

LEAN PRACTICES AND BENEFITS: STUDY OF SRI LANKAN SMALL AND MEDIUM ENTERPRISES

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Implementation of lean practices creates multiple benefits as depicted in literature. However, the experiences of implementing lean practices in manufacturing Small and Medium Enterprises (SMEs), in Sri Lanka, remain unexplored. Thus, the purpose of this study is to examine the extent to which manufacturing SMEs use lean practices and their accrued benefits. The study adopts survey method and uses a structured questionnaire looking into three areas; lean practices implemented, driving forces of lean implementation and the benefits experienced. Data is collected from 342 manufacturing SMEs located in the Western Province of Sri Lanka, selected adopting random sampling representing seven major sub-sectors including clothing and textiles, food and beverages, electronics and computers, metals, petroleum, wood, leather, paper and construction. The study finds that Just-In-Time, 3P and Kanban/Kaizen/Pull systems are the commonly used lean practices. The implementation of lean practices in manufacturing SMEs are mainly driven by improved quality, customer demand for shorter lead time and competitive advantage in price and service experienced through the implementation. The main benefits experienced by the SMEs are customer satisfaction, improved corporate image, reduced waste and higher efficiency and productivity. In addition to these, reduced inventory levels, higher flexibility, reduced transportation lead time, reduced capacity surplus are revealed to be achieved more with lean practices. The findings of this study are beneficial for planning further investigations into the lean adaptation in the SME sector. This also has implications for SME owners as they can be encouraged to implement lean practices and policy-making when promoting lean practices among SMEs.

Keywords: *Benefits; Lean implementation; Lean practices; SMEs; Sri Lanka; Sustainability*
