Factors Affecting Production Performance: A Case of Sri Lankan Apparel Industry

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ABSTRACT

The Sri Lankan apparel industry is considered as the most significant and dynamic contributor to the country's economy. The production performance of the industry is salient due to the appearance of strong competitors in international market. Therefore, this study attempts to identify the factors affecting production performance of employees. A leading apparel manufacturer in Sri Lanka was selected and a quantitative approach was adopted. The factors were selected under two categories: organizational factors and individual factors. Accordingly, organizational structure, working environment and motivation were considered as organizational factors, whereas individual factors consist of knowledge, skill and attitude. The sample consisted of 100 operational level employees who were directly involved in the production. The production performance data were collected from secondary data sources. The results of the regression analysis indicate that working environment, motivation and skill affect the production performance of employees.

KEYWORDS: Production Performance, Organizational factors, Individual factors, Apparel Industry

1 INTRODUCTION

Since Apparel Industry is the major foreign exchange earner in the country, Sri Lankan economy largely depends on it. Though it is vital to the country, Sri Lankan share in international market is comparatively low in volume, and gradually decreasing. Even in the Asian context, there are stronger competitors like China, Bangladesh, India, Cambodia, etc.

Sri Lanka experiences a threat from the countries such as Bangladesh due to cheap labour, and as a result of that many buyers move to Bangladesh. Therefore now the Sri Lankan apparel industry has to strengthen its capabilities and capacities to sustain in the market. In order to increase the capacity, industry should increase its total productivity. Thus, it is timely and essential to find out the factors that influence the performance of production employees, and strengthen them to enhance the industry's capacity and competitiveness.

Therefore, the main objective of this research is to identify the factors affecting the production performance of employees in the Sri Lankan apparel industry. Particularly, this study focuses on individual and organizational factors.

2 LITERATURE REVIEW

According to Makulsatudom and Emsley (2002), no single factor can be seen as singularly influencing employee performance substantially to an extent that it can be seen as holding a secret key to the performance enhancement. Van and Herholdt (2004) have grouped the factors influencing employee performance as organizational factors and individual factors. Stup (2003) has identified that there are several factors affecting the success of employees' performance such as physical work environment, Equipment, Meaningful work, Performance expectation, Feedback on performance, Reward for good or bad system, standard operating procedures, Knowledge, Skills, and Attitudes. There are evidences for the impact of organizational structure on performance (Csaszar, 2012).

By considering categorization of Van and Herholdt (2004), Stup (2003) and contribution from many other researchers,

factors affecting production performance were categorized as organizational factors and individual factors in this study. Pelz and Andrews (1966) found that the organizational factors were consistently associated with employee performance. Accordingly, Organizational Structure, Working Environment and Motivation are considered as organizational factors. Knowledge, Skill and Attitude are considered as individual factors.

3 METHODOLOGY

By reviewing various sources of literature and from author observations, dependent and independent variables are identified as shown in the figure 3.1.

In order to collect primary and secondary data, the sample was selected from the population of an apparel manufacturing organization in Sri Lanka. The primary data were collected by distributing questionnaires to assess the independent variables, and secondary data were collected from the employee efficiency reports to assess the dependent variable. The questionnaires were adopted from a work of Sokoro (2012).

A sample of 100 employees based on the nature of their jobs, out of 800 SAH employees (employees whose work can be measured by standard working hours) was selected. In order to contain the job diversity, employees were categorized under their jobs and stratified random sampling technique was adopted.

The collected data were analyzed by using various analyzing tools and techniques such as hypotheses testing, correlation analysis and multiple regression. They were used in order to find out the factors affecting the production performance of the employees. First, descriptive analysis was conducted in order to get an idea about the respondents. Second, the normality test for the dependent variable was checked in order to conduct the multiple regression analysis. Correlation analysis was performed to check the strength and direction of the relationship between each variable. A model was fit by multiple regression analysis in order to express the relationship between dependent and independent variables. Finally based on the model significant factors affecting production performance were identified.

4 RESULTS AND DISCUSSION

The response rate was 80 percent. Majority of the workforce in Sri Lankan apparel industry is female. The sample proves this fact having 72.5% of female employees thus, the percentage of male is 27.5%. This emphasizes the need of special concern on women and women empowerment in the industry in order to improve production performance.
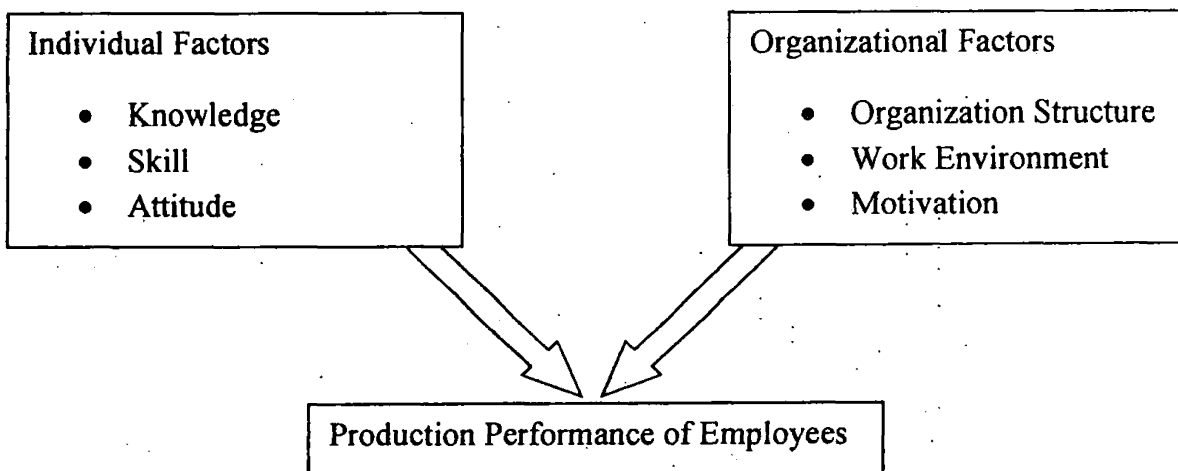

Figure 1: Research Model

Results show that most of the employees' education qualification is G.C.E. O/L (66.2%). The percentage of G.C.E.A/L completed employees is 23.8%. That is also considerable when comparing the remaining categories. It reflects that, there is a significant impact from neither the people who have only primary education nor from the people with higher education since large portion of employees represent middle level educated group. Thus, it indicates the need of concern for this middle educated group in arranging strategies to improve the production performance.

It is a rule of thumb that the experience in the field largely influences the production performance due to the job specialization. Analysis shows that 49% of employees in the sample possess 1-3 years of experience while 23% of employees possess 4-7 years of experience. Only 10% of employees possess more than 10 years of experience. This indicates low employee retention rate in the industry which result in less-productive employees.

The Table 1 presents the correlation between independent variables and dependent variables. Working environment, motivation and skill have significant positive relationships with Production performance.

Table 1: Correlation between Variables

Variable	Pearson Coefficient	P Value
Organiza. Structure	-0.025	0.689 (>0.05)
Working Environ.	0.262	0.013 (<0.05)
Motivation	0.419	0.006 (<0.05)
Knowledge	-0.190	0.726 (>0.05)
Skill	0.285	0.009 (<0.05)
Attitude	0.027	0.838 (>0.05)

The results of the regression analysis are given in the Table 2. Since the p values for the Working Environment, Motivation and Skill are less than 0.05 (95% level of significance) there is enough evidence to conclude that the constant and coefficients of Working Environment, Motivation and Skill are significant. Since the p value for Organizational Structure, Knowledge and Attitude are greater than 0.05 (95% level of significance) there is enough evidence to conclude that the coefficient Organizational Structure, Knowledge and Attitude are not significant.

The regression equation developed (at 95% confidence level) is given below, and R^2 is 0.83.

Production Performance = -1.427 + 0.297 Working Environment + 0.359 Motivation + 0.307 Skill

Table 2: Analysis of Regression Model

	Coefficient	P Value	Result
Constant	-1.427		
Organizational Structure	-0.25	0.689 (>0.05)	Do not reject H_0
Working Environment	0.297	0.001 (<0.05)	Reject H_0
Motivation	0.359	0.003 (<0.05)	Reject H_0
Knowledge	-0.19	0.726 (>0.05)	Do not reject H_0
Skill	0.307	0.006 (<0.05)	Reject H_0
Attitude	0.027	0.838 (>0.05)	Do not reject H_0

Accordingly, when other factors held constant, one unit increase in working environment will increase Production performance by 0.297%. Similarly, one unit increase in Motivation will increase Production performance by 0.359%. Also one unit increase in Skill will increase the Production performance by 0.307%.

According to the findings, when it considering the work environment, having a

flexible work schedule is more significant and appropriate work environment, teamwork also significantly affect the production performance. Similarly, in the motivation; incentives, respect and growth potential can be strongly affected the production performance. Other motivation factors like recognition, personal attention, prestige given and participation of decision making also play major roles. Learning new skills, valuing the learning, improving skills and opportunity also affect increasing the production performance in the sense of skill.

5 CONCLUSION

The study attempted to identify the factors influencing production performance of production employees. The findings indicated the necessity of special concern on women employees and middle educated group in developing the strategies to enhance the production performance. Also, a special attention on employee retention is indicated. Reaching its objectives, the study identified Motivation of the employee, Level of Skill of the employee and Work environment have a significant effect on the production employees performance. Also, these factors have a positive effect on the production performance. Therefore, developing and implementing some strategies that are also lined up in favor of enhancing those factors in the organization will enhance the production performance.

Developing a production oriented performance appraisal system, recruitment of skilled, innovative employees, establishment of the concept of "garment without guilt", designing the work floor in

order to maintain a consistent work, maintaining proper work schedules, and establishing team working concept may be useful to improve the influencing factors and thereby, enhancing the production performance of employees.

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