



**St. Mary's University**

**School of Post Graduate Study**

**EFFECT OF KAIZEN IMPLEMENTATION ON EMPLOYEE'S  
PERFORMANCE AT ANBESSA SHOES SHARE COMPANY**

**By:**

**EDEN SHEWAREGED**

**December, 2019**

**Addis Ababa, Ethiopia**



**ST. MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDY**

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ANBESSA SHOES SHARE COMPANY**

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF REQUIREMENTS FOR  
DEGREE OF MASTER IN BUSINESS ADMINISTRATION**

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## LIST OF ACRONYMS

5s:	Sort, Set in order, Shine, Standardization and Sustain
BPR:	Business Process Re-engineering
EKI:	Ethiopian kaizen institute
JIT:	Just-in-time
MOIT:	Ministry of Industry and Trade
PDCA:	Plan-Do-Check-Act
QCC:	Quality Control Circle
TPM:	Total Productive Maintenance
TQC:	Total Quality Control
ZD:	Zero Defects

## DECLARATION

I, the undersigned, declare that this thesis is my original work; prepared under the guidance of Asst. professor Shoa Jemal All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Eden Shewareged

Name

\_\_\_\_\_  
Signature& Date

## **CERTIFICATION**

This is to certify that Eden Shewareged has properly completed her research work entitled “effect of kaizen implementation on employees performance in Anbessa shoes company “ under my supervision .In my opinion her project work is appropriate to be submitted as a partial fulfilment requirement for the award of the Degree in masters of business administration

Asst. professor Shoa Jemal

Advisor

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Signature

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## ABSTRACT

*The purpose of the study was to identify the effect of Kaizen Implementation on employee's performance at Anbessa Shoe Company. In addition the objectives were to examine the effect of kaizen implementation on employee's performance, with the major factors that affect employees performance (working condition, organizational culture, training, motivation and leadership), To address the objectives, research both descriptive research design and explanatory researcher design was used, primary and secondary data and also a mixed research methods (i.e. an approach of both quantitative and qualitative data collection methods) were used to collect data from employees and department head. The target population of the study comprised of 598 employees of Anbessa Shoe Company. A sample of 238 employees was selected from the population by using non-probability sampling technique, validity and reliability of the statement was assessed by determination of cronbach's alpha. The data gathered of the respondents through questionnaire were analyzed using mean, standard deviation and inferential statistics (correlation and regression analysis).The Pearson correlation test conducted between employees' performance and working condition, organizational culture ,leadership practice and compensation as independent variables have strong and positive correlation training have positive and moderate correlation with employees performance. The regression result confirmed that there is significant positive relation between employee's performance and factors affect employee's performance, the researcher proved that the entire hypotheses were accepted. Finally researcher find out implementation kaizen in Anbessa Shoes Company is not well implemented that can't not increase the quantity produced and increase employee's performance.*

**Key words: Kaizen, 5S, Employee's performance, working condition, Organizational culture, Measurement of employee's performance**

# CHAPTER ONE

## INTRODUCTION

The purpose of this research is to understand the effect of kaizen implementation and employee's performance. This chapter deals with background of the study, background of the company, definition of key terms, statement of the problem, research questions, objectives of the study, scope, significant, limitation and organization of the study are included.

### 1.1 Background of the Study

For manufacturers to ensure that they remain competitive in the market they need to improve their competitiveness by apply the continuous improvement or Kaizen concept in their organization. The ultimate objective of manufacturing industries today is to increase productivity through system simplification, organizational potential and incremental improvements by using modern techniques like Kaizen (Mohd Ghazali Maarof and Fatimah Mahmud, 2016). Different elements of kaizen are being utilized by manufacturing industry to improve the performance of current manufacturing system processes. This study attempts to evaluate the performance of different elements of kaizen on the employee performance in Anbessa shoes factory sc. The kaizen Method of continuous improvements is an originally Japanese management concept for incremental (gradual, continuous) change (improvement). Kaizen is a way of life philosophy, assuming that every aspect our life deserves to be constantly improved Value Based Management. (Net,2016). The Kaizen Philosophy lies behind many Japanese management concept such as Total Quality Control, Quality Control Circle, small group activities, labor relations. Key elements of Kaizen are quality, effort, involvement of all employees, willingness to change and communication. (Mohd Ghazali Maarof and Fatimah Mahmud, 2016)

In business, kaizen refers to activities that continuously improve all functions and involve all employees from the Anbessa shoes S.C to the assembly line workers. It is clear that Kaizen fits well in incremental change situations that require long-term change and in collective cultures. More individual cultures that are more focused on short-term success are often more conducive to concepts such as Business Process Reengineering. This means that the Kaizen Philosophy is

more people oriented, more ease to implement, requires long-term discipline, and on the other hand is harder, technology-oriented, and enables radical change but require major change management skill Value Based Management. (Net, 2016)

In this context employees performance is an important building block of an institute and factors which lay the foundation for high performance must be investigated by the organization since every organization cannot progress with one or two individuals effort it is combined effort of all the member of the organization. Performance is a major multidimensional concept aimed to achieve results and has a strong link to strategic targets of an organization. Administrators at all the rank have to participate their effort and make maximum use of their abilities which sometimes are produced under control or without it. However there are several hopes from administrator's functioning for a business. Bohatal .com

High performing employees will result to high performing organization success because they are interrelated to each other. However, if the employee has low performance, it will negatively impact the organization too. During the performance management process, employee efforts are managed based on measured performance outcomes. Thus, to critically design an effective job performance management process, the decision what constitute good performance and how different criteria of high performance can be measured are involved (Den Hartog and Verburg, 2004).

There are different factor that affect the employees performance if the organization in general those are organizational culture, working environment, training and motivation. So they can Measure the employee's performance in terms of efficiency, effectiveness, productivity and timeliness. (Tran ,T and chiou-shu, j. 2015)

## **1.2 Background Of The Organization**

Anbessa Shoe, formerly known as the Darmar Shoe Factory, was established in 1935 by an Italian owner. The factory was run by its Italian founder for only three years and was sold in 1942 to an Armenian citizen, who ran the factory for 33 years as the Darmar Shoe Factory. In 1975, Darmar was nationalized and organized as two public enterprises: Anbessa Shoe Factory and Awash Tannery. The firm started to export shoes, in small quantities, in the early 1980s. In 1993, following the issuance of a new proclamation, Anbessa Shoe Factory was restructured as a share company. The factory is located in two premises in the city of Addis Ababa. The main



factory and administrative offices was located at Akaki sub city and the other is on Lidetta sub city which is now being used as local unit production. (Anbess shoes S.C Profile, 2012.)

Anbessa is given a position as the most computable shoes factory in Africa and in the world as the report of African business magazine (2018). In this days the company give job opportunity for more than 915 female and 744 male worker in general it have 1659 employees (in the factory and in the office and sales shop) and the company have more than 15 selling shop in Addis Ababa and they are committed to serve local and foreign customers. Anbessa now has an international market base with globally renowned brands like J.Crew, DSW, Imex, SAWA, G.H.Bass Co., Harbor etc. Throughout the years, Anbessa has gone through different owner ships and brands' leading to today's globally known private company with its vision to be leader in product quality and customer service in the leather industry. Its mission is to produce and sell leather products by using up to date technologies and qualified man power in order to satisfy the needs and requirements of customer.

Anbessa Shoes S.C with its code of conduct and the values and beliefs of the company guide the employees as to perform productively. In today's business conducting philosophy of service and corporate responsibility is mandatory. Implementing kaizen philosophy and following its principles helpful for the employees to improve quality and increase productivity. However, Anbessa Shoes S.C implement kaizen philosophy starting from 2016/ 17 and they have been investing more than 265,765.45 birr in 2017 for this, its implementation was not beyond store arrangement using the kaizen 5S, (sort, set in order, shine, standardization and sustain) shown in figure 1.1 below.

**Fig 1.1 Anbessa Shoes S.C before and after the implementation of kaizen (2017/18)**



Source: Anbessa Shoes S.C kaizen implementation report of 2018

### **1.3 Statement Of The Problem**

As the preliminary study indicate that Anbessa shoes S.C the production capacity was 1375 pair of shoes per day and the organization have a problem of implementation the 5s system as report's show that the company did not properly manage of input of production, employees have low willingness to work and low level of creativity and innovation of the product including there was many complain from customers because of lack of quality of shoes and there was may incident in the work place. But after the implementation of kaizen there are change that came like the production capacity increased from 1375 pair of shoes per day to 1770 pair of shoes per day and many damaged input of production have started to like work. Around 4593 pair of tom and around 24 machines come back to production. By using the elimination methods or using the second pillar of kaizen they eliminate un-useful materials and un-useful input of production.

For its effectiveness kaizen involves all employees from the Anbessa factory shoes S.C to the assembly line workers to reach the highest level of performance. As preliminary study indicates the company has kaizen officers who give training to the employees once in a month in regards to quality of production, cost reduction, delivery time and safety since the beginning of its implementation. As Anbessa Shose S.C kaizen report stated on 2017 that there goal to decrease the number of defects that are occurred in the production from 7.50% to 2% by

implementing kaizen. But they can reduce in 7.05% it means that they can achieve only 0.49% presents. It indicates training section is not sufficient for the employee's performance development.

Anbessa Shoes factory production level increase by 3.95% during this past two year by implementing kaizen principle. Thus the time employees did not get motivation award from the factory so employees working performance and interest have been affected.

Kaizen emphasizes human efforts, morale, communication, teamwork, involvement, and self-discipline a commonsense, with low cost approach to improvement. As a preliminary study indicate that production management sales management and other departments are not coordinated so it make difficult to implement kaizen. According to Anbessa Shoe S.C kaizen report of 2017 stated that over production of input is not required in the proses of production because of leaders inefficiency and lack of good communication in the company. Thus, the research tries to find the effect of kaizen on the employee's performance with regard to the major factor that effect of employee's performance in Anbessa shoes S.C.

#### **1.4 Research Questions**

Based on the statement of the problem the following basic questions were raised and attempt to the researcher want to answer the following questions:

1. How dose kaizen implementations affect employee's performance with regard to working condition?
2. How dose kaizen implementations affect employee's performance with regard to organizational culture?
3. What are the effects of kaizen implementations on employee's performance with regard to the organization leadership?
4. How dose kaizen implementations affect employee's performance with regard to training?
5. How compensation levels increase employee's performance?

## **1.5. Objectives of the Study**

### **1.5.1. General Objective**

The general objective of the study is to examine the effect of kaizen implementation on employee's performance in Anbessa Shoes S.C.

### **1.5.2. Specific Objectives**

1. To identify the effect of kaizen implementation on employees working condition.
2. To evaluate kaizen implementation affect on organizational culture.
3. To examine kaizen implementation which affect employee's performance with regard to leadership practice.
4. To identify affect employee's performance with regard to training kaizen implementation.
5. To evaluate the effect of compensation on employees performance.

## **1.6 Significance of the Study**

This research analyzes the relationships the independent variable and the dependent variable of kaizen which focus on its effect on employee's performance at Anbessa Shoe S.C. The findings of this research can be used to develop a framework for local as well as export leather product and shoe factory those have similar practice in Ethiopia. It has also significance importance for researchers by taking the finding concerning the positive impact of kaizen practice of performance outcomes of the company for further investigation.

Some of the specific significances of the study include

- The study helps the Anbessa Shoes Company to favor the factors that affect employee's productivity.
- The study helps Anbessa Shoes Company managers to identify the factors that affect employees' performance and how to increase level of productivity.
- It paves the way for further studies on effect of kaizen implementation on employee's performance.

## 1.7. Scope of the study

**Time scope:** the study use data that are gathered from Anbessa shoes factory in 2019.

**Temporal scope:** The study conducted primary and secondary data in relation to kaizen implementation at Anbessa Shoe S.C. and other related articles, research and journal that are written in kaizen and employees performance.

**Geographical scope:** Leather product and shoes are produced at Anbesa Shoe S.C. The main factory and administrative offices was locked at Akaki sbu city and the other is on Lidetta sub city which is now being used as local unit production. This study used its major data from the main factory which around Akaki sub city.

**Conceptual scope:** For manufacturers to ensure that they remain competitive in the market they need to improve their competitiveness by apply Kaizen concept as a tool in their organization. The ultimate objective of manufacturing industries today is to increase productivity through system simplification, organizational potential and incremental improvements by using modern techniques like Kaizen (Mohd G. and Fatimah M, 2016). Even if there are money other factor that affect employees performance this research focus on working condition, organization culture, leadership, financial compensation and training have an effect on employee's performance at Anbesa Shoe S.C.

## 1.8. Limitation of the Study

As studies on kaizen implementation effect on employees performance is limited the availability of up to date literature in the study area is one of the challenges. In line with this time taking for collection and organizing the data and producing the research is the other limitation for the researcher. As the same time financial limitation also the factor which makes things gets difficulties. In addition there is a limitation on target population because this study many focused on the Anbeass shoes S.C main branch factory and does not include the branch data.

## 1.9 Organizations of the study

This study is organized into five chapters. The first chapter provides a general background to the study, problem of the statement, research question, objectives of the study, significant of the study, scope and limitation of the study. The second chapter gives a critical review of the relevant literature for the study while the third chapter will present a detailed description of the study area and methodologies employed. The fourth chapter presents and discusses the results, discussion and interpretation while the fifth chapter provides summary, conclusions and recommendations drawn from the study finding.

## 1.10 Definition Of Terms

The following terms used in this study are applied in as indicated below

**Kaizen:** a compound word involving two concepts: Kai (change) and Zen (Good, go to better), loosely translated as “change to the better “or continuous improvement” (Desta, A 2011)

**5S:** one of the tree pillars of kaizen (sort, set in order, shine, standardization and sustain) (Imai 1997)

**Employee’s performance:** Measurement of performance in terms of efficiency, effectiveness, productivity and timeliness (Margaret. B, 2015)

**Working condition:** Range from working time (hours of work, rest periods, and work schedules) to remuneration, as well as the physical conditions and mental demands that exist in the workplace. (Margaret. B, 2015)

**Organizational culture:** The level of practice in creativity, innovations and entrepreneurship of the organization. (Dave H. and Jeanne Urich, 2011)

**Measurement of employees performance:** with regard to quality of work, level of creativity amount of consistence or improvement, customer and pear feedback, ability to take ownership, percentage of tasks completed on time and being on time and on budget. (Scott G , 2017)

## **CHAPTER TWO**

### **LITERATURE REVIEW**

Literature review was conducted to access the major definition of kaizen; employee's performance and their relationship between kaizen implementation. In addition to conduct empirical review between employee's performance and the factor affect employee's performance.

This chapter specifically discusses on the definition and principle of kaizen, the three pillars of kaizen, implantation tools and methods of kaizen, Condition for successful implementation of kaizen, Ethiopian kaizen experience in addition it briefly discusses what employee's performance means, the major factors that affect employee's performance, and the relationship of kaizen and employees performance.

#### **2.1 Theoretical Literature Review**

##### **2.1.1 Definition of kaizen**

According to (Desta, A 2011) further explained the concept of kaizen as a compound word involving two concepts: Kai (change) and Zen (Good, go to better), loosely translated as "change to the better "or continuous improvement". Kaizen is a way of thinking and it extend also in to personal life as a "life philosophy" tomorrow must be better than today.

Kaizen is more to do with a philosophy and daily practices rather than techniques. The beauty of kaizen is that it can realize productivity improvements with little additional investments. Simplicity and cost effectiveness are the major reasons why kaizen is well appreciated globally (Ishiwata, A, 2009) in kaizen no day should pass without a change.

In order to implement the kaizen the company should follow the methodology of kaizen. This standard methodology of kaizen can be implemented in various fields. Today, it is used to improve various kinds of processes that are involved in manufacturing, management and other supporting processes in the business. This is also known as Deming's cycle, Shewhart cycle or PDCA cycle (Watson M, 1986).

Kaizen Is Constant Improvement In a Kaizen environment, maintaining and improving Standards is one of the main goals of management. When standards are improved, there should be an

observable improvement in the output of a process or procedure. The objective is to maintain that improvement and then to improve upon it again. This is an unending cycle. If you do not maintain the standard, the desired output is bound to slip back, giving it the “two steps forward, one step back” effect. Lasting improvement is achieved only when people work to higher standards. For this reason, maintenance and improvement go hand-in-hand. (Meseret T, 2018)

### **2.1.2 Ethiopian Experience of Kaizen**

The Government of Ethiopia implemented Organizational performance and effectiveness before implementing Kaizen called BPR, shortly after the introduction of a nationwide Business Process Re-engineering (BPR). According to (Debela, 2009), since 1994, the government of Ethiopia has embarked on reforming its civil service organizations with the objective of improving the public sector service delivery system. It was applied in Government bureaus, an idea introduced to bring radical changes among state institutions but, in the process, virtually stalled them for months and now widely deemed to be a failure. The Ethiopian government started advocating the idea of kaizen—a Japanese management philosophy—among private and state owned companies; the idea was first brought to the attention of Ethiopia’s late PM Meles Zenawi in 2008 (Negussie,2009).

In this instant the government of Ethiopia inspired by the practicality of the Kaizen policy and strategy adopt the exemplary approach. In 2008, the Government of Ethiopia as a result requested the Japanese Government to help Ethiopia established the Japanese management technique, known as kaizen. Before implementing and fully institutionalizing the kaizen unit on a large scale, the Ethiopian Ministry of Industry and Trade (MOIT) reviewed about 63 companies in 2009 that were located within 100-kms of Addis Ababa to ascertain their quality and productivity status from October 2009 to June 2011. After a preliminary diagnosis of the 63 companies only 30 companies (i.e., 10 from Metal; 6 from Agro processing; 6 from Chemicals; 4 from Leather and; 4 from Textiles) were chosen to serve as pilot projects. Pilot companies from this, ten, five and three companies have been awarded good, best and excellent status respectively by Ethiopian kaizen unit (EKI report document, 2012).



### 2.1.3 Implementation of kaizen

Kaizen implementation is not once in a month or once in a year activity. It is continuous. (Imai, 1997) expressed that the rate of the worker participation in terms of providing important suggestion for their organization and Japanese companies. In most cases these are not ideas for major changes. Kaizen is however, based on making little changes on a regular basis namely, always improving productivity, safety and effectiveness while reducing waste.

*The tools that are used to implement Kaizen*, also known as Kaizen umbrella, are Total Quality Control (TQC), Total Productive Maintenance (TPM), Quality Improvement, Automation, Zero Defect (ZD), Kanban, Just-in-time (JIT), the 5-s steps Quality Control Circle (QCC) and the suggestion system (Imai, 1986)

**Table 2-1 Selected Components of the Kaizen Toolkit**

Terms	Explanation
5S	5S is a philosophy and checklist for good housekeeping to achieve greater order, efficiency and discipline in the workplace. It is derived from the Japanese words <i>Seiri</i> (Sort), <i>Seiton</i> (Straighten), <i>Seiso</i> (Shine), <i>Seiketsu</i> (Systematize), and <i>Shitsuke</i> (Standardize/ Self-Discipline). There are also different English renditions
Suggestion System	A Suggestion System is the method by which the ideas and suggestions of employees are communicated upwards through the management hierarchy to achieve cost savings or improve product quality, workplace efficiency, customer service, or working conditions. Examples range from simply placing suggestion boxes in common areas, to implementing formal programs with committees reviewing ideas and rewards given for successful adoption of those ideas.
Quality control Circle (QCC)	QCC is a small group of workers who collectively find a problem discuss alternative remedies, and propose a solution. QCCs voluntarily perform improvement activities within the workplace, as part of a company-wide program of mutual education, quality control, self-development and productivity improvement.

Total Quality Control (TQC)	TQC is an organized activity involving everyone (from managers to workers) in a totally integrated effort towards <i>kaizen</i> at every level. It is equivalent to Company-Wide Quality Control (CWQC).
Total Quality Management (TQM)	TQM represents a number of management practices, philosophies and methods to improve the way an organization does business, makes its products, and interacts with its employees and customers.  QCC activities function as an integral part of TQM. TQM evolved from TQC in the late 1980s.
Toyota Production System (TPS)	TPS is the philosophy which organizes manufacturing and logistics at Toyota, including interaction with suppliers and customers. It focuses on the elimination of waste and defects at all points of production including inputs, process and final output (delivery). The term “Lean Production System” can be used interchangeably.
Just-In-Time (JIT) System	JIT, a part of TPS, is a production system aimed at eliminating non-value-adding activities of all kinds and achieving a lean production system flexible enough to accommodate fluctuations in customer orders.
<i>Kamban</i> System	<i>Kamban</i> refers to a communication tool in the JIT production and inventory control system, developed at Toyota. A <i>kamban</i> (signboard) is attached to a given number of parts and products in the production line, instructing the delivery of a given quantity. When the parts have all been used, the <i>kamban</i> is returned to its origin where it becomes an order to produce more.

Source: from (Izumi Ohno, Kenichi Ohno, and Sayoko Uesu) *Introducing KAIZEN in Africa* (preliminary draft)

### 2.1.3.1 Level of Kaizen implementation

As Ethiopian kaizen institute of 2009e.c stated that kaizen implementation levels are three those are management oriented kaizen, group oriented kaizen and individual oriented kaizen

#### 1 Management Oriented Kaizen

Management oriented Kaizen concentrates on operational standard that content top level management, medial level management and the supervisor that provides 50 present of improvement. And in kaizen the managements are expected to have four capacities those are

capacity leadership, capacity of improvement, capacity of working together with employees that keep the organization up on progress and moral.

## **2 Group Oriented Kaizen**

Kaizen in group work, as a permanent approach is represented by Quality Control (QC) circles and other small group activities to solve problems. The approach also calls for the full Plan-Do-Check-Act (PDCA) cycle and demands team members not only identifying problems areas but also identify the causes , analyze them, implement and test new countermeasures , and establish new standards and procedures. The group oriented Kaizen enhances group moral and allows everybody to master the art of solving immediate problem from their own workshop.

## **3 Individual Oriented Kaizen**

Individual oriented kaizen is manifested in the form of suggestions. The suggestion system is vehicle for caring out individual oriented Kaizen. It is often regarded as a morale booster and it does not always ask for immediate payback on each suggestion. Management attention and responsiveness are crucial if workers are to become “thinking workers” looking for improved ways to do their job continually.

### **2.1.3.2 Condition for Ssuccessful Implementation of kaizen**

Kaizen strategy is one that works to constantly improve the performance of employees and managers, the interaction between staff and management, and the pursuit of better productivity. According to (George N. Root III, 2012) there are conditions need to practice Kaizen strategy effect in organization.

#### ***Job Satisfaction***

For a Kaizen strategy to work, your employees must be satisfied with their jobs and be interested in working to continuously improve their performance. Your human resources group should survey employees to determine the staff attitudes toward job satisfaction and work to improve the workplace conditions until job satisfaction is achieved.

#### ***Company Involvement***

The company must be dedicated to a Kaizen strategy for it to work. Managers need to be encouraged to set time aside for employee evaluations, and employees need to be allowed time to

monitor the managerial staff as well. A Kaizen needs to be a priority in business planning for it to be successful.

### ***Dedication***

You must present a Kaizen strategy to your managers and employees as a way to improve company productivity and add to the corporate bottom line. A Kaizen strategy can look like a common-sense approach to job development, but its effectiveness is in the ability of your staff and managers to stay dedicated to it. Developing the proper attitude toward a Kaizen strategy and getting your company to understand its benefits will make it easier to implement.

### ***Open-Minded***

You and your staff need to have an open mind for a Kaizen strategy to work. It can be a significant departure from the way you are used to doing things. The constant analysis of job duties and employee interaction can seem unnecessary at times. Encourage your organization to give Kaizen a chance and enter into it willing to make it work.

### ***Questioning***

A Kaizen strategy requires a lot of questions about individual and group performance. Your staff needs to be prepared to field a lot of questions about why they did something a particular way, what results they were hoping for and how they judge the results they achieved. Let your staff know that these questions are not an indictment of their performance but rather a way to improve productivity.

### ***Teamwork***

When a person working within a Kaizen strategy has a question about a work process, you should encourage that person to ask several people for input. Your staff needs to learn to work as a team and respect each other's' opinions and input for Kaizen to be effective. No Finger Pointing When something goes wrong, a common defense for employees is to begin pointing fingers at others. You need to create a culture where mistakes are looked at as opportunities to learn and improve as opposed to being reasons for accusations.

### **2.1.4 Principles of kaizen**

As (Ethiopia Kaizen institution Manual volume 7, 2017) listed Kaizen guiding principles are:

- 1) Integrated total company approach: Genuine participation of top management, middle managers and front-line employees in a collaborative working system throughout company organizations
- 2) Proactive and spontaneous participation of employees of front-line workplaces with their own initiatives
- 3) Focus on the workplace that encourages improvements of efficiency in existing resources allowing low cost improvements to accumulate for significant contribution to the company goals
- 4) Continuous and endless activities in revolving cycles of PDCA resulting in significant improvements
- 5) Endogenous undertaking conducive to change in organizational culture: Practicing KAIZEN in itself leading to a corporate culture of continually self-innovative organization and self-motivated workforce.

### **2.1.5 The three pillars of kaizen**

According to M. Imai, a guru in these management philosophies and practices, the three pillars of kaizen are housekeeping, waste elimination or muda and standardization

#### **1) Housekeeping:-**

This is a process of managing the work place, known as “Gemba” (workplace ) in Japanese, for improvement purposes .Imai introduced the word ”Gemba “, which means “real place”, where value is added to the products or services before passing them to next process where they are formed. (Thessaloniki, 2006)

Housekeeping is a process of managing work place to continues improvement by using the 5s frame work of kaizen. It has different benefits like Improving ergonomics and work place safety ,Reduces searching, Promotes flow, Encourages visual control, It enhances the commitments to standard work, Eliminates distractions, Reduces unplanned downtime, Reduces inventory and others.

**Table 2-2 5S activity**

<b>Seiri</b>	SORT what is not needed. Use the red tag system of tagging items considered not needed, then give everyone a chance to indicate if the items really are needed. Any red tagged item for which no one identifies a into trash.
<b>Seiton</b>	STRAIGHTEN what must be kept. Make things visible. Put tools on pegboard and outline the tool so its location can be readily identified. Apply the saying "a place for everything and everything a place".
<b>Seiso</b>	SCRUB everything that remains. Clean and paint to provide a pleasing appearance.
<b>Seiketsu</b>	SPREAD the clean/check routine. When others see the improvements in the Kaizen area, give them the training and the time to improve their work area.
<b>Shitsuke</b>	STANDARDIZATION and self-discipline. Established a cleaning schedule. Use downtime to clean and straighten area.

*Source (kaizen definition and principle in brief concept and tool for employee's involvement, Thessaloniki 2006)*

**2 west elimination**- Wastes are one means of productivity loss mechanism. So, to increase the production quality and quantity must apply wastes reduction methods in the working area. As Cantor (1997) stated that, the main seven daily types of waste in the working area especially in manufacturing plants are: -overproduction, excess inventory, waiting, transporting, defect-making, unnecessary motion, and excess processing.

**Table 2.3 Daily Workplace Waste**

<b>Muda of over production</b>	Overproduction may arises from fear of a machine's failure, rejects, and employee absenteeism. Unfortunately, trying to get ahead of production can result in tremendous waste, consumption of raw materials before they are needed, wasteful input of manpower and utilities, additions of machinery, increased burdens in interest, additional space to store excess inventory, and added transportation and administrative costs.
<b>Muda of defects</b>	Rejects, interrupt production and require rework and a great waste of resources and effort. Rejects will increase inspection work, require additional time to repair, require workers to always stand by to stop the machines, and increase of course paperwork.

<p><b>Muda of motion.</b></p>	<p>Any motion of a person's not directly related to adding value is unproductive. Workers should avoid walking, lifting or carrying heavy objects that require great physical exertion because it is difficult, risky, and represents non-value added activities. Rearranging the workplace would eliminate unnecessary human movement and eliminate the requirement of another operator to lift the heavy objects. Analysis of operators' or workers leg and hand motions in performing their work will help companies to understand what needs to be done.</p>
<p><b>Muda of processing</b></p>	<p>There are many ways that muda can happen in processing. For example, failure to synchronize processes and bottlenecks create muda and can be eliminated by redesigning the assembly lines so, utilizing less input to produce the same output. Input here refers to resources, utilities, and materials.</p>
<p><b>Muda of waiting</b></p>	<p>Occurs when the hands of the operator are idle; when an operator's work is put on hold because of line imbalances, a lack of parts, or machine downtime; or when the operator is simply monitoring a machine as the machine performs a value-adding job. This can be done through improving and speeding up feedback from customer orders, having closer communications with suppliers, and by streamlining and increasing the flexibility of Gemba operations</p>
<p><b>Muda of transportation</b></p>	<p>In workplace gemba, one notices all sorts of transport by such means as trucks, forklifts, and conveyors. Transportation is an essential part of operations, but moving materials or products adds no value. Even worse, damage often occurs during transport. To avoid muda, any process that is physically distant from the main line should be incorporated into the line as much as possible, Because eliminating muda costs nothing, muda elimination is one of the easiest ways for a company to improve its Gemba's operations</p>
<p><b>Muda of inventory</b></p>	<p>Final products, semi-finished products, or part supplies kept in inventory do not add any value. Rather, they add cost of operations by occupying space, requiring additional equipment and facilities such as warehouses, forklifts, and computerized conveyer systems. They are even at risk of damage through fire or disaster. Just-in-time (JIT) production system helps to solve this problem</p>

*Source: Ethiopian kaizen institute 2009e.c manual use to implement and practice kaizen in simple way fourth edition*

**3. Standardization:** - standards are set by management, but they must be able to change when the environment changes. Companies can achieve dramatic improvement as reviewing the standards periodically, collecting and analyzing data on defects, and encouraging teams to conduct problem-solving activities. According to (Thessaloniki, 2006) standardization is a never-ending process and is better explained and presented by the PDCA cycle (plan-do-check-act), known as Demming cycle.

### **2.1.6 Employee's Performance**

The performance is defined as the attained outcome of actions with the skills of employees who perform in some situation. (Aguinis, 2009) described that “the definition of performance does not include the results of an employee's behavior, but only the behaviors themselves. Performance is about behavior or what employees do, not about what employees produce or the outcomes of their work”. Perceived employee performance represents the general belief of the employee about his behavior and contributions in the success of organization.

Employee Performance means employee production and efficiency as a result of employee growth. Employee performance will impinge on the organization's performance. The various organizations think people are the main source for providing them the competitive advantage and therefore the organization's performance increase. According to (Collis and Montgomery, 1995) employees play an important role in organizational success. Employees' performance has a positive relationship with organization performance. The major drawback takes place in organization is that when managers believe that their organizations are constantly working at the highest level of effectiveness, or that they do not need effort of their employees. However the excellent working of the workforce at all level of organization is the major influence on organization's performance.

According to (Suhartini, 1995) employee performance is a mutual result of effort, ability and perception of tasks. Good performance is step towards the achievement of organizational aims. Hence more struggles are required to improve the employee performance. (Dharma, 1991) said that performance is something that is done or products formed and offered by group of people. (Swasto, 1996) said that employee performance is the actions or the completion of errands that



were done by individuals within specific period of time. (Colquitt, Lepine, & Wesson, 2011) argued that “the set of worker attitudes that add to attaining organization’s objectives”. Employee proficiency is generally supervised by using formal procedures that is manager rating, organization’s objectives and peers assessment to make sure that employees are working for the development of company. According to (Goleman, 1998) achieving excellent performance expressive aptitude that is a “academic potential based on expressive acumen”. It proves that employees must have interpersonal and intrapersonal capabilities to form an efficient performer.

(Anne-Will and Ashly, 2011) seated the positive relation of employee’s performance with the ability, motivation and opportunity

$$P=f(A.M.O)$$

p= performance; A= ability; M=motivation and o= opportunity

Employees perform well when they are able to do so ( they can do the job because they possess the necessary knowledge ,edge and skills ) polices to guarantee adequate skills including staffing practices and rigorous selection and recruitment procedures that enable a firm to obtain employees with the appropriate knowledge, skills and an emphasis on mulit-skilling.

Employees Perform well when they have the *motivation* to do so ( they will do the job because they are adequately incentive) this introduction the need for incentive pay practice that align the interest of work with those of the company such as in pay that is contingent on work group or company performance. Polices that provide employees with challenging work and reasonable expectation of the employment security can also help to release employees discretionary effort (Doty and Delery,1997 )

Employees Perform well when their *working environment* provide the necessary support and opportunities for expectation for example participation form of working organization that allow for great autonomy and control over decisions that affect their job and the opportunity to be heard when problems occur (Boxall and Purcell, 2003)

## How should Evaluation of employee's performance?

According to (Wayn .F and Ranjeet .N, 2010) Performance can be evaluated by immediate supervisor, peers, subordinates, self –appraisal and customer served.

- **Immediate supervisor:** - is probably best able to relate the individual performance to what the department and organization accomplish and to distinguish among various dimension of performance. And it is not surprising that feedback from supervisors is more highly related to performance than that from any other source.
- **Peers:** - members of a cross-functional team may be in better position to rate another team member than that team member's immediate supervisor. Peer rating can provides full information but there may be friendship bias and context effects so it is wise not to relay on them in source of information about performance.
- **Subordinates:-** are known as firsthand the extent to which the supervisor actually delegated. Like peer subordinate they provide one piece of appraisal puzzle, and although evidence indicates that rating provided by peer and subordinates are comparable, for they reflect the same understanding dimensions.
- **Self-Appraisal;** - performance appraisal is combined with goal setting, improves the rates' motivation and reduces her or his defensiveness during the appraisal interview. But on anther hand it is more biased and to show less agreement with judgments of others us most of the study show that it develop conflict between staff and the management. Self-Appraisal is probably more appropriate for counseling and developing that for employment decisions.
- **Customer served:** - the information that customer provide can serve as useful input for employment decisions, such as those regarding promotion, transfer and need for training . it can be used to assess the impact of training or as a basis for self –development

## Who to Evaluation of employee's performance?

1. *Level of execution:*
2. *Quality of work-* this measured through regular review of our client deliverables their role in client effort , stability of the production changes /platform, best practices and feedback of the client
3. *Level of creativity:* it is most important part of evaluation of employees with regard to how the develop in ides and how the form solution with take of risk.

4. *Amount of consistency improvement*: no employee is cable to be excellent every accept of evaluation but the desire and the effort to become better is the most readable quality of the employee.
5. *Customer and peer feedback*: Employees that have good customer feedback have a good sales market but the one who have negative feedback have Sales value will decrease
6. *Sales revenue general*: - revenue that each employee bring in on a monthly basis reflects on that individuals overall performed.
7. *Responsiveness to feedback*: it is way of understanding and really think critical on the feedback
8. *Ability to take ownership*: this is very important for early stage companies, that employees take ownership that can help to overcome challenges and remove roadblocks
9. *Percentage of tasks completed on time*: each team members must maintain an up-to-bate task list that they can use to monitor their deliverables and measure their progress. Evaluate the quality of their task and their completion.
10. *Being on time and on budget*: evaluating a project deliverable and determine whether it is on time by considering personal responsibility of times as part of budget.

*Source :( <https://articles.bplance.com>) by Scott Gerber*

### **2.1.7 Factor affects employee's performance**

According to some researcher there are certain factors individually and collectively effect on the employees performance in a positive or negative way.

#### **2.1.7.1 Working condition**

Working conditions refers to the working environment and all existing circumstances affecting labor in the workplace, including job hours, physical aspects, legal rights and responsibilities. It means an employee's job place, job apparatus, the job itself, business rules or regulations. Working condition is that the circumstances in which employee perform in the organization. Workplace environment includes those items in work area that influence the employee's ability to perform their task. Some examples are light, noise, furniture. The conditions in which an individual or staff works, including but not limited to such things as amenities, physical environment, stress and noise levels, degree of safety or danger, and the like.

Working environment can be divided into two components namely physical and behavioral components. The physical environment consists of elements that relate to the office occupiers' ability to physically connect with their office environment. The behavioral environment consists of components that relate to how well the office occupiers connect with each other, and the impact the office environment can have on the behavior of the individual. According to (Haynes ,2008) the physical environment with the productivity of its occupants falls into two main categories office layout (open-plan verses cellular offices) and office comfort (matching the office environment to the work processes), and the behavioral environment represents the two main components namely interaction and distraction.

The core Principle of kaizen is to make small immediate improvements in the processes and standard of work place. But not just one time improvement looking for ways to make small improvements should be part of everyone's job, every day of the week. And after a period of time, all of these small improvement will add up to better working conditions, a (Imai, 1997) higher degree of safety, more efficiency and ultimately, greater profits.

According to (Hutchins, 2006) Implementing the 5s (sort, set in order, shine, standardization and sustain) in the company can develop well-organized workplace that will come out a safer, more efficient, and increased in service, employee attitudes and as well as social responsibility.

Effective communication in the workplace can have a positive effect on the performance of employees by increasing the employee morale, retention rate and the overall productivity of the employees.

### **2.1.7.2 Organizational culture**

The unique personality of an organization is referred to as its culture. In groups of people who work together, organizational culture is an invisible but powerful force that influences the behavior of the members of that group. Organizational culture is therefore defined as a system of shared assumptions, values, and beliefs, which governs how people behave in organizations. These shared values have a strong influence on the people in the organization and dictate how they dress, act, and perform their jobs. Every organization develops and maintains a unique

culture, which provides guidelines and boundaries for the behavior of the members of the organization.

The term organization is a very broad term and can be described in multiple ways. Traditionally an organization is intentionally designed social unit that consists of a team or a group of people that work together for the benefits of an organization on a continuous basis to get the organizational targets and goals (Hatch, 1997). Successful organizational change may increase the degree of flexibility and performance of an organization which may lead an organization to the path of continual improvement and innovation (Hage J, 1999).

Organizational culture is based on shared history and tradition of organization combined with current leadership values. In effect, culture dictates the way we do business here and the organizational survival tactics that facilitate assimilation and personal success (Dave H. and Jeanne Urich, 2011). With a strong organizational culture, employees do things because they believe it's the right thing to do and feel they'll be rewarded for their actions. However, if the leadership team lacks integrity or squelches diversity, powerful cultures can morph into cults, cliques, castes and insider clubs. Organizational culture can be treated as a series of distinctive characteristics of a specific organization. Some modern definitions of organizational culture are dynamic, directed at creativity, innovations and entrepreneurship.

(Amabile, 1998) asserts that, to encourage creativity organizations need to create a climate that support and enable the creative thinking of employees. In addition, organizations should try to get rid of barriers that might hinder creativity and enhance factors that enable creativity. Further, (Andriopolous, 2001) identified five major organizational dimensions under which characteristics and behaviors that enhance or inhibit creativity in a work environment. Those dimensions are skills, organizational structure and systems, organizational culture, leadership style and resources and organizational climate.

(Stegmeier, 2008) assert that, the necessity for organizations to manage and create creative capability, transform new concepts into value in Organization culture that lead to Competitive markets and increase a profits for the firm by introducing innovation, has been a driving force for business leaders to better understand the dynamics of creativity and innovation, and to

develop and execute strategies to leverage the workforce, intellectual capital and the physical workplace in order to increase innovative output for the organization

In practicing kaizen in the organization encouraged employees to achieve common goals, rather than encourage competition among individuals, employees worked as partners for the benefit of customers in order to promote team spirit thus creativity and innovation thus exchange of Kaizen knowledge among workers. The major aim of strategic partnerships overall cost reduction and profit maximization. According to (Lidia W, 2013) openness, creativity and challenging mentality were keys to Kaizen practices in the organizational culture that drive competitive manufacturing firms.

### **2.1.7.3 Leadership**

When we think about the term “Organization” two questions may arise in mind as a first reflection. The first is “What kind of organization?” And the other is “Who is the leader? There may be many factors which can lead an organization towards success or failure, but the role of leadership is also important and crucial in handling organizations.

According to (Bennis & Nanus, 1985) leaders are the people who are able to change the viewpoints and visualization into veracity through the control and influence they work over other people. According to (Hellriegel, Jackson, Amos, Klopper, Louw and othuizen, 2004) leadership is the capability to control others towards achievement of objective. Whereas (Bass, 1997) said that individual and organizational performance are greatly affected by efficient participation of leadership. Organization’s success depends on actively utilizing of human resources. Employees are the asset of the organization. An efficient leader knows the significance of employees in getting the objectives of the group and inspiring these workers is of principal significance in accomplishing these objectives.

According to (Wall, Solum & Sobal, 1992); (Maritz, 1995) valuable organization requires efficient leader that knows employees of the organization provide themselves in the organization’s operation. In addition Successful organization requires the motivating relationship between the workers participate in the organization.

Different Leadership styles are practicing in the business. According to (Likert, 1967) basic styles used in categorizing task orientation and employee orientation were incorporated to develop Liker's model of leadership effectiveness. Based on this model, there are four possible leadership systems. Namely:

- i. **Exploitative and authoritative:** - the subordinates carry out the tasks while manager makes all work related decision. Managers tend to set rigid standard and methods for the subordinates to work with. Departure from this standards and methods by subordinates attract threats and punishments from the supervisor. The managers entrust little confidence in their subordinates and in return, the subordinates fear their superiors and feel that they are inferior or different from them.
- ii. **Benevolent and authoritative:** - operates with the manager in control and issues orders, while subordinates are given some level of flexibility in carrying out their work, however, within specific limits and procedure
- iii. **Consultative:** - the manager set goals and targets after due consultation with the subordinates. Though subordinates managers can take their own decisions on how to go about their work. In this style, subordinates are free to discuss work related issues with their managers. In turn the managers believe that to a large extent their subordinates can be trusted to carry out work with minimal supervision and correction.
- iv. **Participative/democratic:** - This is done after incorporating the ideas and suggestions of all group members. Therefore, set goals and decisions may not be favored on personal or individual grounds. Workers are motivated with economic rewards and a sense of self-worth and importance. This style holds friendly interaction between managers and subordinates. It is of leadership is the best form of leadership in almost all work situations.

#### **2.1.7.4 Training**

Training is teaching, or developing in oneself or others, any skills and knowledge or fitness that relate to specific useful competencies. Training has specific goals of improving one's capability, capacity, productivity and performance. In addition to the basic training required for a trade, occupation or profession, training may continue beyond initial competence to maintain, upgrade and update skills throughout working life. People within some professions and occupations may

refer to this sort of training as professional\_development. It is an organized activity aimed at imparting information and/or instructions to improve the recipient's performance or to help him or her attain a required level of knowledge or skill (wikipedia, 2019).

Training employee effectively is considered important when it comes to performance improvement of employees, since it enhances employee level and competency of the firm and it provides support when it comes to filling the gap between what exactly is performance if required and what performance is happening, that is a gap between the performance that is desired and the actual performance of employee. Therefore, training becomes an important requirement in the organization or rather workplace. Without it, employees do not have a firm grasp on their responsibilities or duties (Elnaga and Imran, 2013).

Training programs helps in making acquaintance of employees with more advance technology and attaining robust competencies and skills in order to handle the functions and basics of newly introduced technical equipment's. More rarely it happens that employees are not fully trained regarding new working and technical techniques and they are unable to deliver to their assignments according to the desire of the organization. Effective training can bring down these flaws, (Robert, 2006). Along with training, worth of response from employees regarding working situations is highly importance and it can help in drawing the attention of the managers and executives to the factors that are of importance, (C. Corretz, et al 2008)

#### **2.1.7.5 Compensation**

Compensation refers to all forms of financial rewards received by employees. It arises from their employment. It occupies an important place in the life of the employee. It is a considerable cost to the employer. Compensation dissatisfaction can lead to absenteeism, turnover, job dissatisfaction, low performance, strikes and grievances. Majority of labor management disputes relate to compensation.

Compensation is very important to employees and organizational performance (Bernadin, 2007). Pointed out that compensation is all forms of financial returns and tangible benefits that employee receives as a part of employment relationship. Direct compensate on includes wages and salaries, incentive-payments, bonuses and commissions to employees. Indirect compensation



comprises many benefits supplied by employers and non-financial compensation includes fringe benefits like free insurance, subsidized lunch, intrinsic rewarding jobs, a nice work environment and flexible work hours to accommodate personal needs. Compensation is a key factor in attracting and keeping the best employees and ensuring that the organization has the competitive edge in an increasingly competitive world.

Employee compensation contains all forms of pay and rewards received by employees for the performance of their jobs” (Snell & Bohlander, 2010). Compensation can be divided in to two finical compensation and non-finical compassion. Finical Compensation is all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship (Milkovich and Newman, 1999) and compensation surrounded by the employee wages and salaries, incentive-payments, bonuses, and commissions. According to (Dessler, 2011) employee finical compensation contain direct financial payments (Pay in the form of wages, salaries, incentives, commissions, and bonuses) and indirect financial payments (Pay in the form of financial benefits such as pension scheme, medical and health insurance and sick leave and various other benefits and perks).

Salary direct financial compensation method (Muogobo, 2013) asserts that, good remuneration or a salary that is paid at the right time has been found over the years to be one of the policies the organization can adopt to increase their workers performance and thereby increase the organization’s productivity.

According to (Mc Namara, 2008), employers pay performance bonuses to employees who achieve satisfactory or high ratings during their annual performance appraisals. An incentive-based bonus links the amount of the payment to the level of performance. For instance, an employee whose overall performance rating is outstanding or the highest level achievable may receive the largest bonus the company has determined it will pay each employee. Furthermore, (Mwita, 2002) concludes by stating that, the performance incentive bonus scheme is the logical process by which an organization includes its employees as individuals and team members, in refining organizational effectiveness in the achievement of organizational goals and mission.

Many organizations have formal recognition and reward programs and these recognition programs usually include rewards because good performers are recognized with rewards (Deci, 2013). Based on decades of research on operant conditioning and behavior modification, it is commonly believed that if rewards are used effectively, they can motivate individuals to perform at higher levels, and the use of proper rewards culminates in firm performance at the organizational level (Giancola, 2011).

According to (Daniel and Metcalf, 2009), recognition is a return on an employee's effort and dedication at work, as well as his or her results. An employee recognition program can be a great morale-building tool for any organization, whether large or small. An effective recognition program can lead to innovation, higher productivity and greater job satisfaction for the workers (Beer and Walton, 2014). Employee recognition programs could include several levels of recognition, from a simple Certificate of Appreciation to Employee of the Month to awards given on the division and companywide level, recognition should be provided to those who exceed expectations and earn the

According to (Abdul.H, 2014) compensation have positive effect on employee's performance. Compensation not only refers to extrinsic rewards such as salary and benefits but also to intrinsic rewards such as achieving personal goals, recognition, autonomy, promotion and more challenging job opportunities.

The objective of compensation function is to create a system of rewards that is equitable to the employer and employees. (Huselid, 1995) asserts that the compensation system is recognized as employee merit and it is widely linked with firm's outcomes. The reward system is recognized to attract and motivate so as to keep employees.

### **2.1.8 The Relationship of Kaizen and employees performance**

There is no general, overarching theory about employee performance. The effectiveness with which organizations manage, develop and stimulate their employees is an important cornerstone for how organizations perform. Because of this, people management has a significant impact on performance.

Performance can be traced back to the behavior of people on the shop floor. Employees work in a certain way or behave in a way that contributes to (the goals of) the organization. Every employee makes an individual contribution to the performance of the organizational unit and thus to your entire organization. If the performance of an organizational unit or individual employee falls behind for too long, as a rule this will lead to reorganization or redundancy. Particularly in an environment in which competition is fiercer than ever, the importance of continuously performing is increasing.

Managing employee's performance deals with an organization's strategy, policy and practices. By measuring and monitoring the results of employee's performance. A comprehensive performance management system can play a strategic role in attracting and retaining key employees. It can also help significantly improve a company's overall business performance.

The successful implementation of kaizen requires management support emphasizing the need for leadership and top management support in kaizen activities. (Imai, 1986) asserts that kaizen is a continuous improvement process involving everyone, managers and workers alike. Broadly defined, kaizen is a strategy to include concepts, systems and tools within the bigger picture of leadership involving people culture, all driven by the customer. Aoki (2008) found out that the actions of managers on the shop floor are always watched by workers and these actions are able to give workers the legitimacy to engage in kaizen activities. He asserts that managers must show a lot of self-discipline if they want the workers to show the same self-discipline

According to (Thessaloniki 2006) Top management introduces Kaizen as a corporate strategy; middle management uses Kaizen practices in improving functional capabilities and helps employees develop proper skills for problem solving. Supervisors improve communication with the workers, formulate plans for Kaizen and provide guidance to workers. Workers engage in Kaizen through small group and team activities and practice the tools for continuous improvement. so implementation Kaizen practices in organization will develop mindset of teamwork and a "can do attitude" in employees develop radical change that lead to innovation.

Kaizen is a system of continual undertaking by an organization to improve its business activities and processes, by increasing the performance level of employees with having a goal to always

improve quality of products and services so that the organization can meet full customer satisfaction.

## **2.2 Empirical Review**

(Nesra Seid, 2012) conducted a quantitative study on the role of the Ethiopian Government in implementing kaizen as a modern management tool for quality and productivity at Kadisco Chemical Industry in Addis Ababa. The findings of this study indicated that the implementation of the Kaizen policy was found to increase labor productivity by reducing, on average of 50%, time wastage for searching tools; improved a defect ratio which ranged from 50% to 70%; and improved lead time in the range of 16% to 90%. The study thus concludes that the implementation of Kaizen at Kadisco Industry has brought those benefits.

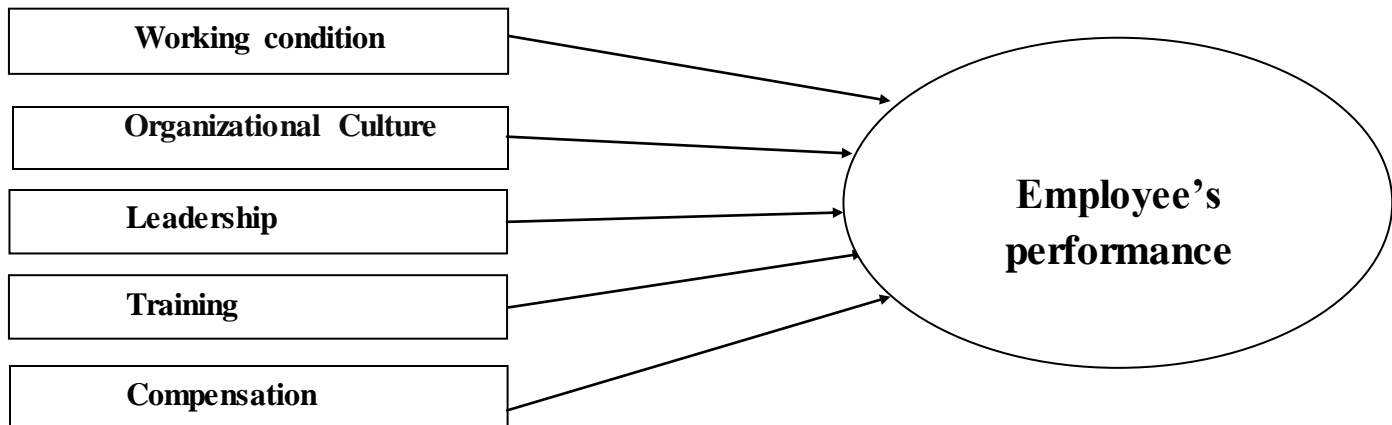
As noted in (Asayehgn Desta et al., 2014), based on the three pilot companies (Mesfin Industrial Engineering PLC, Almeda Textile Factory PLC., and Sheba Leather and Tanning Industry PLC), the study found that the employees didn't have the full capacity to accept the kaizen management system. If they had for example, by forming a kaizen cross functional teamwork approach, workers could have been empowered to challenge the status quo, gathering the most conspicuous internal and external factors that could be become part of the work ethics necessary for continuous improvement of productivity. Instead, it was found that some of the executive managers were themselves not committed to the kaizen teamwork because they didn't usually participate nor did they allow the shop floor workers or operators to participate in team group work.

According to (Alhabi Mohammad & Alyahya Mohammed, 2013) the organization culture helps in internalizing joint relationship that leads to manage effective organization processes. The productivity and culture of organization helps in improving performance. In more than 60 research studies 7600 small business units and companies' performance from 1999 to 2007 have been evaluated. There is positive association between organizational culture and employee's performance that helps to improving results of organization performance.

## **2.3 conceptual framework**

The conceptual framework concludes from Literature Review show that:-

### Factor affects employee's performance



**Figure 2.1 Conceptual framework of the study**

A conceptual framework refers to interlinked concepts that together provide a comprehensive understanding of a phenomenon or phenomena. The above conceptual framework presents factors affecting performance of employees as the independent variable with five dimensions: Working condition, Organization culture, Leadership, Training, compensation and organizational structure. Employees Performance on the other hand is presented as the dependent variable.

### 2.4 Hypothesis of the study

The following hypotheses are formulated after a critical examination of various literatures had been performed, all mentioned hypothesis were tested in order to achieve the target main and specify objective of the study. In the hypothesis independent variables (Working condition, Organization culture, Leadership, Training, compensation and organizational structure) and employees performance is the dependent.

H1: There is a significant and positive relationship between working condition and employees' performance in Anbessa Shose S.C.

H2: There is a significant and positive relationship between organization culture and employees' performance in Anbessa Shose S.C.

H3: There is a significant and positive relationship between leadership and employees' performance in Anbessa Shose S.C.

H4: There is a significant and positive relationship between training and employees' performance in Anbessa Shose S.C.

H5: There is a significant and positive relationship between compensation and employees' performance in Anbessa Shose S.C.

## **CHAPTER THREE**

### **METHODOLOGY OF THE STUDY**

This chapter of the thesis will discuss how the research study was undertaken based on concepts and frameworks of sustainable supply chain management. By doing so appropriate research design should be selected; sample size determination technique also implemented; data source and collection procedure determined and finally, method of data analysis and presentation are discussed accordingly.

#### **3.1 Research Design And Approach**

Anebesa Shoe S.C. which involved in shoe manufacturing business is located at two sub locality of the city of Addis Ababa administration established in 1935. This research focus on main factory which is located around kakai sub city.

##### **3.1.1 Research Design**

In this research both descriptive research design and explanatory researcher design was used. According to (Louis Cohen et al. 2007) descriptive research is concerned with: conditions or relationships that exist, practices that prevail, beliefs, points of views, or attitudes that are held, processes that are going on, effects that are being felt, or trends that are developing.( Geoffrey Marczyk et al.2005) added that by gathering data on a large group of people, descriptive research enable the researcher to describe the average member, or the average performance of a member, of the particular group being studied.

On the other hand explanatory research design is conceded with understanding the connection between the cause and the effect. Causal research was used because it enables the researcher to critically examine the relation between independent variables working condition, organizational culture, training, compensation and leadership and the dependent variables employee's performance. By employing inferential statistics (correlation and regression analysis) identify the; effect of kaizen implementation of employee's performance.

##### **3.1.2 Research Approach**

The research approach chosen for this research were both quantitative and qualitative type so as to triangulate the instruments from different directions. Measuring the objective and analysis of effect of independent variable on dependent variable was done through quantitative research

approach, whereas qualitative research which being framed in terms of using words is used for open-ended questions or interview questions. In qualitative research data analysis inductively building from particulars to general themes, and the interpretations of the meaning of the data will be made (Leedy and Ormarod, 2010).

### 3.2. Population, Sample Size and Sampling Techniques

Population means totally of individual from which some sample is drawn. Target populations of this study comprised of from total the 589 of the employees of Anbessa shoes Share Company those work on main factory around kakai sub city. The study used (Yamane's, 1967) simplified formula to calculate sample sizes, the study focus of which those how are permanent worker of the company and those how have two years and above working experience in the company. As the result shows below by using the formula sample size of the research is 238.

$$n = \frac{N}{1 + N(e)^2}$$

Where: n = sample size

N = Total population

e = Sampling error (at 5% margin of error and 95% confidence level)

$$\begin{aligned} \text{Therefore, } n &= \frac{589}{1 + 589(0.05)^2} \\ n &= \frac{589}{1 + 1.4725} \\ n &= \frac{589}{2.4725} \end{aligned}$$

**n = 238.22** this means the sample size of the research was **238**

To determine the sample size of each department the researcher used below proportional sampling formula developed by Yamane (1967)

$$n_i = \frac{n \cdot N_i}{N}$$

N

N<sub>i</sub> = population of i<sup>th</sup> strata

N = Total population

Where: n<sub>i</sub> = sample of i<sup>th</sup> strata

n = target sample

**Table 3.1 sample size of employees from five departments**

No	Department	Population	Sample
1	Department head managers	20	8
2	Production	445	180
3	Quality control	47	19
4	Technic	24	10
5	Supply	53	21
Total		589	238

*Source (Anbessa shoes S.C annual organization report of 2019)*

### **3.3 Data Source and Type**

The study aims to analyze the effect of kaizen implementation on the employee's performance in case of Anbessa shoes S.C. In order to do the research, the researcher used both primary and secondary sources of data. The primary source of data had to obtain through questionnaires and interview from the employees and Department head managers of the company. Questionnaires were distributed for 230 employees of the company and eight departments' heads was interviewed. Secondary data was obtained from company reports and records about kaizen and collected publicized journals, books and research which are related to the research.

### **3.4 Data collection techniques**

Primary data was gathered and measuring information on variables of interest going to be done in an established systematic fashion that enables to answer research questions and evaluate outcomes mainly using questionnaires and interviews, secondary data also collected from reports, publication and other relevant studies. Based on this the convenience sampling of non-probability sampling technique is used in this study (Diamantopoulos & Schlegelmilch 2000)

The questionnaires have three parts the first one was demographic information of resonance, then the second part was factors that affect employees performance and third part was evaluation of employees performance. The questioners have five dimensions using a five point scale ranging from strongly disagreed (1) to strongly agree (5)



### 3.5 Pilot Testing

The research instruments in this study were carefully constructed to ensure their reliability and validity in the attainment of the objectives of the study. Forty respondents were picked at random for pilot testing of the instrument to determine their viability before running the entire data collection exercise, Main objective of pilot testing is to ascertain the accuracy and validity of the instruments before they are used in the actual study (Mugenda. M and Mugenda. A, 2003)

### 3.6 Validity and Reliability Test

Reliability refers to the extent to which the instrument measures what is intended to measure and validity refers to the consistency with which a measuring instrument yields a certain result when the entity being measured hasn't changed (Leedy & Ormrod, 2010). They further categorized into internal and external validity where the former refers to the extent to which its design and the data it yields allow the researcher to draw accurate conclusions about cause-and-effect relationship within the data. The external validity refers to the extent to which the research results apply to situations beyond the study itself.

The questioners that designed for this research purpose to determine the relation between kaizen pillars (housekeeping, elimination and standardization). Employee's performance and detail on the factor of employee's performance (working condition, organizational culture, training, motivation and leadership). As many social science researchers argue that the acceptable level of reliability test was a reliability coefficient of .70 or higher is considered acceptable in most social science research situations. As table 3.2 indicate that all the variables cronbach's alpha result is greater than 0.739 so that all the variables are reliable.

**Table 3.2 Reliability test**

	Cronbach's Alpha	N of Items
Likert Scale	0.918	30
WC= Working Condition	.869	5
OC= Organizational Culture	.828	5
LD= Leadership	.853	5
TR = Training	.739	4
CO =Compensation	.766	3
EP=Employees Performance	.801	8

(Source: own survey result, 2019)

### 3.7 Methods of data Analysis Presentation

The data collected has to give meaning to what it is intended for. As discussed by (Diamantopoulos & Schlegelmilch, 2000), data analysis begins with doing some data description and followed estimation testing. Data was analyzed using SPSS 20 version software.

The researcher used frequency table to summarize the demographic characteristics of the respondents by using (frequency and percentage), the mean of the respondents was used to examine that affect employee's performance. Person's correlation was used to examine the link between dependent variable and independent variable.

The Correlation coefficient ( $r$ ) was used to determine the positive or negative relation dependent and independent variables. Correlation coefficient ( $r$ ) is nominal reported as a decimal number between -1.00 and +1.00 (Huck, 2012). The result gives the researcher an idea of the extent of relationship between the two variables. According to Huck, (2012) a positive Correlation coefficient ( $r$ ) indicates a positive and direct relation. And a negative Correlation coefficient ( $r$ ) indicates negative relation and indirect relation between the two variables. A zero correlation indicates that there is no correlation between the variables.

Regression analysis was used to identify and predicting effect between dependent and independent variables. Regression analysis was calculated to measure the beta value ( $b$  coefficient) that indicated how the independent variables influence the dependent variables. Multiple regression was applied to measure the influence factor between two variables (David,2009) . If the  $b$  coefficient is equal to 0 there is no predicating relation between the variables. And further values of coefficient relation between variables are interpreted as 0.70-1.00 very strong 0.50-0.69 substantial effect, 0.30-0.49 moderate effect, 0.10-0.29 low effect and 0.01-0.09 negligible effect (Alwadael, 2010)

### **3.8 Ethical Considerations**

Ethics is becoming an increasingly prominent issue for all researchers. Researchers are encouraged to employ knowledge of research ethics in practice. Ethical issues were prominent throughout this research process, including during the data collection, during the analysis and writing up of the final report.

(Leedy & Ormrod, 2010) identified four main ethical issues that need to be addressed in the process of undertaking a research. These are: protection from harm, informed consent, right to privacy, and honesty with professional colleagues.

Accordingly, the researcher clarifies to the respondents about the objectives of the study and explains that the information would be used only for research and academic purposes. The researcher tries not to expose participants from any physical or psychological harm requests their consent and could participate only on a voluntary basis, respects the participant's right to privacy and reports the findings in a complete and honest fashion. The researcher also requested the consent of the respondents to conduct the research study with official letter and finally permission was given.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter content presents the finding of the research in according to the research objectives. The analyses and interpretation of the data collected from the respondents is presented. It began with the demographic summary of the respondents. Then, the results of descriptive statics, correlation analysis and regression analysis were discussed and at last summary of the finding are presented.

#### 4.1 Questionnaire Response Rate

As table 4.1 indicate below out of 230 questionnaires prepared and distributed 206 (89.57%) were collected back , during data editing process the questionnaires were checked for errors and 8 incomplete questionnaires were eliminated, and 16 questionnaires were not returned . finally 206 questionnaires were used for analysis .

**Table 4-1 Questionnaire Response Rate**

<b>Employees</b>	<b>Numbers</b>	<b>Percentage</b>
Correctly Filled and returned	206	89.57%
Not Correctly filed	8	3.47%
Not Returned	16	6.96%
Total	230	100%

*Source: research survey data 2019*

#### 4.2 Demographic Profile of The Respondent

Observing the demographic trend or characteristics of our sample population before starting the data analysis is useful to make the analysis more meaningful for the reader. This part of the questionnaire requested limited amount of information related to personal and demographic status of respondents. The purpose of demographic analysis in this research is to describe the characteristics of the sample such as proportion of male and female in the study area, categorizing of respondents in the company, identifying the working age in the study area, to get

more understanding about the academic qualification of respondents and experience of respondents. Accordingly, these variables are summarized and described in tables shown below.

**TABLE 4.2: The Frequency Distribution of Demographic Variables (N = 206)**

Demographic characteristics		Frequency	Percent
<b>Gender</b>	Male	92	44.7
	Female	114	55.3
	<b>Total</b>	<b>206</b>	<b>100.0</b>
<b>Age</b>	18-27	139	67.5
	28-37	62	30.1
	38-47	5	2.4
	<b>Total</b>	<b>206</b>	<b>100.0</b>
<b>Work Experience</b>	2-5	169	82.0
	6-10	27	13.1
	above 10	10	4.9
	<b>Total</b>	<b>206</b>	<b>100.0</b>
<b>Educational Background</b>	Below diploma	117	56.8
	Diploma	46	22.3
	1st degree and above	43	20.9
	<b>Total</b>	<b>206</b>	<b>100.0</b>

*Source: research survey data 2019*

### **Gender of respondent**

The demographic data for gender shows that out of the 206 respondents 114 respondents are female and 92 respondents are male. Table 4.2 shows that female that represented 55.3 percent, while male represents the remaining 44.7 percent. As the result indicate Anbessa shoe factory have balance employee demography in gender.

### **Age of respondent**

According to table 4.2 the majority of the respondents are in the age rate of 18-27 years that was 67.5 percent, followed by that age group of 28-37 which was 30.1 percent. And lastly those age groups 38-47 are 2.4 percent of age respondents. These indicate that the Anbessa shoes factory

workforces are younger that can help to increase employees performance by practice kaizen principle in the organization.

**Work experience**

According to table 4.2 the majority of respondents have served their company from 2-5 years which represents 82 percent (169 from the total 206 respondents). There respondents which have served their current company from 6-10 years are 27, and those who worked above 10 years in the company are 10 in number. This revealed that majorities of the respondents are not too experienced in which the organization is believed to provide training to its employees to escalate their working performance and to develop attractive working environment

**Educational back ground.**

Majority of Anbessa shoes factory workers are below diploma holders. According to table 4.2 56.8 percent (117 from the total 206 respondents) are below diploma holders and 22.3 percent are diploma holders lastly 20.9 percent have 1<sup>st</sup> degree and above. The information implies that most of the company workforces are diploma holders so they need to get more training and follow-up to perform their job.

**4.3 Result of Descriptive Statistics**

This section of the chapter puts the results for the descriptive analysis and interprets it accordingly. The mean statistical values of the items were based on the 5 point Likert scale and will be illustrated through the following assumptions: as table 4.3 shows that according to (Jamil ,1993) if the mean (M) score is between 1.00 to 2.33 respondents disagree with the statement, if the mean score is between 2.34 to 2.5 it indicates that the respondents prefer to stay Neutral/moderate, and finally if the mean score is between 3.67 to 5.00 it implies that the respondents agree with the statement.

**Table 4.3 Mean score interpretation**

Mean score	Interpretation
1.00 to 2.33	Low
2.34 to 3.66	Moderate
3.67 to 5.00	High

*Source: Adapted from Jamil (1993)*

The current research also used 30 questions which were grouped into six that can analyze the factors' that affect employee's performance which are working condition, organizational culture, leadership, training and compensation. The mean value indicate what extent sample group averagely agree or disagrees on the statement and on other hand standard deviations shows the variability of an observed response are discussed one by one .

**Table 4.4 Descriptive statistics for working condition analysis**

Items N= 206	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
sufficient working facilities such as office occupation, furniture, machinery's which employee perform in the organization influence the employee's ability to perform their task in the company	69	32	31	59	15	2.81	1.36
In the company there is coordination between employees that help to increase employees performance	62	59	24	50	11	2.46	1.290
Implementation of the kaizen principle in the company help to improve the processes and standard of work place that increase employees performance	52	51	67	8	19	2.81	1.407
Implementation of 5S has helped the employee to reduce the amount of time in searching for tools and equipment's.	78	6	13	82	27	2.87	1.569
Communication in the workplace can have a positive effect on the performance of employees in the company.	30	66	44	62	4	2.73	1.102
Average Mean						2.78	

*Source: Own survey result, 2019*

Table 4.4 indicate that, the average mean value with regard to working condition and the result related to its items stated, respondents which have 66.99 percentage were disagree on its practice in Anbessa Shoe Company to improve its employees performance which have a mean value score of (M=2.78) which is moderate. Working condition of the company is fulfilling the circumstances in which employee performs in the organization (2.81) or the work area that influence the employee's ability to perform their task. This is also supported by the observation

and the interviews conducted with the department heads of the company in which the elements that assist the office occupiers' ability to physically connect with their office environment is good that incoreg employees' performance by forming attractive working environment.

According to (Hutchins, 2006) Implementing the 5s (sort, set in order, shine, standardization and sustain) in the company can develop well-organized workplace that will come out a safer, more efficient, and increased in service, employee attitudes and as well as social responsibility. This research survey find the same result that After implementation of the kaizen principle in the company help to improve the processes and standard of work place that increase employees performance (2.81) and also implementation of 5S has helped the employee to reduce the amount of time in searching for tools and equipment's (2.87).

**Table 4.5 Descriptive statistics for Organizational culture**

Items N= 206	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
After implementation of kaizen employees increases innovative output for the company as the result of this profit is maximized & cost also reduced.	34	64	39	64	5	2.72	1.143
Organizational culture influences the behavior of the members of the working group in the company in their shared assumptions, values, and beliefs.	64	64	22	54	2	2.35	1.199
Decision making practice help employees to increase their performance	37	81	27	54	7	2.58	1.157
Kaizen lead employees to be very competitive and achievement oriented	20	73	47	62	4	2.79	1.041
Employees work together for the benefits of the company on a continuous basis to get the organizational targets and goals	70	50	26	47	13	2.43	1.330
<b>Average Mean</b>						<b>2.57</b>	

*Source: Own survey result, 2019*

Organizational culture is another element of factors affecting employees performance Table 4.5 indicate that, the average mean value with regard to organizational culture and the result related to its items stated, respondents which have 69.70 percentage were agree on company's practice of the kaizen principles to improve organizational culture which have a mean value score of



(M=2.57) which is average. On the consequence of this shared assumptions, values, and beliefs which have strong influence on workers in the company was loosely connected. This is also supported by the observation during the interview conducted with department heads in the company the level of innovation in the company is not as expected as it is and but also after the implementation kaizen there is some improvement on it.

According to (Stegmeier, 2008) the necessity for organizations to manage and create creative capability, transform new concepts into value in Organization culture that lead to Competitive markets and increase a profits for the firm by introducing innovation, has been a driving force for business leaders to better understand the dynamics of creativity and innovation, and to develop and execute strategies to leverage the workforce, intellectual capital and the physical workplace in order to increase innovative output for the organization The research survey result indicate that 66.5% Anbessa shoes company employees agree on implementation of kaizen increases employees innovative output for the company and lead employees to be competitive and achievement orated.

**Table 4.6 Descriptive statistics for Leadership**

<b>Items N= 206</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>SD</b>
Leadership in the company helps to improve employee's performance in achieving the objective of the company.	54	97	19	33	3	2.19	1.046
After implementation of Kaizen employees are greatly affected by efficient participation of leadership in the company.	56	89	25	33	3	2.21	1.061
Feedbacks given to employees by a leader have effect on employee's performance.	59	82	23	21	21	2.33	1.272
Employee's empowerment by the leaders have effect on your performance	63	85	26	31	1	2.14	1.032
Leaders give work assignment to its employees based on their skill and knowledge	44	96	27	44	2	2.34	1.069
<b>Average Mean</b>						<b>2.24</b>	

*Source: Own survey result, 2019*

From the survey of the questionnaires table 4.6 summarizes the average mean value with regard to leadership and the result related to its items stated, respondents which have 70.39 percentage were disagree on the company's leadership practice. The average mean of leadership practice in the company score (M=2.24) which is low. According to (Wall, Solum & Sobal, 1992); (Maritz, 1995) stated that efficient leader that knows employees of the organization provide themselves to the organization's operation and also Successful leaders are required to have a motivating relationship between the workers participate in the organization. But the researcher find that most of the employees agreed employee's empowerment by the leaders have effect on their performance with mean value of (2.14) and the feedbacks given to employees by a leader have effect on employee's performance with mean value of 2.33 this implies that leaders participation is not efficient.

**Table 4.7 Descriptive statistics for Training**

Items N= 206	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
The training program is linked with kaizen implementation process	62	83	25	33	3	2.18	1.080
Sufficient training was conducted before kaizen implementation that helps you to perform better.	62	78	24	21	21	2.33	1.283
Training program in the company is given on continuous basis to maintain, upgrade and update skills of employees throughout working life beyond initial competence.	61	83	26	33	3	2.19	1.078
Training program help to develop employees self confidence	64	95	24	22	1	2.03	.949
<b>Average Mean</b>						<b>2.18</b>	

*Source: Own survey result, 2019*

Training is another element of kaizen principle improving factors of employee's performance. Table 4.7 indicate the mean value of each item related to training, respondents which have 71.22 percentage were disagree on the company's practice as there is no as such appropriate training program which support staff to build their capacity with its average of (M=2.18) which is below the average. The goal of providing training for staffs in the company is to improving one's capability, capacity, productivity and performance. It is not a position to attain the intended use.

As the result of survey the training program given in the company is not continuous basis to maintain, upgrade and update skills of employees throughout working life beyond initial competence. This is also supported by the interview conducted with department heads of the company, as training program given was conducted every end of the month how to implement kaizen principle was not filling the gap between the performance that is desired and the actual performance of employees.

**Table 4.8 Descriptive Statistics of compensation**

Items N= 206	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
Company pay system is linked to employees performance to motivate employee's performance	67	88	28	21	2	2.04	0.979
Compensation practice of the company decrease employee's absenteeism & turnover and increases job satisfaction & performance of employees in the company.	57	73	38	35	3	2.29	1.092
The companies provide all forms of financial returns and tangible benefits of compensation that can increase employee's performance.	52	90	28	33	3	2.25	1.051
<b>Average Mean</b>						<b>2.19</b>	

*Source: Own survey result, 2019*

As compensation is one of the factor affecting employees performance Table 4.8 depict the mean value of each item related to compensation, respondents which have 68.6 percentage were disagree on the company's practice as there is no as such a system of reward which support staff to have strong relationship with the company with its average of (M=2.19) which is lower mean value. As table 4.8 show that employees disagreed the statement that say Company pay system is linked to employees performance to motivate employee's performance the organization have a mean value of (2.26) this indicate that Anbessa shoes company have less practice on performance based pay system.

According to (Giancola, 2011) compensation is commonly believed that if rewards are used effectively, they can motivate individuals to perform at higher levels, and the use of proper rewards culminates in firm performance at the organizational level. As the finding of this

research in the interview the department heads conducted that company don't provide all forms of financial returns and tangible benefits of compensation to the employees. And compensation is also considered as a cost to the company, so that in the company compensation is not a system of reward for the best performer employee in the company. As the result of compensation dissatisfaction absenteeism, turnover, job dissatisfaction and low performance is seen in the company.

**Table 4.9 Descriptive Statistics of employee's performance**

Items N= 206	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
I always implement contents of 5S (sort, set in order, shine, standardize and sustain) in my work place without the initiation of any body.	57	80	32	33	4	2.07	.962
Kaizen implementation motivated to complete the tasks that are assigned to me always.	65	85	23	21	12	2.21	1.078
Implementation of kaizen daily elimination system help me to decrease my work defect	58	97	30	19	2	2.38	1.088
After the implementation of Kaizen there is growth on the organization performance.	61	94	28	21	8	2.10	.793
Kaizen lead you to remain open minded and understanding other groups or cultures	60	82	31	44	2	2.20	1.084
I came up with creative solutions to new problems buy using kaizen implementation trainings.	47	82	31	44	2	2.84	.639
My level of performance is increasing after the implementation of kaizen.	38	126	25	17	0	2.36	.756
The Feedbacks given encourage me to performance well.	68	80	28	33	3	2.89	.813
<b>Average Mean</b>						<b>2.38</b>	

*Source: Own survey result, 2019*

Employees to perform in a certain way or behave in a way that contributes to (the goals of) the company, it need to have strong linkage with the other factors which affect employees performance. As table 4.8 depicts employee's performance is that average mean value with

regard to employees performance and the result related to its items stated, respondents which have 71.60 percentage were disagree on practice in Anbessa Shoe Company to improve its employees performance which have a mean value score of (M=2.38) which is moderate mean .

According to (Doty and Delery , 1997) Employees perform well when they have motivation to do so the need incentive pay practice that align the interest of work with those of the company such as in pay that is contingent on work group or company performance. But as the result of the study show employees are not motivated to complete the tasks that are assigned to them.

Even if employees level performance is increasing after the implementation of kaizen with the mean value of 2.36, but 80% of employees' disagreed on implementation of kaizen principle in work place with self-intention of the employees, and most employees did not consider that there level of their performance have impact on the organization. This lead a gap between employee's performance expected and actual level of production

#### **4.5 Correlation Analysis**

Under research investigation we are expected to understand concepts beyond the means and standard deviations of the dependent and independent variables so we need to know how one variable is related to another which comes with the concept of correlation. Correlation is the relationship between two variables. So, we would like to see the nature, direction, and significance of the bivariate relationship of the variables used in the study. The Bivariate Correlations procedure computes the pair wise associations for a set of variables and displays the results in a matrix. It is useful for determining the strength and direction of the association between two scale and ordinal Bivariate Correlations. As noted above, a Pearson correlation matrix indicates the direction, strength, and significance of the bivariate relationships of all the variables in the study.

A correlation coefficient is a very useful means to summarize the relation between two variables with a single number that falls between -1 and 1 field (2005). A correlation analysis with person correlation ( $r$ ) was conducted in all variables in the study to explore the relationship between variables. To interpret the strength of correlation between variables, the guide line supplied by field (2005) were followed. His classification of correlation coefficient( $r$ ) is follow 0.1 to 0.29 is weak; 0.3 to 0.50 is moderate and  $> 0.50$  is strong.

Person's correlation coefficient was used to determine the relationship between working condition with employee's performance, organizational culture with employee's performance, leadership with employee's performance, training with employee's performance and compensation with employee's performance

**Table 4.10 person's correlation result**

		<b>Correlations</b>					
		Employee's performance	Organizational culture	Leadership	Training	Working condition	compensation
Employee's performance	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	206					
Organizational culture	Pearson Correlation	.728**	1				
	Sig. (2-tailed)	.000					
	N	206	206				
Leadership	Pearson Correlation	.642**	.633**	1			
	Sig. (2-tailed)	.000	.000				
	N	206	206	206			
Training	Pearson Correlation	.406**	.253**	.337**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	206	206	206	206		
Working condition	Pearson Correlation	.624**	.548**	.444**	.306**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	206	206	206	206	206	
Compensation	Pearson Correlation	.583**	.510**	.331**	.212	.530**	1
	Sig. (2-tailed)	.000	.000	.000	.002	.000	.000
	N	206	206	206	206	206	206

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: research survey of 2019.

From the analysis it is noted that all the independent variables are significant and positively correlated to the dependent variable. As it is depicted in the table working condition have (r=0.624, P<0.01) correlation with employee's performance, organizational culture have,

( $r=0.728$ ,  $P<0.01$ ) with employee's performance, leadership have ( $r=0.642$ ,  $P<0.01$ ) correlation with employee's performance, training have ( $r=0.406$ ,  $P<0.01$ ) correlation with employee's performance and compensation have ( $r=0.583$ ,  $P<0.01$ ) correlation with employee's performance.

As the result indicates that independent variables have organizational culture, leadership, working condition and compensation (0.728, 0.642, 0.624 and 0.583 respectively) has strong positive correlation with employee's performance. While training (0.406) has moderate and positive relation with employee's performance.

Also the result shows the correlation of independent variables within themselves. It can be noted that all the independent variables are positively correlation with each and training have weak and positive correlation with Organizational culture, Leadership, Working condition and compensation (.253, .337, .306 and .212 respectively )

#### **4.6 Data Preparation for Regression Analysis**

Data preparation procedures were taken to ensure the quality of data suitability for regression analysis used in this chapter. The procedures involved were assessing the adequacy of the sample size, coding the data, and diagnosing the normality of data distribution. Most parametric tests based on the normal distribution have four basic assumptions that must be met for the test to be accurate. These are the assumption of normally distributed data; the assumption of homogeneity of variance, the assumption of independence of data from different participant's /observations/ sampling and the assumption that the data should be at interval measurement level (Andy Field, 2005, 2009; Bruce et al., 2002).

Regression analysis also conducted to know how the independent variable (Working condition, compensation, Training, Leadership and Organizational culture) explains the dependent variable (employee's performance). The beta value measures how strong predictor variable influences the criterion variable. The higher the beta value measures the greater the impact of the predictor variable on the criterion variable.

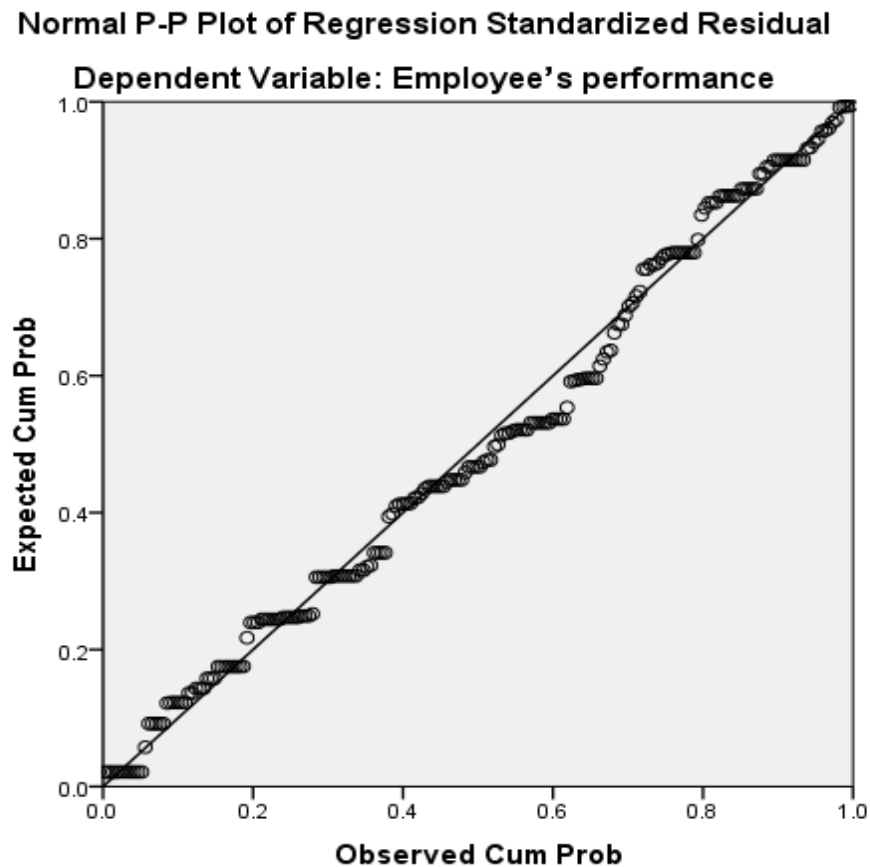
### 4.6.1 Regression Analysis Assumption Test

Before applying regression analysis, the researcher tested its assumption like normality test, linearity test, Homoscedosticity , independence of residual and Multicollinearity test were used.

#### 4.6.1.1 Normality Test

In order to determine normality graphically, we can use the output of a normal P-P plot. If the data are normally distributed, the data points will be close to the diagonal line, if the data points stray from the line in an obvious non liner fashion the data are not normally distributed. Figure 4.1 show that the dependent variable (employees performance) the independent variable (Working condition, compensation, Training, Leadership and Organizational culture) data are normal distributed data that lead to do regression analysis

Figure 4-1 Normal P-P Plot Regression Test





#### 4.6.1.3 Linearity Test

As stated by (Chatterjee & Hadi, 2012) a model that relates the response  $Y$  to the predictors  $X_1, X_2, X_3... X_n$ , is assumed to be linear in the regression parameters. As cited by, (Matt N, Carlos A, and Deson K 2013) it was further explained that the response variable is assumed to be a linear function of the parameters  $(\beta_1, \beta_2, \beta_3.....\beta_n)$  but not necessarily a linear function of the predictor variables  $X_1, X_2, X_3...X_n$ .

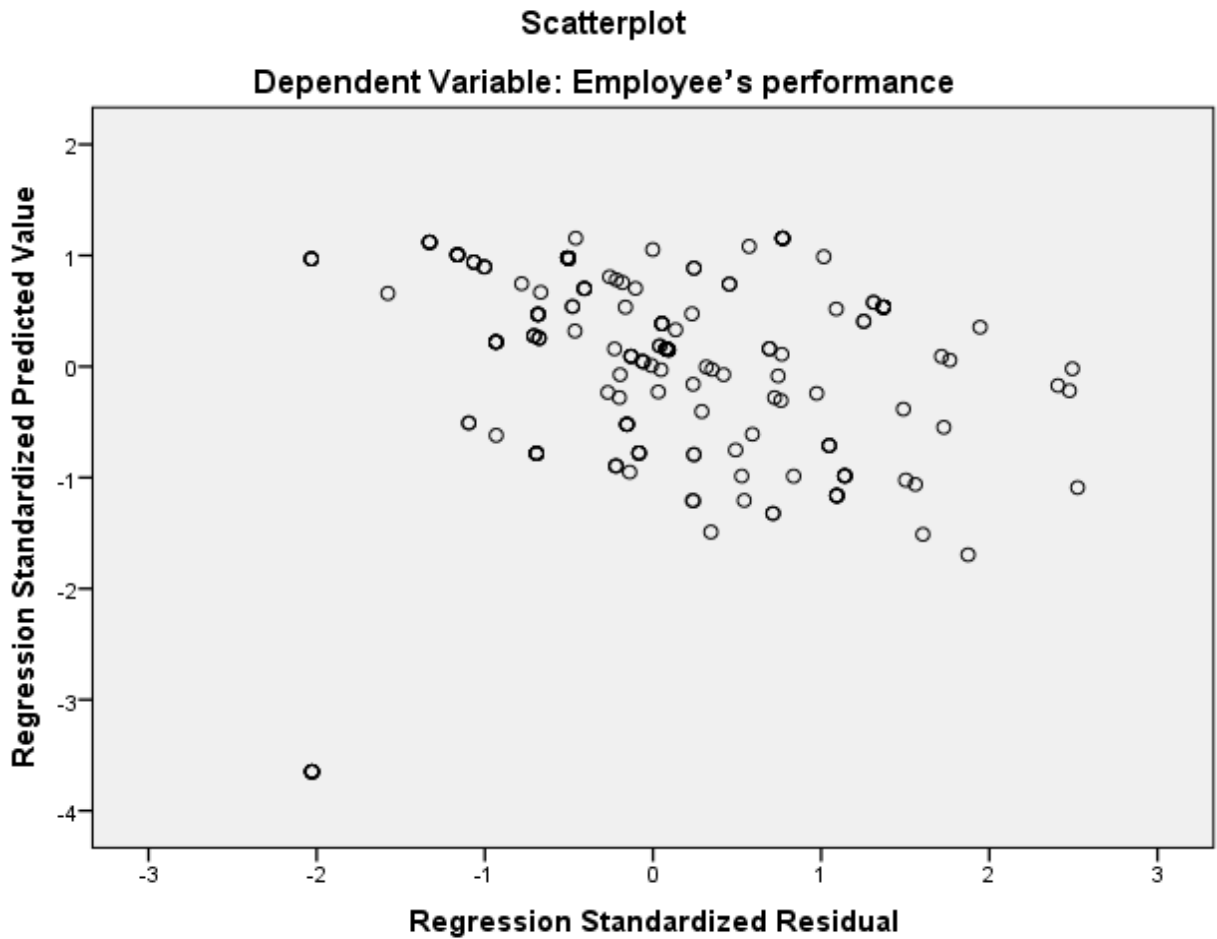
The result of this particular study showed that, there is a linear relationship between the dependent or response variable *employees' performance* and the independent or predictor variables which are factors affecting performance (*organizational culture, leadership , Training , compensation and working condition*). That means for every increase in the independent variable of Working condition, compensation, Training, Leadership and Organizational culture, the dependent variable employees' performance will increase.

#### 4.6.1.3 Scatter plots Analysis Test

Scatter pots Graphs actual values the data against the values predicate by the model. The scatter plot displays the actual values along x axis and displays the predicted values along the Y-axis. It also displays line that illustrates the perfect predication.

As fig 4.2 indicates that the dependent variable employees performance and independent variables

Figure 4.2 Scatter Plot of variables



#### 4.6.1.4 interdependent of residual

The test statistics of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50. A value greater than 2 indicates a negative correlation and a value less than 2 explains a positive correlation (Field, 2006, Babatunde O.S, Oguntunde P.E, Ogunmola A. O and Balogun O.S, (2014).

For this particular study, the Durbin-Watson value is 2.035, and within the acceptable range and hence, we assumed independence of residuals assumption exists.

**Table –4.11 Durbin-Watson Test Result**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.829 <sup>a</sup>	.688	.680	3.252	2.035

a. Predictors: (Constant), compensation , Training, Organizational culture, Working condition, Leadership

b. Dependent Variable: Employee’s performance

#### 4.6.1.5 Multicollinearity Analysis Test

If there is high degree of correlation between the independent variables, we have a problem of what is commonly described as the problem of multicollinerity (Kothari, 2004) and the study used variance inflation factor (VIF) which calculates the influence of correlation among independent variables on the precision of regression estimates. The VIF factor should not have above 10. In this research as table 4.12 shows that there is no multicollinearity problem.

Tolerance show that how much of the variability of specified independent variables is not explained by the other independent variable in the model and is calculated using the formula  $1 - R^2$  for each variable. If this value is very small (less than 0.10) it indicates that multiple correlations with other variable are high, suggestion the possibility of multicollinerity. This is also on firmed that research data have the absence of multicollinerst according to collinearity statistics.

**Table 4.12 Collinerity statistics**

Model		Collinerity statistics	
1	(Constant)	Tolerance	VIF
	Organizational culture	.468	2.137
	Leadership	.558	1.792
	Training	.855	1.170
	Compensation	.648	1.543
	Working condition	.586	1.705

## 4.6.2 Regression analysis result

Once all the multiple regression assumption is tested, the researcher decided on the date for further process. Focus on the three most important element of regression analysis a use mode summary, ANOVA test and beta coefficient test to

### 4.6.2.1 Mode Summary Analysis

**Table 4-13 model summary of the regression result**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.829 <sup>a</sup>	.688	.680	3.252

a. Predictors: (Constant), Working condition, compensation , Training, Leadership, Organizational culture

b. Dependent Variable: Employee's performance

A measure of the strength of the computed equation is R-square, sometimes called the coefficient of determination. R-square is simply the square of the multiple correlation coefficients R in the Model Summary (See table 4.13 above), and represents the proportion of variance accounted for in the dependent variable (employee performance) by the predictor variable (Working condition, compensation, Training, Leadership, Organizational culture). As we can see from the above table, the correlation coefficients are 0.829, and the  $R^2$  is 0.688. Thus, the predictor variables of the (Working condition, compensation, Training, Leadership, Organizational culture) have shown 68.8% of the variance in the dependent variable (employee performance). Therefore, The Adjusted  $R^2$  is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable, from the findings in the above table the value of adjusted  $R^2$  was 0.688, an indication that there was variation of 68.8 % on employee performance due to changes in (Working condition, compensation, Training, Leadership, Organizational culture) at 95% confidence level. Hence, 82.9 % of employee performance explained by (Working condition, compensation, Training, Leadership, Organizational culture).

#### 4.6.2.2 ANOVA Analysis

ANOVA (analysis of variance) table provided, the result of the test of significance for  $R$  and  $R^2$  using an F-statistic. Since the result of the test is significant, with P-value below 0.05, that  $R^2$  is significantly different from zero and there is a relationship between the independent variables (the factors) and dependent variable (employees performance) in the population (Field, 2006).

**Table -4.14 ANOVA for the relationship of factors and employees' performance**

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4658.076	5	931.615	88.101	.000 <sup>b</sup>
	Residual	2114.880	200	10.574		
	Total	6772.956	205			
a. Dependent Variable: Employee's performance						
b. Predictors: (Constant), Working condition, compensation , Training, Leadership, Organizational culture						

The F- test in the ANOVA table confirm that the model developing is statistically significant ( $f=88.101$  and  $P<01$ ), this indicate that the variation explained by the model is not due to chance. The strength of each predictor (independent) variables influence on the criterion (dependent) variables can be investigated via standardized beta coefficient. The regression coefficient explains the average amount of change in dependent variable that is caused by unit of change in the independent variables. The larger value of beta coefficient that an independent variables has, the more support to independent variables as the more important determinant in predicating the dependent variables.

#### 4.6.2.3 Coefficients Analysis

Regression analysis was calculated to measure the beta value (cofficiency) that indicated how the independent variables influence the dependent variables. Multiple regression was applied to measure the influence factor between two variables (David, 2009) . If the  $\beta$  coefficient is equal to 0 there is no predicating relation between the variables. And further values of coefficient relation

between variables are interpreted as 0.70-1.00 very strong 0.50-0.69 substantial effect, 0.30-0.49 moderate effect, 0.10-0.29 low effect and 0.01-0.09 negligible effect Alwadael 2010

**Table: 4.15 Coefficients Analysis**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.601	1.218		6.239	.000
	Organizational culture	.536	.090	.342	5.928	.000
	Leadership	.265	.062	.228	4.311	.000
	Training	.185	.055	.143	3.345	.001
	Compensation	.375	.089	.207	4.211	.000
	Working condition	.225	.064	.182	3.523	.001

Dependent Variable: Employee's performance

In order to indicate which predictor are significantly contribution to the 82.9 percent of expend variable in employees performance and which one is not , the standardized coefficients is shown on the table 4.13 is important. As the result of the study Organization culture (B=0.342, p<0.01), leadership (B=0.228, p<0.01) training (B=0.143, p<0.01), compensation (B=0.207, p>0.01) and working condition (B=0.182, p<0.01) are positively and significantly predicate the employees performance. These coefficients indicate how much the dependent variable varies with independent variables when all other independent variables are held constant.

Unstandardized beta coefficient is sometimes called, the Beta Weights and tells us about the relationships between the dependent variable and the independent variables. If the value is positive the relationship between the predictor and the outcome is positive. Negative coefficient represents a negative relationship (Field, 2006)

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$$

Where, y= the dependent variable employees' productivity

a = y axis intercept (the constant beta value)

b<sub>1</sub>, b<sub>2</sub>, b<sub>3</sub>, b<sub>4</sub>, b<sub>5</sub>, =beta weight for each independent variables

$X_1, X_2, X_3, X_4, X_5$ , =representing, organizational culture , leadership , Training , compensation and working condition respectively.

$e$  = the error term (0.05 in our case)

Based on table-4.15 and taking the unstandardized beta value into consideration, the regression equation of this particular study to the nearest two decimal places can be expressed as:

$$Y = 7.601 + 0.54X_1 + 0.27X_2 + 0.19X_3 + 0.38X_4 + 0.23X_5 + 0.05$$

#### *Interpretations from the equation*

- For every unit increase in the value of *organizational culture* in Anbessa Shoes Company S.C. setting all other predictor variable to be constant, the value of response variable *employees' performance* will increase by 0.536 or 53.6%.
- For every unit increase in the value of *Leadership* in Anbessa Shoes Company S.C. setting all other predictor variable to be constant, the value of response variable *employees' performance* will increase by 0.265 or 26.5%.
- For every unit increase in the value of *Training* in Anbessa Shoes Company S.C. setting all other predictor variable to be constant, the value of response variable *employees' performance* will increase by 0.185 or 18.5%.
- For every unit increase in the value of *compensation* in Anbessa Shoes Company S.C. setting all other predictor variable to be constant, the value of response variable *employees' performance* will increase by 0.375 or 37.5%.
- For every unit increase in the value of *working condition* in Anbessa Shoes Company S.C. setting all other predictor variable to be constant, the value of response variable *employees' performance* will increase by 0.225 or 22.5% .

#### **4.7 Discussion of the Major Finding**

The study discuss on the effect of kaizen implementation on employees performance on Anbessa Shoes Company. The study includes five factors that affect employee's performance such as working condition, compensation, training, leadership and organizational culture.

As table 4.15 Show that all the independent variable are positively correlation with employee's performance as person's correlation coefficient. The coefficients of variables indicated that the

variable have different magnitudes of correlation with the dependent variables. Working condition, Training, Leadership and Organizational culture are strongly correlation and positively and significantly predicate the employees performance.

These findings indicate that organization culture is most important factor that affects employee's performance. This means that when there is a good level of practice in creativity, innovations and entrepreneurship in the company level of employees performance increase.

The Regression standardized coefficients for the four independent variables Organization culture, leadership, training, compensation and working condition are 0.342, 0.228, 0.143, 207 and 0.182 respectively. Their significance levels are .000, .000, .001, .000 and 0.001 respectively. This is less than 0.05. This indicates positively and significantly affects the dependent variable (employee's performance).

**Table 4.16 summary of the overall outcome of the research hypotheses**

<b>Hypothesis</b>	<b>From</b>	<b>To</b>	<b>Standard coefficient</b>	<b>Results</b>
H1	Working condition	Employees performance	B=0.182, p<0.05	H1 : Accept
H2	Organizational culture	Employees performance	B=0.342, p<0.05	H2 : Accept
H3	Leadership	Employees performance	B=0.228, p<0.05	H3 : Accept
H4	Training	Employees performance	B=0.143, p<0.05	H4 : Accept
H5	Compensation	Employees performance	B=0.207 p< 0.05	H5 : Accept



## CHAPTER FIVE

### FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

The previous chapter presented the analysis of the finding and discussion of the study. The purpose of this chapter is to discuss major finding, conclusion and recommendation. It began with Summary of major findings, then conclusion of the study based on the research objective and finally the recommendation of provided based on the finding of the study.

#### 5.1 SUMMARY OF MAJOR FINDINGS

Based on the data collected from employees of Anbessa Shoes Company the analysis made so far, the following important summary points were found.

- Descriptive value of the resonance aggregate mean indicate most of the Employees are satisfied with the organization working condition (2.78) and organizational culture (2.57) that encourage employees to perform their obligation. And also the working environments of manufacturing areas need some improvements as explained by the department heads.
- Most of employees are not satisfied with the leadership style (2.24) of the organization. Because of leaders are not practicing kaizen principle in there poison, and they are no empowering the employees to increase their performance by giving different kind of feedbacks.
- In addition as the survey indicate that training (2.18) program is not likened with the kaizen implementation and traninng given was not filling the gap between the performance that is desired and the actual performance of employees.
- The company pay system is not linked with employee's performance and the compensation practice of the company is not decreasing employee's absenteeism and turnover. As the survey indicate that aggregate mean of compensation (2.19) is below the average that lead the company to not achieve their goal of production
- Employees performance aggregate mean 2.38 show that in the organization the level of productivity is low because of the independent factors. In addition employees are not

practicing kaizen principle like housekeeping, waste elimination and standardization in the company.

- Pearson correlation test result indicates that independent variables organizational culture, leadership working condition and compensation (0.728, 0.642, 0.624 and 0.583 respectively) have strong positive correlation with employee's performance. While training (0.406) has moderate and positive relation with employee's performance
- The normality test conducted so far showed employees' performance as a dependent variable and independent variables as organizational culture , leadership , Training , compensation and working condition data are normally distributed that are satisfied for the entire study.
- The linearity test conducted so far which considered employees' performance as a dependent variable denoted by Y and organizational culture , leadership , Training , compensation and working condition as an independent variables denoted by **X1,X2,X3,X4 and X5** showed, a positively sloped least square regression line.
- The Durbin Watson result of **2.035** indicated the existence of independent residuals acceptable and negatively correlated
- The multicollinearity assumption test result showed that, the pair-wise correlations between all the independent variables tolerance values of all are greater than the acceptable range of 0.10. And the value of variance inflation factor (VIF) is not above 10 this indicates the predicting variables (factors) are more related with the dependent variable than among themselves.
- The model summary results showed that, a linear combination of all the independent variables (Working condition, compensation, Training, Leadership, Organizational culture) considered under the study predict ( **$R^2=0.688$** ), of the variance in the dependent variable employees' productivity. Indicating 68.8% of the variation in the employees' performance is accounted by these five factors
- The ANOVA table confirm that the model developing is statistically significant ( $F=88.101$  and  $P<01$ ), this indicate that the variation explained by the model. The strength of each predictor (independent) variables influence on the criterion (dependent) variables can be investigated via standardized beta coefficient.

- Multiple regression analysis the beta value (coefficient) between the dependent variable *employee performance* and the predictor variable *working condition* (B=0.182, p<0.01) have positive and significant relation with the variables, where H1 was accepted.
- The beta value between the dependent variable *employee performance* and the predictor variable *Organization culture* (B=0.342, p<0.01) have positive and significant relation with the variables, where H2 was accepted.
- The beta value between the dependent variable *employee performance* and the predictor variable *leadership* (B=0.228, p<0.01) have positive and significant relation with the variables, where H3 was accepted.
- The beta value between the dependent variable *employee performance* and the predictor variable *training* (B=0.143, p<0.01) have positive and significant relation with the variables, where H4 was accepted.
- The beta value between the dependent variable *employee performance* and the predictor variable *compensation* (B=0.207, p<0.01) have positive and insignificant impact of employees performance, where H5 was accepted.
- Unstandardized beta coefficient value organizational culture (0.536) , leadership(0.265) , Training(0.185) , compensation (0.375) and working condition(0.225) value show that for every one unit increment in the indicated predictor there will be an increment for the outcome variable by the stated amount.
- The company's system of compensation is low as rated by the overall responses of employees.

## 5.2 CONCLUSIONS

This study has tried find out the effect of kaizen implementation on the employee's performance with regard to employees working condition, organizational culture leadership practice, training and compensation. And in addition to examine the effect of kaizen pillars on employee's performance in Anbessa Shoes Company

The study considered five factors related to employees performance such as, working condition, organizational culture, leadership practice, training and compensation as independent variables are directly or indirectly related to employee's performance. Reliability test was also conducted with Cronbach's alpha coefficient to test the consistency and dependability of the instruments

and accordingly the obtained value from the sample respondents (employees) showed the instruments were proven to be reliable.

Employee's performance or productivity is a critical concern of such industries that are characterized by labour intensive and/or capital intensive in their operations. Industries like Anbessa shoes factory those work on leather industry need to have effective control of employees' performance gives operational cost advantage in line with increased supply efficiency.

The researcher concluded that the employees' performance of Anbessa Shoes Company is positively correlated with the response variable factors that affect employees' using Pearson correlation test and hence for every unit increase in the factors (predictors), the employee's performance increase. Since there was a significant positive relation between employees' performance (the response variable) and the stated five factors (predictors), the researcher concluded that, all the hypotheses presumed were well accepted.

Based on the model summary of the multiple regressions we concluded that the stated factors (Working condition, Training, Leadership, Organizational culture and compensation) have significant impact, in explaining the variance in the dependent variable employees' performance of Anbessa Shoes Company. From the ANOVA test result, concluded that, the  $R$  and  $R^2$  of the linear combinations of factor that affect employees' performances were statistically significant in explaining the variance in the response variable employees' productivity.

Standardized Beta coefficient obtained in the analysis, are concluded that, among the factors considered in the study organization culture is most important factor that affects employee's performance Anbessa shoes company. The other factors according to their order of importance in determining the response variable were compensation, leadership, working condition and training. As shown the least contributor to the positive variance in the response variable employees' productivity was training.

As researcher find out implementation kaizen in Anbessa Shoes Company is not well implemented that can't not increase the quantity produced and increase employee's performance. As the study indicates that even if Anbessa Shoes Company working condition is good that encourages employees to perform well the company is not practising kaizen principle. Implementation 5S is not practiced that Cause for improper location of working tools and unstandardized work place.

Organizational culture is most important factor that affects employees. As the studies show us level of innovation is average. Practicing kaizen in the company is itself leads to a corporate culture of continually self-innovative employee in Anbessa Shoes Company.

As the study show that leaders are no practicing kaizen major principle with the coordination on employees that decrease level of efficiencies in the company. The descriptive average mean is low because lack of teamwork sprite between employees and leaders are not motivating employees to implement kaizen in the organization.

Training program is not likened with the kaizen implementation and traning given was not filling the gap between the performance that is desired and the actual performance of employees, as the result of recreation implies that training have positive and low effect on employee's performance.

Anbessa Shoes Company compensation pay system is not linked with level of performance. As the research noted that level compensation have a significant and positive impact on employee's performance. This means if compensation pay system increase the level of employees performance increase too.

### 5.3 RECOMMENDATIONS

Based on the inter study the following recommendations are made for the factory management consideration research finding and conclusion drawn recommendation made us followed:

- The study found that the working condition such as office occupation, furniture, machinery's have influence the employee's ability to perform their task in the company. So the company needs to facilitate more productivity in manufacturing area and the working environment needs improvement in order to improve the productivity level. Buy implementing kaizen principles in the company using "5S"and daily west eliminations method.
- Employees performance is highly correlated with Organization culture, so that Anbessa Shoes Company managers have to practice kaizen in order to achieve a common goal between employees and the company, that team sprit develop invention and creativity lead to maximize productivity and drive to be competitive in the leather firm. In addition implementation of kaizen develops a cooperated culture between the employees and company by continual self- innovation and self- motivation in the workforce.
- On the other hand survey found that the level of compensation is not good and the company pay system is not performance based so it has negative impact on employee's performance. Employees are the most valuable asset for every organization because it is the employees who make the organization to fall and rise. Therefore, organizations need to cope up with needs of the employee so as to motivate them by designing effective compensation and rewards. And performance base bones and pay system need to practice in the company. If employees' needs are not fulfilled and dissatisfied by the rewards of their employers, they will look other opportunities for better job. This is a burden for organization since employee turnover increases the cost of hiring; training new staffs will increases too.
- As the finding of the study company leaders are not practicing kaizen well and leaders are neither empowering nor giving feedbacks to the employees. This has negative impact

on employee's performance. It is recommended leaders and supervisors need to provide 50% in kaizen implementation. In addition leaders to have developed motivating relationship between the workers, and participating by setting a common goal. Further leaders feedback and empowerment program have positive impact to its employees.

- Training program in the company was not linked with kaizen implementation and sufficient training is not given to employees. Training is one of the recommended tools to increase employee's performance. The company should design training program based on kaizen implementation practise that a can allow to maintain, upgrade and update skills of employees that can exploit more output from its inputs through expertise manipulations generated by continuous work related training programs.
- Anbessa Shoes Company need to consider that kaizen is a continuous improvement and group of work in the company is recommend to pan –do- check- act of kaizen principles, that lead the organization to continues development and to be competent in the business firm.

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## Appendix 1 – Distributed Questionnaire

**St. Mary's University**  
**School of Graduate Studies**

A Survey Questionnaire to be filled by.....

**Dear Respondent:**

You are kindly requested to respond to the following questionnaires. The purpose of this questionnaire is to study the effect of Kaizen implementation on employee's performance in case of Andessa Shoes Share Company. This study is conducted in partial fulfillment of the requirements for the award of an MBA degree. The researcher assures that the information you provide will strictly be used only for research purpose and your answers will be kept confidential. If you have any question and concerns, please feel free to contact the researcher at the following address:

**Email – [edenshewa@gmail.com](mailto:edenshewa@gmail.com)**

**Tell- 0923 69 79 76**

### Questionnaire for Employee's

#### Part 1 Demographic Information

Please put a tick mark (√) in the boxes that best suits your answer

1. Gender: Male  Female

2. Age: 18-27   
28-37   
38-47   
48-56   
Above 57

3. Your work experience in the organization:

2-5 year  6-10 year  Above 10 year

4. Educational background

A. below Diploma  B. diploma  C. 1st degree and above

**Part 2 Statement are related to factors affecting employees performance implementation**

Please put tick mark “√” the response that best suits your answer

5=strongly agree, 4=Agree, 3=Neutral, 2=Disagree, 1=strongly disagree

**1. Working Condition**

No	Statements	level of agreement				
		1	2	3	4	5
1	sufficient working facilities such as office occupation, furniture, machinery's which employee perform in the organization influence the employee's ability to perform their task in the company					
2	In the company there is coordination between employees that help to increase employees performance					
3	Implementation of the kaizen principle in the company help to improve the processes and standard of work place that increase employees performance					
4	Implementation of 5S has helped the employee to reduce the amount of time in searching for tools and equipment's.					
5	Communication in the workplace can have a positive effect on the performance of employees in the company.					

**2. Organizational Culture**

No	Statements	level of agreement				
		1	2	3	4	5
1	After implementation of kaizen employees increases innovative output for the company as the result of this profit is maximized & cost also reduced.					
2	Organizational culture influences the behavior of the members of the working group in the company in their shared assumptions, values, and beliefs.					
3	Decision making practice help employees to increase their performance					
4	Kaizen lead employees to be very competitive and achievement oriented					
5	Employees work together for the benefits of the company on a continuous basis to get the organizational targets and goals					

### 3. Leadership

No	Statements	level of agreement				
		1	2	3	4	5
1	Leadership in the company helps to improve employee's performance in achieving the objective of the company.					
2	After implementation of Kaizen employees are greatly affected by efficient participation of leadership in the company.					
3	Feedbacks given to employees by a leader have effect on employee's performance.					
4	Employee's empowerment by the leaders have effect on your performance					
5	Leaders give work assignment to its employees based on their skill and knowledge					

### 4. Training

no	Statements	level of agreement				
		1	2	3	4	5
1	The training program is linked with kaizen implementation process					
2	Sufficient training was conducted before kaizen implementation that helps you to perform better.					
3	Training program in the company is given on continuous basis to maintain, upgrade and update skills of employees throughout working life beyond initial competence.					
4	Training program help to develop employees self confidence					

### 5. Compensation

no	Statements	level of agreement				
		1	2	3	4	5
1	Company pay system is linked to employees performance to motivate employee's performance					
2	Compensation practice of the company decrease employee's absenteeism & turnover and increases job satisfaction & performance of employees in the company.					
3	The companies provide all forms of financial returns and tangible benefits of compensation that can increase employee's performance.					



**Part 3 Employees Performance evaluation**

no	Statements	level of agreement				
		1	2	3	4	5
1	I always implement contents of 5S (sort, set in order, shine, standardize and sustain) in my work place without the initiation of any body.					
2	Kaizen implementation motivated to complete the tasks that are assigned to me always.					
3	Implementation of kaizen daily elimination system help me to decrease my work defect					
4	After the implementation of Kaizen there is growth on the organization performance.					
5	Kaizen lead you to remain open minded and understanding other groups or cultures					
6	I came up with creative solutions to new problems buy using kaizen implementation trainings.					
7	My level of performance is increasing after the implementation of kaizen.					
8	The Feedbacks given encourage me to performance well.					

**Thank you for your cooperation!**

If you have any other comment about your experience with kaizen implementations and factors that affect employee's performance please include them in the back of this page.

## **Appendix 2 – Interview Questionnaires**

### **Interview Questions for Anbessa Shoe Share Company on the effect of kaizen implementation on employees performance.**

1. How effective was the corporation in implementing Kaizen management philosophy in Anbessa Shoe S.C?
2. How were the process/steps of Kaizen program implementation taking place in Anbessa Shoe S.C?
3. What kind of training did you give to employees how to practice kaizen principle? And in what time interval dose the training given?
4. How do you see the company working condition such as office, furniture and machinery's are suitable to Implement kaizen?
5. What kind of working area improvement resulting from kaizen implementation?
6. What are the perceived new working cultures due to implementation of Kaizen and what wear their effect on employee's performance?
7. How do you evaluate the level of employee's innovation before and after the implementation of kaizen in the company?
8. How do you compare the length of the production time before and after kaizen implementation at Anbessa Shoe Share Company?
9. How was Kaizen management philosophy implemented in the factory?
10. What is your role in Kaizen implementation at Anbessa Shoe Share Company?
11. Is there any employee's motivational change towards their job as a result of kaizen implementation?
12. What kind of pay system the company used to encourage employees performance?

**Thank you for your cooperation!**

Appendix 3 – Distributed Questionnaire in Amharic

ቅድስተ ማርያም ዩንቨርሲቲ

ድህረ ምረቃ ትምህርት ክፍል

የመመረቂያ ማሟያ የጥናት ወረቀት ጥያቄዎች

**ውድ የጥያቄ ተሳታፊ**

በቅድሚያ ውድ ጊዜዎት ሰውተው ለዚህ ጥያቄ መልስ ለመስጠት በመተባበርዎ ክልብ አመሰግናለሁ። የዚህ ጥያቄ ዓላማ በአንበሳ ጫማ ፋብሪካችሁ ውስጥ የካይዘን ትግበራ በሰራተኛው የስራ አፈጻጸም ላይ ያለውን ተፅዕኖ ለማወቅ ነው። የጥናቱ ተግባር የ2ኛ ዲግሪ የመመረቂያ ማሟያ ነው። ለዚህ ጥናት ወረቀት የሚሰጡት ማንኛውም መረጃ ለዚሁ ብቻ የሚያገለግል ሲሆን ከዚህ ውጭ ለማንኛውም አገልግሎት አይውልም። ስለሆነም የሚሰጡት መረጃ ሚስጥራዊነቱ የተጠበቀ ነው። ከዚህ በተረፈ በዚህ ጉዳይ ተጨማሪ ጥያቄና ማብራሪያ ከፈለጉ ያለምንም ችግር በነፃነት በሚከታተሉት አድራሻዎች ሊያገኙኝ ይችላሉ።

✓ ተንቀሳቃሽ ስልክ (ሞባይል) —0923 69 79 76 / 0929 90 60 91

✓ ኢሜል:- edenshewa@gmail.com

**ክፍል ሀ : የግል ሁኔታ መረጃ**

ከዚህ በታች ለቀረበት ጥያቄዎች " (✓) " ምልክት በተስማሚው ቦታ ያድርጉ

1. ያታ ወንድ  ሴት

2. እድሜ  
 18 — 27   
 28 — 37   
 38 - 47   
 48-56   
 ከ57 በላይ

3. የትምህርት ደረጃ  
 ዲፕሎማ በታች   
 ዲፕሎማ   
 ዲግሪ እና ከዚያ በላይ

4. በድርጅቱ ውስጥ ያገልግሉት ዘመን  
 2-5 ዓመት   
 6-10 ዓመት   
 10 ዓመት በላይ

**ክፍል ፡ ለ. የሰራተኞችን ሰራ አፈጻጸም ላይ ተፅእኖ የሚፈጥሩ ዋና ዋና ምንጫዎች ክዚህ በታች ተዘርዘረዋል።**

**እባክዎት እርሳኦ በተስማሙበት ቁጥር ላይ “ (√ ) ” ያድርጉበት**

**1= በጣም አልስማማም፣ 2= አልስማማም ፣3= መረጃው የለኝም፣ 4 =እስማማለሁ ፣5 =በጣም እስማማለሁ በማለት ይመልሱ።**

**1 የሰራ ሁኔታው**

ተ.ቁ		የተስማሙበትን ነጥብ ምልክት ያድርጉ				
		1	2	3	4	5
1	በቂ የሆነ ለስራ የሚያስፈልጉ ማለትም የቢሮ አቀማመጥ፣ የቢሮ መገልገያ እቃዎች እና ማሽኖች በመኖሩ የሰራተኛው የሰራ አፈጻጸም ላይ ተጽእኖ ይፈጥራል።					
2	በድርጅት ውስጥ ያለው ቁሳዊ እና ቁሳዊ ያልሆኑ ግብአቶች የሰራተኛው የሰራ አፈጻጸም ላይ ድጋፍ ይደርጋል።					
3	የካዘንን መመሪያዎች መተግባር ጤናማና ማራኪ የሥራ አካባቢ በመፍጠር የሰራተኛው የሰራ አፈጻጸም ይጨምረዋል።					
4	አምስቱ የ”ማ” መተግባር የሰራተኞች የሚሰሩባቸው እቃዎች የመፈለጊያ ጊዜ ይቀንሳል።					
5	በድርጅት ውስጥ ባሉ ሰራተኞች መሀከል የሚኖረው ጤናማ የሆነ ንግግር የሰራተኞችን አቅም ያሳድጋል።					

**2. የድርጅቱ ባህል**

ተ.ቁ		የተስማሙበትን ነጥብ ምልክት ያድርጉ				
		1	2	3	4	5
1	ካይዘንን ተግባራዊ ምድረግ ከጀመረ በኋላ የሰራተኞች አዲስ ምርት ፈጠራ በመጨመሩ በድርጅት ውስጥ ያለው ትርፋማነት ጨምሮ ያልፈለጉ ወጪዎችን ቀንሱዋል።					
2	በድርጅት ውስጥ ያለው ባህል የሰራተኞችን አመለካከት እና የእሴት ለውጥ ተጽእኖ ይፈጥራል።					
3	በእራስ ውሳኔ መስጠት የሰራተኛው የስራ አፈፃፀም ይጨምረዋል።					
4	ካይዘን ሰራተኞችን ተፎካሪ እና ውጤት ተኮር እንዲሆኑ አስችሎቸዋል።					
5	ሰራተኞች ቀጥይነት ባለው መልኩ ከድርጅቱ በጋራ በመሆን የድርጅቱን ግብ እና አላማ ለማሳካት ይሰራሉ።					

**3. የስራ አመራር**

ተ.ቁ		የተስማሙበትን ነጥብ ምልክት ያድርጉ				
		1	2	3	4	5
1	በድርጅት ውስጥ ያለው የስራ አመራ ሰራተኛው የድርጅቱን ግብ እንዲመታ እና የስራ አፈፃፀሙ ላይ ተጽእኖ ይፈጥራል።					
2	ካይዘንን ተግባራዊ ማድረግ ከጀመረ በኋላ ሰራተኛው በድርጅቱ የስራ አመራሩ በሰራተኞች የስራ አፈፃፀም ላይ ተጽእኖ ያደርጋል።					
3	የስራ አመራሩ ለሰራተኛው እውቅና በመስጠት የሰራተኛው የስራ አፈፃፀም ላይ ተጽእኖ አሳድሩዋል።					
4	ለሰራተኞች ከስራ አመራሩ የሚሰጠው ማበረቻቻ የሰራተኛውን አቅም ያጎለብታል።					
5	አመራሩ ለሰራተኞች የሚሰጠው የስራ ተግባራት የሰራተኛው አቅም ያጎለብታል።					

**4. ስልጠና**

ተ.ቁ		የተስማሙበትን ነጥብ ምልክት ያድርጉ				
		1	2	3	4	5
1	የሚሰጡ ስልጠናዎች ከካይዘን ትግበራ ጋር የተቆራኞ ናቸው።					
2	ካይዘንን ተግባራዊ ከመደረጉ በፊት በቂ የሆነ ስልጠና መሰጠቱ ካይዘንን ለመተግበር ይረዳል።					
3	ካይዘንን ለመተግበር የተሰጡት ስልጠናዎች አዳዲስ የሆኑ ቴክኖሎጂዎችና ፣ማሸኖችን እና ፕሮግራሞችን ለመጠቀም ያስችላል።					
4	የሚሰጡ ስልጠናዎች በራስ መተማመን እንዲጨምር ያስችላል።					

**5. ይከፋፈል ሁኔታ**

ተ.ቁ		የተስማሙበትን ነጥብ ምልክት ያድርጉ				
		1	2	3	4	5
1	የድርግቱ አከፋፈል ከሰራተኞች የስራ አፈጻጸም ጋር የተሳሰረ በመሆኑ ሰራተኞች ይበልጥ የበረታታል።					
2	በድርጅት ውስጥ ያለው ለሰራተኞች የሚሰጠው ጥቅማጥቅም የሰራተኞችን ከሰራ መልቀቅ እና በስራ ሰአት አለመገኘት በመቀነስ የሰራተኛውን አፈጻጸም እንዲጨምር አስችሎታል።					
3	ድርጅቱ ለሰራተኞቹ ሁሉን አይነት ተጨባጭ የሆኑ ጥቅማጥቅሞችን በመስጠቱ የሰራተኞች የስራ አፈጻጸም እንዲጨምር ያደርገዋል።					

**ክፍል 3. የስራ አፈፃፀም መመዘኛ የሚመለከቱ ጥያቄዎች**

እባክዎት እርሳኦ በተስማሙበት ቁጥር ላይ " (√ ) " ያድርጉበት

1= በጣም አልስማማም፣ 2= አልስማማም ፣3= መረጃው የለኝም፣ 4 =እስማማለሁ ፣5 =በጣም እስማማለሁ በማለት ይመልሱ።

no	የስራተኛው ስራ አፈፃፀም	የተስማሙበትን ነጥብ ምልክት ያድርጉ				
		1	2	3	4	5
1	እኔ አለማንም ቀስቃሽነት አምስቱ የ"S" (ማጣራት ፣ማስቀመጥ፣ማፅዳት፣ማደራጀትና ማስቀጠል) መርሆች በምሰራበት ቦታ ላይ እተገብራለሁ።					
2	የተሰጠኝን የስራ ተግባሮች በራሴ ተነሳሽነት አጠናቅቃለሁ ።					
3	የካይዘንን መሰረታዊ የብክነት ቴክኒኮች በመጠቀም ስራዬ ላይ የሚያጋጥሙ ብክነቶች እቀንሳለሁ።					
4	የእኔ የስራ አፈፃፀም ለድርጅቱ እድገት ላይ አስተዋፃ እንዳለው ይሰማኛል ።					
5	የሌሎችን ቡድኖችን ባህል ለመረዳት ፈቃደኛ ነኝ ።					
6	ለሚፈጠሩ አዳዲስ ችግሎች መፍትሄዎችን እፈልጋለሁ።					
7	ካይዘንን ተግባራዊ መደረግ ከጀመረ በኋላ የስራ አፈፃፀሜ ጨምሩዋል።					
8	በድርጅቱ የሚሰጡ እውቅናዎች የስራ አፈፃፀሜ እንዲዳበር እረድቶኛል።					

**ስለመልካሙ ትብብሮት ከልብ አመሰግናለሁ!**

በተጨማሪም የካይዘን ትግበራ በስራተኛው የስራ አፈፃፀም ላይ ያለውን ተፅእኖ የሚያሰረዳ ተሞክሮ ካሎት በጀርባ ገለፁ ላይ ይፃፉልን።

## Appendix 4 – Statistical Output

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.829 <sup>a</sup>	.688	.680	3.252

a. Predictors: (Constant), compensation , Training, Leadership, Working condition, Organizational culture

b. Dependent Variable: Employee's performance

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4658.076	5	931.615	88.101	.000 <sup>b</sup>
	Residual	2114.880	200	10.574		
	Total	6772.956	205			

a. Dependent Variable: Employee's performance

b. Predictors: (Constant), compensation , Training, Leadership, Working condition, Organizational culture

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.601	1.218		6.239	.000		
	Organizational culture	.536	.090	.342	5.928	.000	.468	2.137
	Leadership	.265	.062	.228	4.311	.000	.558	1.792
	Training	.185	.055	.143	3.345	.001	.855	1.170
	Working condition	.225	.064	.182	3.523	.001	.586	1.705
	compensation	.375	.089	.207	4.211	.000	.648	1.543

a. Dependent Variable: Employee's performance

### Collinearity Diagnostics<sup>a</sup>

Model		Eigenvalue	Condition Index	Variance Proportions					
				(Constant)	Organizational culture	Leadership	Training	Working condition	compensation
1	1	5.788	1.000	.00	.00	.00	.00	.00	.00
	2	.081	8.445	.00	.01	.00	.89	.01	.07
	3	.054	10.329	.01	.01	.57	.03	.02	.22
	4	.034	12.964	.58	.01	.09	.05	.00	.44
	5	.027	14.778	.15	.01	.01	.00	.94	.20
	6	.016	19.257	.26	.96	.33	.03	.03	.06

a. Dependent Variable: Employee's performance



**Residuals Statistics<sup>a</sup>**

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	14.60	37.49	31.99	4.767	206
Residual	-6.607	8.211	.000	3.212	206
Std. Predicted Value	-3.648	1.156	.000	1.000	206
Std. Residual	-2.032	2.525	.000	.988	206

a. Dependent Variable: Employee's performance