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## **EMPLOYEE SUGGESTION PROGRAM AS A WAY TO INVOLVE EMPLOYEES IN IMPROVING BUSINESS PROCESSES**

KEY-WORDS: PROCESS MANAGEMENT, LEAN MANAGEMENT, CONTINUOUS IMPROVEMENT, KAIZEN, EMPLOYEE SUGGESTION SCHEME

### **ABSTRACT**

The following article presents one of the Lean Management tools – employee suggestion program. Companies consider this method as a way to involve employees in improving business processes. In the first part of the article the author explained the idea of the Japanese management system. The next part presents the philosophy of Kaizen, which is crucial for proper implementation of Lean Management concept in the company. Moreover, the author described the way of operating the suggestion scheme and analyzed several reports discussing the experiences of this tool in numerous Polish companies. In the last part of the paper, the author describe the aspects of the employee suggestion program in the selected, surveyed enterprise.

### **INTRODUCTION**

In current economic world, the supply of goods and services to customers in the right place at the right time and in the right quantity and quality is considered as a very important concept<sup>1</sup>. In the era of globalization, competition between companies is extremely dynamic. The increasing scale of production of commodities and services mean that several companies search for various ways of increasing their level of competitiveness. This can be achieved by improving processes as well as increasing the efficiency of the use of available resources.

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1 Chaberek M. (2002) Mikro- i makroekonomiczne aspekty wsparcia logistycznego, Wydawnictwo Uniwersytetu Gdańskiego, Gdańsk, p. 11.

In the current economic reality only organizations that are able to successfully improve their own business processes can compete with other entities. Global market challenge between organizations requires the introduction of process improvements that need to be constantly adapted to the dynamically altering business environment. In order to contend against companies have started to use different paths based on process approach<sup>2</sup>.

The ISO 9001: 2015 standard clarifies the notion of a procedural approach as “the action of identifying and managing multiple interrelated activities”<sup>3</sup>. Process management allows for more effective identification of particular activity that create value for the customer, increasing the efficiency of the company and higher customer satisfaction<sup>4</sup>. Many conceptual paths based on process approach have emerged several mechanisms such as TQM (Total Quality Management), Lean Management, Six Sigma and ISO Quality Management System.

The Lean Management concept originates from Japan, where the Toyota Motor Corporation, seek to improve its processes. The company had developed a number of tools and methods used until today. Their main aim was to improve business operations. An crucial issue of Toyota’s production system is the active involvement of employees at every level of manufacturing. The goal of such procedure is eliminating loss in the process. One of the methods that motivates employees to improve their working environments is a system of employee suggestions.

The purpose of this article is to present an overview of the system of employee suggestions, as well as provide the description of the particular tools together with presentation of the positive effects of such implementation within organizations. In addition, the author presents several conclusions from the actually functioning program on the example of Polish organizations and the researched enterprise. The methods used to prepare the following article included studies of scientific publications and professional report of the described system in Polish enterprises as well as materials from the researched company together with study visit and observation of the processes.

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2 Lichtarski J. (2015), *Praktyczny wymiar nauk o zarządzaniu*, PWE, Warszawa, p.36.

3 PN-EN ISO 9001:2015 (2015), *System zarządzania jakością – podstawy i terminologia* Polski Komitet Normalizacyjny, Warszawa.

4 Trenker M. (2016), *Doskonalenie procesów i ich uwarunkowania*, *Journal of Management and Finance*, no 2, p. 429.



## LEAN MANAGEMENT CONCEPT

Lean Management is considered as one of the most effective management concepts. The pioneers of the so-called “slimming methods of management” are considered Japanese engineers from Toyota’s automotive group. The foundation of their philosophy was so-called “Toyota Production System”. Such management model has gained worldwide popularity not only in the automotive industry, but also in other economic areas. The concept is based primarily on the minimization of so-called “waste by rationalization and continuous improvement”. An important element for the company is to identify activities that do not add value to the final product manufactured by the organization. These include actions which only create additional, unnecessary costs. The next step is to eliminate them from manufacturing process. What is more, maximizing added value for the company can at the same time eliminate any waste. The lean organization, often referred to as Lean Management, is characterized by several features such as lean supplier systems, lean manufacturing, lean office, and lean design.

When implementing the Japanese management concept, it is important to keep constant need of improvement of the system. What is more one should also ensure the uninterrupted flow and identifies the value stream of the production process<sup>5</sup>.

It is crucially important to accurately identify the possible areas of waste that the Lean Manufacturing concept adheres to. These are<sup>6</sup>:

- MURI – unjustified standardization of work,
- MURA – incompatibility,
- MUDA – production waste.

According to the Japanese management system the basic types of wastage are also added to the unused capacity of the employees. Therefore the Lean Manufacturing concept places strong emphasis on mutual respect for all members of the organization. Thus managers should create favorable conditions for the development of their employees<sup>7</sup>.

5 Szymonik A. (2012) Logistyka produkcji. Difin. Warszawa, p. 120.

6 Borecka J. (2012) Unikaj muda w Twojej firmie, „Logistyka Odzysku”, no 2, p. 40.

7 Liker J. K. (2005) Droga Toyoty. 14 zasad zarządzania wiodącej firmy produkcyjnej świata, MT Biznes, Warszawa, pp. 287–307.



In such way they become more engaged in their work. When analyzing staffing potential, programs such as employee suggestion systems are considered as effective. On the one hand, they motivate employees by integrating them into the process of organizational improvement. On the other however, the program is a management tool that helps to acquire new as well as creative ideas for streamlining currently ongoing processes.

The Lean Management concept provides a number of tools that greatly enhance the organization's processes and enable a to become a "lean enterprise". Table no 1. presents the methods used by organizations, which implement the Japanese management system.

**Table 1.** Tools and methods of Lean Management

Application	Methods, tools and Lean techniques scheme
Designing products and technological processes	<ul style="list-style-type: none"> <li>• normalization and unification of parts used in production,</li> <li>• co-current design,</li> <li>• value engineering,</li> <li>• group technology,</li> <li>• processes standardization,</li> <li>• standardization of production machinery and equipment.</li> </ul>
Organization of technological processes	<ul style="list-style-type: none"> <li>• process maps for continuous flow modeling,</li> <li>• small production,</li> <li>• stream production,</li> <li>• increasing level of the equipment flexibility,</li> <li>• placement of work stations in the order to consistent with the course of the production process,</li> <li>• losses elimination,</li> <li>• reducing inventory levels.</li> </ul>
Facilitating the implementation of methods of organization for the production process	<ul style="list-style-type: none"> <li>• Pull-pull system for production planning and control arrangement,</li> <li>• Expanded production system,</li> <li>• SMED - shortening of switching times,</li> <li>• TPM - maintenance of machinery and equipment, ensuring high availability of machinery,</li> <li>• TQM - a quality assurance system that prevents mistakes.</li> </ul>



Motivating employees and change management	<ul style="list-style-type: none"> <li>• 5S – care for workplace order,</li> <li>• teamwork,</li> <li>• improving the qualifications of employees,</li> <li>• Employee motivation systems (continuous improvement),</li> </ul>
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**Source:** Own elaboration based on Womack J.P., Jones D.T. (2001) *Odchudzenie firm. Eliminacja marnotrawstwa kluczem do sukcesu*. Centrum Informacji Menedżera, Warszawa.

## KAIZEN CONCEPT

In the context of process improvement through the Lean Manufacturing concept, Kaizen philosophy has become crucially important. The Japanese term consists of two words: “Kai” – defined as change and “zen” – meaning good. These expression describes accurately the Japanese culture, which is present in almost all aspects of the daily life of Japanese society.

The described approach is related to the post-World War II period. Japan, as a result of war damage had to rebuild the country, was also forced to rationalize the use of all resources. A cost-effective and well-considered approach had become a norm or even sort of routine for members of Japanese society after years<sup>8</sup>.

With regard to process management, Kaizen philosophy is based on continuous communication between management and employees. It includes constant improvement and productivity, both for employees and managers. According to the Japanese philosophy, several tiny steps and actions of improvement can lead to the better results than single leaps in innovation. The effects of continuous improvement can be done in order to improve productivity and working conditions, reduce losses, and search ways to reduce production costs<sup>9</sup>.

Idea and application of employee suggestion program

The employee suggestion system is based on improvements reported by employees including workplace or other areas of the organization. Managers’ role is to encourage employees to share ideas in formal programs that act as a communications platform between the particular executive employees and the management. According to the

8 Al-Noorachi M. (2017), *Koncepcja Kaizen czyli idea małych kroków i niskokosztowych metod doskonalenia zarządzania rozwojem organizacji*, Społeczna Akademia Nauk, Łódź, p. 101.

9 Skrzypek E. (1994) *Jakość totalna a kaizen*, „Problemy jakości”, no 2, pp. 17–20.



Kaizen philosophy utilizing the creativity and ingenuity of the staff is extremely important for the continuous improvement of the organization. What must be said, is the fact that employee is closest to the key processes, products or customers. They possess the greatest knowledge about the problems that can be encountered in the workplace.

The employee suggestion program in the organization plays many roles. From the perspective of the company, minor improvements can lead to simplification and improve several processes, as well as increase the level of safety and reducing operating costs. Employees with a suggestion system program seem to be more motivated and engaged in their work. The studies revealed also increased sense of belonging to the organization, reduce resistance to change and evoke more creative employees' approach.

Due to the dynamics of changes such as products or services, customer requirements, innovative technology and materials, the creation of good ideas can be unlimited. This can be considered as a great advantage of the employee suggestion program thus it creates a flexible organization that is adaptable to change and even self-perfecting<sup>10</sup>.

### **EMPLOYEE SUGGESTION PROGRAM IN POLISH COMPANIES**

A survey of 249 respondents representing several enterprises using the methodology of continuous improvement indicates that more than 80% of surveyed companies have implemented employee suggestions programs. The most important reasons for implementing the system were the need to improve the company, the commitment of employees and the desire to reduce costs<sup>11</sup>.

Factors that motivated employees who take part in the initiative were also investigated. According to the respondents, the main incentives were rewards for reported applications and improved working conditions. What should be mentioned is that incentives for participation have also been shown to encourage and motivate employees by the management.

More than 50% of respondents, which means the most popular form of award for suggestions was the financial reason. The amount of monetary gratification was closely related to the estimated savings for

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10 Dekier Ł., Grycuk A.(2014) Program sugestii pracowniczych. Doświadczenia polskich przedsiębiorstw, Stowarzyszenie Lean Management Polska, Wrocław, p. 4.

11 Dekier Ł., Grycuk A. (...), pp. 5-7.



the implementation of the idea. 20% of respondents indicated as the incentive the use of prizes such as vouchers, gift cards, company gadgets, tours, cinema tickets, and even home appliances and electronics<sup>12</sup>.

An extremely important organizational element of the whole system was the creation of an efficient model for evaluating submitted ideas. The vast majority of the surveyed companies were directly involved in the first step. The study has also provided an image of the composition of the evaluating ideas team. The most common members were Lean employees and representatives of the departments concerned. However, occupational safety and health experts were often also included. The companies qualified suggestions in the relevant categories, such as an innovative idea, a significant change in an already existing solution, or a minor change. Ideas were assigned to categories that differed in size. In other organizations, the assessment has also included awarding points for estimated savings, improved ergonomics and safety conditions, increased productivity and quality as well as positive environmental impact. Criteria were often marked with appropriate weight, and the final score was based on the expected effects of individual areas<sup>13</sup>.

Involving employees in the program was highly influenced by the feedback. The author of the suggestion, who does not know about the stage of the idea was quickly discouraged. The survey indicates that an particular employee receives information about an idea on average after 17.1 days. It should be noted it was the time for informing the author about the status of his idea, not the time of implementation.

A large proportion of the surveyed companies (38%) admitted that the time taken to process the request and inform the author was less than 10 days<sup>14</sup>.

One of the most important aspects of the employee suggestion program is the percentage of ideas that, after study, have been positively reviewed and implemented. According to respondents, in 34.2% of enterprises, the percentage of implemented ideas was in the range of 61–80%. The result was higher in enterprises where employees were required to report ideas – 65.1%. In companies where the suggestion system was voluntary, a score of 58.7% was achieved<sup>15</sup>.

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12 Dekier Ł., Grycuk A. (...), pp. 8–11.

13 Dekier Ł., Grycuk A. (...), pp. 9–10.

14 Dekier Ł., Grycuk A. (...), p 10.

15 Dekier Ł., Grycuk A. (...), p. 14.



According to the Kaizen concept, continuous improvement of organization can be described as unlimited. Workforce suggestion system should also be improved. In the study, the respondents commented what actions should be taken to improve the program in their organizations. The study indicated relatively simple improvement, such as simplifying the application forms but also the more complex ones – electronic systems or IT applications to manage and monitor program processes. The other changes suggested by the respondents were related to limiting or expanding the group of people who could participate in the program. Improvements have also been seen in the criteria of evaluating reported ideas, or in the shortening of application processing and implementation of suggestions<sup>16</sup>.

#### **ANALYSIS OF THE EMPLOYEE SUGGESTION PROGRAM IN THE ENTERPRISE**

In the surveyed enterprise, prior to implementation of a full-fledged employee suggestion system, a pilot project was implemented. It consisted of reporting ideas to improve the functioning of workplaces within a certain timeframe. The most interesting proposals were chosen from the whole suggestion pool and their authors were to determine the form of the prize themselves. The assessment of the ideas was made by a committee consisting of representatives from the departments whose ideas were concerned. Ultimately, after the team has determined that each suggestion is valuable, all participants in the project have been rewarded. The form of gratification was different, from electronic equipment to training.

The team responsible for streamlining company processes was mainly responsible for the implementation of the reported initiatives.

After the pilot was completed, the process of optimization unit developed marketing, rules, regulations, criteria, and financial reward forms for the company was implemented. After the amendments and the approval of the project by board management, the program started operation in early 2015.

In the first half of the year, the project had met great popularity. Each month was influenced by many reports. Employees have created at their disposal version. After completing the form, they added to the special boxes placed in several places in the company.

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<sup>16</sup> Dekier Ł., Grycuk A. (...), p. 15.





Ideas were analyzed by committees based on the area. Each time the team consisted of staff member of the process optimization team, representatives of the department and the area manager. Often, but not always, a safety officer was also involved. After the analysis, the final decision on acceptance for the implementation or rejection of the idea was always made by the area manager. The person responsible for the implementation was responsible for the area designated by the area manager, and the support was always provided to the employee of the process optimization unit.

Table 2. shows the percentage share of disapproved, accepted, implemented and pending ideas in 2015 and 2016.

**Table 2.** Percentage share of ideas rejected, implemented and expected in 2015 and 2016

	<b>2015</b>	<b>2016</b>
Ideas rejected	59%	73%
Ideas implemented	15%	15%
Ideas pending for implementation	26%	13%

**Source:** Own elaboration based on the surveyed enterprise

It should be mentioned that in the first year of operation of the program nearly twice as many ideas were submitted than in the following year. Ideas were successfully implemented in both 2015 and 2016 – 15% of all applications. A lot of suggestions were rejected by verification committees – 59% in 2015 and 73% in 2016. Ideas awaiting implementation are those that have been valued by the commission but could not be implemented at this stage. These suggestions often addressed issues that complemented projects planned in the near future.

The early years of the Workforce Suggestion Program have highlighted some of the program's specific shortcomings. The first to mentioned was the time to implement the accepted ideas. Persons assigned to implementation, in the midst of basic duties, gave ideas with a very low priority, so the implementation time was very long. Another problem of the project was poor estimation of the strength distribution of the process optimization cell. Employees in this area, in addition to coordinating the workforce suggestion program, were involved in a number of demanding projects. The burden of duty made the delay time to provide feedback. Very often, the representatives of



the process optimization team have themselves implemented the ideas outsourced to employees in other areas.

In addition the program of improving productivity in the company, has significantly increased the level of workplace safety. Several of the submitted projects have contributed significantly to a significant leap in performance and safety during work in highly demanding parts of the enterprise. The program has also noticed the employees who were above average level and regularly reported valuable ideas. The human resources department has included information on employee participation in the employee suggestion program for the interim periodic assessment too. The creator of the idea, which achieved the most spectacular results in 2015, was additionally rewarded.

### **CONCLUSIONS**

The concept of continuous improvement has become increasingly popular in enterprises. The effective implementation of the Japanese management method cannot take place without understanding the philosophy that tackles Lean Management. One tool that is the Kaizen idea with the employee suggestion program. It engages employees to influence their work environment. The effects are not only the process simplification or cost reduction, but also the productive relationship of employees with the organization. Creating active attitude among subordinates results in increased motivation to achieve better performance at work.

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## LITERATURE

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