

# Improving SMEs' management and performance through KAIZEN

Impacts of teaching KAIZEN and non-KAIZEN practices  
to manufacturing SMEs in Ethiopia

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## **Abstract**

This paper presents empirical evidence of improving management practices exercised by entrepreneurs who run metalworking small and medium enterprises (SMEs) in Ethiopia through two types of trainings, the classroom training at a central venue in the cluster and an on-site training at an entrepreneur's site. Both of the programs improved management practices, but the impact was the most significant when KAIZEN practices were taught in the on-site training. KAIZEN practices are proved to be suitable for SMEs since these practices were adopted regardless of human resource characteristics of entrepreneurs. Only the on-site training had an impact on financial outcomes, while the classroom training fostered the expansion of social network among participants. The information spillover about good reputation of the programs towards non-participants who then became willing to pay for it shows the possibility of market development of management training for SMEs.

**Keyword:** Industrial development, industrial cluster, Africa Ethiopia, management training, randomized control trial, information spillover, KAIZEN, 5S

**JEL classification:** M10, O14, O12, C93