s onward (Shimada 2020)

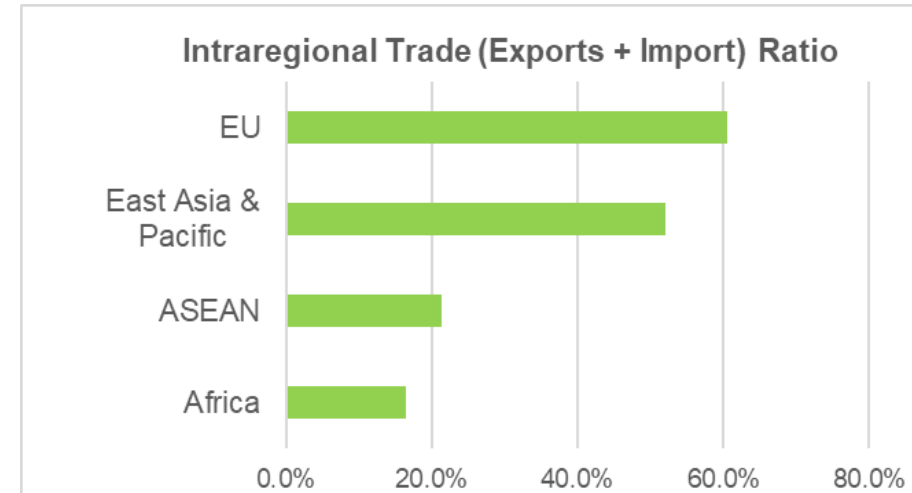


https://international-partnerships.ec.europa.eu/policies/sustainable-growth-and-jobs/employment-and-decent-work_en

What is the Role of AKI in Realizing AfCFTA's Mission?

- AfCFTA aims to boost intra-Africa trade, esp. trade in value-added production and services.
 - Creating a single market of 1.3 billion people
- Comprehensive approach is needed to maximize the benefits of AfCFTA for **all Africans** (not just as consumers, but **value-creators**).
 - **Industrialization** must be integral part of the ongoing efforts to boost connectivity (e.g., tariff reduction, trade facilitation, infrastructure...)
 - East Asian experiences show the importance of not just 'institutional' integration, but also the **development of dynamic industrial linkages**.

Market-based (*de facto*) vs. formal (*de jure*) integration



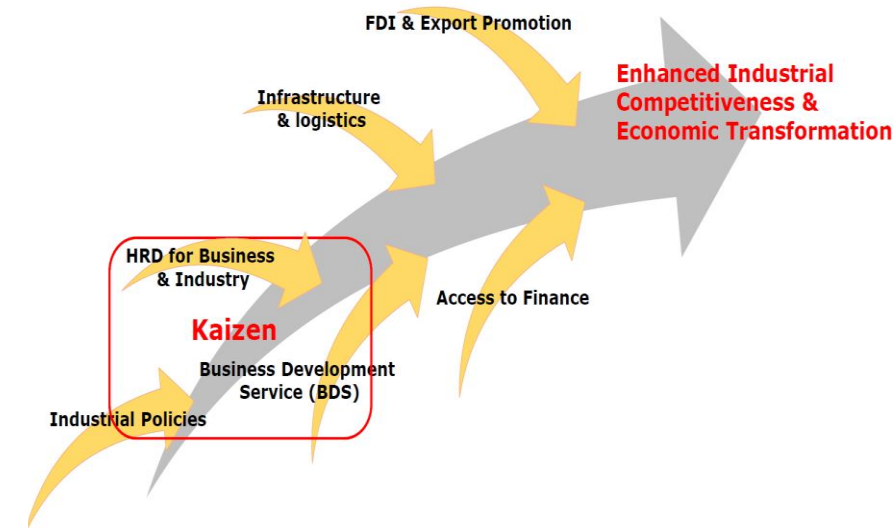
Source: IMF Direction of Trade Statistics (except for East Asia & Pacific, based on World Bank WITS)

Note: 2020 data, except for East Asia & Pacific which is 2019.

- **AKI is an unique, multi-stakeholder initiative** as:
 - Promoter of Africa's industrialization; a platform for industry, academia, govts with African & external partners (incl. AUDA-NEPAD, PAPA, JICA)
 - Policy advocacy, creation of COE functions, customization & standardization, networking at regional and global levels, etc.

Further Thoughts

- Kaizen is crucial, but not almighty (only an entry point)
 - Cannot solve challenges external to companies (e.g., forex shortage, infrastructure ...)
 - Should be **integral part of industrial policies** for catching-up economies
- How to elevate Kaizen activities to National Movement?
 - Nationwide engagement in popular **mindset change** toward hard work, team work & creativity; stimulating private sector dynamism → creating a 'Learning Society' (Stiglitz & Greenwald 2014)
 - Six factors for success (Ohno & Mekonen 2022)
- Broadening the scope of industrialization in the era of SDGs, IT/servicification
- Digital Kaizen?
 - Potential usefulness of Kaizen in smart manufacturing (data driven, visualization, networking/connectivity) (JICA Data Collection Survey 2022)
 - Complementarity with innovation (Takeuchi 2022)



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