







# AfDB Pre-TICAD7 Knowledge Event - Human Capital and Industrial Development in Africa Panel Discussion



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## Key Challenges for Africa industrialization



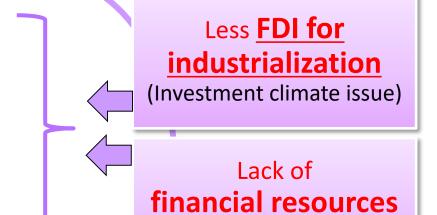




Lack of firm capability (A lot of "survivalist")



Less accumulated <u>human capital</u> (Less opportunities for capacity building)



## Lack of coordination

(Among institutions and stakeholders)

**Any solutions?** 

(Large missing space)

## Kaizen

as one of the solutions

#### **Participatory**

Participation from top management all the way down to front line workers is essential. Suggestions from workers are encouraged.

**KAIZEN** 

Activities consisting of small but continuous add up resulting in big changes.

#### Continuous

efforts on a daily basis

#### **Economical**

Universal

Applicable in any country,

industry, sector, size

and organization.

Emphasis is on using wisdom more than money. Applicable even when there are resource imitations.

#### Scientific **Approach**

Rational measures based on statistical data analysis.



Source: JICA (2018) "Kaizen Handbook"



Improves quality, productivity and service level; Reduces cost and delivery time



Builds teamwork and enhances communication



Changes mindsets of managers and workers



Creates a strong organization that keeps evolving and developing



Fosters personnel who can think and act by themselves



Creates a safe and comfortable work environment

Human capital development



Firm Capabilities Building







"Discussion, Outputs and Way Forward"



Held on 2-4 July 2018 with 150 participants from 20 countries in and out of Africa

# Kaizen: results and impact



- ➤ Introduction of KAIZEN to SMEs in 8 countries, Supported over 1,000 firms, Beneficiaries of 60,000 people
- > Formed "Africa Kaizen Initiative" with NEPAD (April 2017)
- Productivity improvement by 30%

Improvements in productivity and cost reduction in a KAIZEN workshop

#### [TANZANIA · Shoe Workshop]

#### The issues before KAIZEN

- Scattered waste material and dust was the cause of defective products.
- Errors in production or delivery delay frequently happened due to inadequate inventory control.

# BEFORE

### Implementation of KAIZEN



5S Visual Control

#### The results of KAIZEN

- The possibility of contamination, errors in production and delivery delays has been decreased.
- Productivity has increased 3.0-fold at the most.

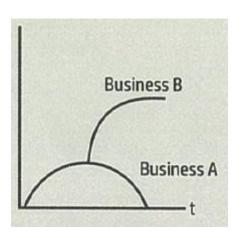


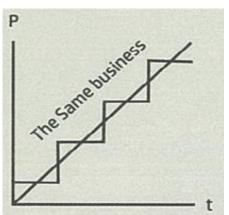
But not only these...

## Kaizen for innovative business



- Kaizen is also an innovation.
- Kaizen is Incremental Innovation to complement Radical Innovation (Breakthrough).
- Kaizen is Process Innovation and a most basic capability for enhancing firm capability.
- ➤ Invention capabilities and Technological adoption capabilities, essential for economic transformation





Radical Innovation <Breakthrough> Incremental Innovation < Kaizen >

# Innovative mind capabilities Technology Technological adoption capabilities

<u>Ladder of Firm Capabilities</u>

Kaizen

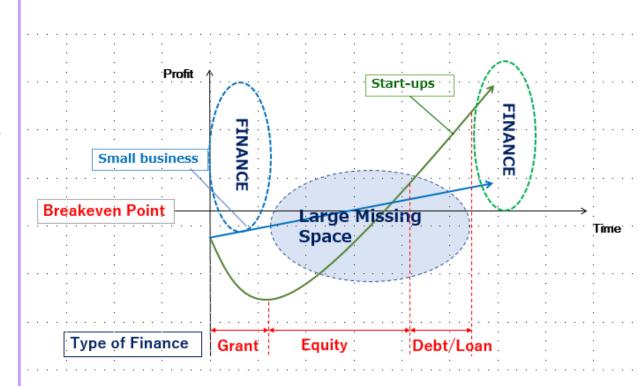
Source: World Bank (2017) "The Innovation Paradox", modified by JICA

**Production** 

capabilities (Process Innovation)

# Covering Large Missing Space for financing nentrepreneurs/SMEs, critical for their growth

- SMEs with KAIZEN needs fund to expand production capacity.
- Start-ups faces <u>severe</u>
   <u>shortage of money before</u>
   making profit (at their early stage)
- MFIs provide only small fund, while Private funds (Commercial Bank, VCs) target later stage
  - → Potential entrepreneurs/SMEs remain unattended financially.
  - =Large Missing Space

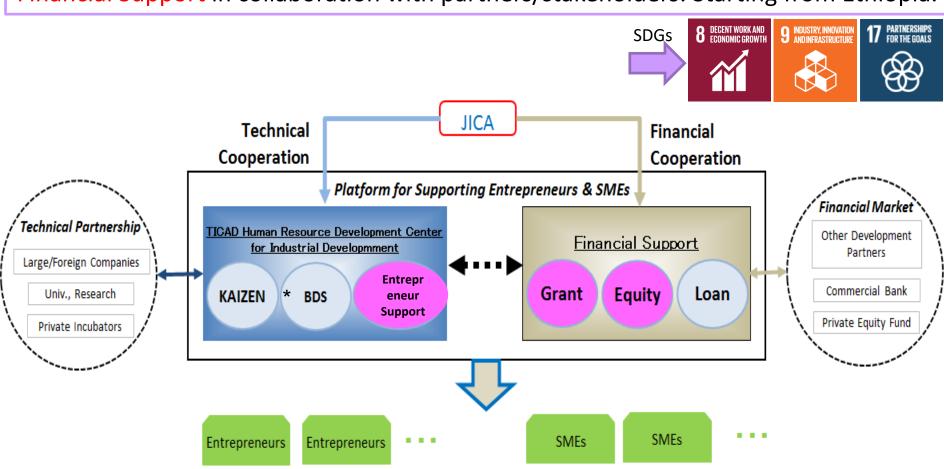


Source: JICA

# New Platform for supporting entrepreneurs and SMEs in Africa



JICA is preparing to create and develop innovative "Platform for supporting Entrepreneurs & SMEs", combining Technical Cooperation (such as Kaizen) and Financial Support in collaboration with partners/stakeholders: Starting from Ethiopia.



# Thank you!

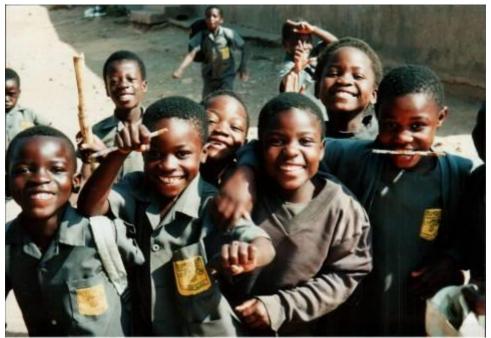


Photo: Homma

