

EMPLOYEE INVOLVEMENT- AN ESSENTIAL COMPONENT OF A SUCCESSFUL INNOVATION

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Abstract: The article showed that when it comes to innovation, business leaders aren't looking only to traditional sources, like research and development departments, to contribute with big new ideas, then engaged employees are also likely to contribute those innovations. It argues that changes in workplace organization, including the usage of employee involvement method like employee suggestion systems, Kaizen Teian or the alternative form of kaizen teian-quick and easy kaizen improves quality, safety and cost structures.

1. INTRODUCTION

The definition of innovation proposed by the Organisation for Economic Cooperation and Development in the Oslo Manual (1997) is subdivided in two: product innovation and process innovation[1]. *Product innovation* is about producing a new product. Products mean specific products and solutions and/or services rendered to a customer or a user. However, *process innovation* is intended to improve and optimise the processes in an organisation so costs can be reduced, a larger amount of work can be performed or results can be improved for users or customers. For instance, innovation can take place in the production, sales, purchasing or communication processes.

Innovation adoption is a highly complex process, driven by personal views and traits of the decision makers and the values of those who are intended to make use of the innovation. In this respect, the importance of the human factor cannot be overemphasized. Employee involvement can be definit as a "system that encourages employees to participate in the improvement of the business by using their creative abilities to make improvement suggestions and by sharing their expert knowledge regarding their immediate work areas"[2]. When a firm confronts the challenge of installing a new process technology, either "hard" (e.g., new equipment) or "soft" (e.g., TQM), shop-floor workers' involvement is critical because they are close to activities and incidents that define the success or failure of the new technology. Workers are more productive and more committed to the tasks at hand if they can see and understand the goal they are working towards and are also given the responsibility and rewards for reaching these goals.

By using employee improvement teams to solve problems on the production line, improved performance and less wastage could be achieved. Nonetheless, the shift from a traditional "command and control" to an employee involvement/empowerment management style is not without obstacles. The most commonly encountered problems include:

- Resistance to change [by employees]

- Lack of trust by employees of management motives, due to sudden change in working styles
- Lack of clear expectations regarding the extent of involvement in the problem solving process
- Lack of participative skills from the employees, as they may not have previously experienced such concepts
- Lack of on-going commitment from the top management, who after initial encouragement leave rest of the delegating and maintenance to the managers.

2. EMPLOYEE SUGGESTION SYSTEMS AND SCHEMES

Employee suggestion systems (or employee suggestion schemes) are the oldest form of employee involvement. The practice of soliciting suggestions from workers was first used by management about 100 years ago in Scotland. William Denny, a Scottish shipbuilder, asked his workers to suggest methods for building ships at low cost. In the United States, records show that an Eastman Kodak employee named William Connors received a price of two dollars in 1898 for suggesting that windows be washed to keep the workplace brighter. Frank Lovejoy, the supervisor who accepted Connor's suggestion, later became the president of Kodak. In 1905 Kanebuchi Boseki, a Japanese textile company, set up "suggestion boxes" that were reportedly an imitation of the NCR suggestion system that its management had observed on an earlier visit to the United States.[3]

Employee suggestion systems - like the rest of the American economy - got a real shot in the arm during World War II. Companies were pressed to produce larger quantities of goods with a depleted workforce and scarce resources.

Prodded by the War Production Board, companies turned employee suggestions into a means of contributing to the war effort. Bausch & Lomb doubled cash awards for good suggestions, and published winners on local radio shows. After World War II, US suggestion systems found fertile ground in unlikely soil. W. Edwards Deming brought this concept of continuous improvement (CI) to Japan's shattered industrial complex. In his scheme, employee suggestions quickly assumed an important role.

The company benefits not only in terms of cost savings realized as a result of employee suggestions, but also in terms of better employee morale. In many cases suggestion systems can help develop teamwork among employees. While the goal of a suggestion system is for cost savings to exceed expenses associated with the program, there are also intangible benefits to be realized from suggestion systems.

A study conducted from Isaac Getz, Professor of Creativity and Innovation Management, shows that a number of organizations showed more than 20 ideas per employee per year, an 80% implementation rate, a 90% employee participation rate and over € 8,000 in cost cuts or profits per employee per year. No traditional centralized suggestion system, not to mention the counter-productive suggestion box, comes even close to this performance. Sweden, with the best employee suggestion system in Europe, averages 0.53 ideas per employee per year, a 50% implementation rate, a 20.7% employee participation rate and net savings/profit per employee per year of € 224. Arguably, an effective SMI is different from traditional suggestion systems.[4]

3. INOVATIN, KAIZEN AND KAIZEN TEIAN

Innovation can bring progress and changes that are truly revolutionary. Unless a corporation participates in this process of revolutionary change, it will be unable to transform itself as required, and it will not grow.

Kaizen and innovation are both indispensable for a well-functioning corporation. *Kaizen* is a Japanese philosophy of continuous improvement of all employees in an organization, so they can perform their task a little better each day. It is a never-ending journey centred on the method of starting anew each day with the principle that methods can always be improved.

At the workplace, Kaizen means continuing improvement involving everyone: managers and workers alike. The Kaizen business strategy involves everyone in an organization working together to make improvements without large capital investments." The success of the Kaizen initiatives in Japan has had one key practice in common. That is, overcoming employees' resistance to change. This was achieved by addressing the following critical issues[5]:

1. Constant effort to improve industrial relations
2. Emphasis on training and education of employees
3. Developing informal leaders among the workers
4. Formation of small-group activities such as QC and improvement teams
5. Support and recognition for workers' Kaizen efforts (promotion criteria)
6. Efforts for making the workplace a place where employees can pursue goals
7. Bringing social life into the workplace as much as practical
8. Training supervisors so that they can communicate better with workers and can create a more positive involvement with workers.

Kaizen Teian is a system for generating and implementing employee ideas. The word "teian" means proposal or suggestion. Kaizen Teian is a companywide system for employee- managers and workers, continuous improvement proposals. It is an organized way of bringing forward the ideas of employees, no matter how small. Japanese suggestion schemes have helped companies to improve quality and productivity, and reduced prices to increase market share. They concentrate on participation and the rate of implementation, rather than on the quality or value of suggestions. The emphasis is on encouraging everyone to make improvements. Kaizen Teian suggestions are usually small-scales ones, in the worker's own area, and are easy and cheap to implement, which results in many small improvements that accumulate to massive total savings and improvements.

An alternative form of kaizen teian is "quick and easy kaizen." [6]. It is based on Toyota's model, combined with elements of the old-style suggestion systems. Quick and Easy Kaizen recognizes that the person doing a job is the best expert on that job. It encourages everyone to make small improvements that are within their power to implement. In this approach, suggestion forms are boiled down to a small index card and are very simple. Each suggestion should be something that the operator or his supervisor can implement themselves. That empowers employees, enriches the work experience and brings out the best in every person and, finally improves quality, safety, cost structures, environments, through put and customer service

Table1. Kaizen vs Traditional

CHARACTERISTICS	KAIZEN	TRADITIONAL (INNOVATION)
Purpose	Employee involvement and development Communication Economic benefit	Economic benefit
Focus	Many very small changes Eliminating of daily hassles	Few very large changes
Awards	Low Amounts Merchandise	High Amounts Cash
Participation	50% and higher Many ideas accepted	5% and lower Many ideas not accepted
Implementation	Employees implement most of own ideas Quick	Management, engineering driven Slow, drawn-out, employees less accountable
Motivators	Intrinsic satisfaction, personal development and recognition Frequent feedback and awards	Extrinsic rewards, money

4. CONCLUSIONS

The ability of an organization to respond to the rapidly changing global marketplace will eventually determine the ultimate success of that organization. The implementation of Kaizen addresses many of the needs that modern organizations face. While Kaizen brings continuous improvement, it also develops a communications network throughout the organization that intrinsically supports a method of checks and balances within daily operations. The daily trials and tribulations that upper management once confronted on their own are now solved by the workforce, increasing morale and allowing upper management to concentrate efforts on strategic planning.

When implementing the Kaizen approach, much of the responsibility lies with upper management. Pitfalls include the tendency of upper management to micromanage the teams and a lack of initial training in teamwork effectiveness.

The traditional suggestion system in the west emphasis "few" and "big": a few people get big rewards for a few big ideas that save big "bucks". Kaizen teian is not concerned with bigness so much as broadness. It encourages the creative participation of each person in the company, drawing on the cumulative effect of many small ideas.

5. REFERENCES

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