

# Factors affecting Employees' Performance in Ready-Made Garments (RMGs) Sector in Chittagong, Bangladesh

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## Abstract

*For the purpose of this study, the data was extracted from the various garment industries that were located in the Chittagong, Bangladesh. Here, we analysed the data by employing simple correlation and path analysis. In the analysis, it is found that each of the factors [individual related factors (IRF), job related factors (JRF); and organizational related factors (ORF)] has a strong positive correlation with employees' performance (EP). The path analysis disclosed that the direct effects of IRF and ORF on the employees' performance (EP) are highly significant and in most cases, the indirect effects of the different factors on EP are appreciable as well.*

**Key words:** *employees' performance (EP); ready-made garments (RMGs), path analysis*

**JEL Classifications:** *M54*

## Introduction

Employees are the most valuable asset in any organization. A successful and highly productive business can be achieved by engaging them in improving their performance. Not all employees are equal in their working and they have different modes of working in that some have the highest capability regardless of the incentive while others may have an occasional jump-start. If they are handled effectively, the result can be greater productivity and increased employee morale. Employees in a firm are required to generate a total commitment to desired standards of performance to achieve a competitive advantage and improved performance for sustaining that competitive advantage at least for a prolonged period of time, if not forever.

According to Judge & Ferris (1993), perhaps there is no human resources system more important in organizations other than performance evaluation and the ratings of employees' performance represent critical decisions that highly influence a variety of subsequent human resources actions and outcomes.

Performance means both behaviour and result. Behaviour emanates from the performer and transforms performance from abstraction into action. Not just a means to an end, the behaviour

is also an outcome in itself, the product of mental and physical effort applied to the task, which can be judged apart from the result (Armstrong, 2000).

Bates & Holton (1995) have pointed out that performance is a multidimensional construct, the measurement of which varies depending on a variety of factors (Armstrong, 2000). A more comprehensive view of performance is achieved if it is defined as embracing both behaviour and outcomes (Armstrong, 2000). Employees' performance (EP) is an important factor that contributes to improve the outcomes, behaviour and traits of the employees. It helps to improve the productivity of the organization.

Nickols (2003) and Fort & Voltero (2004) identify similar factors that are closely related and affect provider performance in the workplace. They include: clear goals and job expectations, suitable repertoire, immediate feedback, skills to perform, knowledge of the organizational structure, functional feedback system, sound mental models, sufficient motivation through self-satisfaction and incentives.

There are a number of factors that may be affecting the employees' performance. Each employee may have a different impact from different things at the workplace. Their attitude and behaviour can play a vital role in their performance. Employees do not perform in a vacuum. There are a variety of factors, such as:

- INF (which is the combination of different attributes i.e. value, beliefs, critical thinking, and anticipation of success and work attitude);
- JRF (i.e. needs, self-concept, personal impact skills competence, feedback, incentives and rewards);
- ORF (i.e. organizational culture, norms and standards used at work, communication, supervisor and colleague support) that affect their performance.

Identifying these factors can help improve recruitment, retention and organizational results. Hence, in an attempt to fill the research gap, the present study was initiated to identify the factors which affect employees' performance in RMGs sector.

## Objectives

The following *objectives* are to be attained in the study:

- to identify and recognize the factors which determine Garments employees' performance;
- to identify the relationship between factors and employees' performance; and
- to suggest the employees to enhance their performance.

## Research Design and Methodology

This section describes the research design, the unit of analysis, the approach adopted in the research, the sampling procedure, the data sources, the instrumentation, the reliability and mode of analysis.

### Research Design

Exploratory studies are a valuable means to find out 'what is happening; to seek new insights; to ask questions and to assess phenomena in a new light' (Robson, 2002). They can be linked to the activities of the traveller or explorer (Adams & Schvaneveldt, 1991). Their great advantage is that they are flexible and adaptable to change (Naipul, 1989).

## **Research Approach**

As this study is a business and management research, it features both positivist and interpretivist characteristics and it also involves the deductive approach (Hussey & Hussey, 1997; Robson, 1993) as well as the inductive approach (Easterby-Smith, Thrope & Lowe (2002). Combining these two research approaches at the same time is perfectly possible and advantageous for a research.

## **Unit of Analysis**

The units of analysis of the study were Garments sector attached to Bangladesh Ready-made Garments Association (BRMGA) in Chittagong, Bangladesh.

## **Sampling Design**

A non-probabilistic sampling method, namely convenience sampling, was used in drawing samples for this study. Respondents were from various garment industries that were located in the Chittagong, Bangladesh.

## **Data Sources**

The study was compiled with the help of primary data and secondary data. Primary data were collected by direct personal interview by means of the questionnaire. A sample of 60 employees responded to the questionnaire. Moreover, the desk study covered various published and unpublished materials on the subject.

## **Questionnaires Development**

The questionnaire was administered to the employees of the garment industries in Chittagong. A five item scale from never (1) to always (5) was adopted to identify the variables of employees' performance.

## **Reliability**

Before applying statistical tools, the testing of the reliability of the scale is very important as it shows the extent to which a scale produces consistent results if measurements were made repeatedly. This is done by determining the association in between scores obtained from different administrations of the scale. If the association is high, the scale yields consistent result, therefore, it is reliable. Cronbach's alpha is the most widely used method. It may be mentioned that its value varies from 0 to 1 but a satisfactory value is required to be higher than 0.6 for the scale to be reliable (Malhotra, 2000; Cronbach, 1951).

In the present study, we, therefore, used Cronbach's alpha scale as a measure of reliability. Its value was estimated to be  $\alpha=0.857$ . If we compare our reliability value with the standard value alpha of 0.6 advocated by Cronbach (1951), with a more accurate recommendation Nunnally & Bernstein (1994) or with the standard value of 0.6 as recommended by Bagozzi and Yi's (1988) we find that the scales used by us are highly reliable for data analysis.

## **Analytical Method**

In the present study, we analysed our data by employing simple correlation and path analysis. For the study, the entire analysis was performed by personal computer. A well known statistical package i.e. 'Statistical Package for Social Sciences' (SPSS) 13.0 Version was used in order to analyze the data.

## Data Analysis and Findings

Data analysis and findings will be discussed under the following sub-headings.

### Correlation Analysis

Correlation analysis was performed to find out the relationship along with the test of significance among the following *factors*:

- IRF: Individual Related Factors;
- JRF: Job Related Factors;
- ORF: Organizational Related Factors;
- EP: Employees' Performance.

Table 1 below provides the results in this regard.

**Table 1.** Correlation Matrix

	<b>IRF</b>	<b>JRF</b>	<b>ORF</b>	<b>EP</b>
<b>IRF</b>	1			
<b>JRF</b>	0.503** (0.000)	1		
<b>ORF</b>	0.613** (0.000)	0.579** (0.000)	1	
<b>EP</b>	0.614** (0.000)	0.564** (0.000)	0.757** (0.000)	1
<b>Mean</b>	3.3458	3.1042	3.5833	3.6167
<b>Standard deviation</b>	0.54528	0.57819	0.57290	0.54358

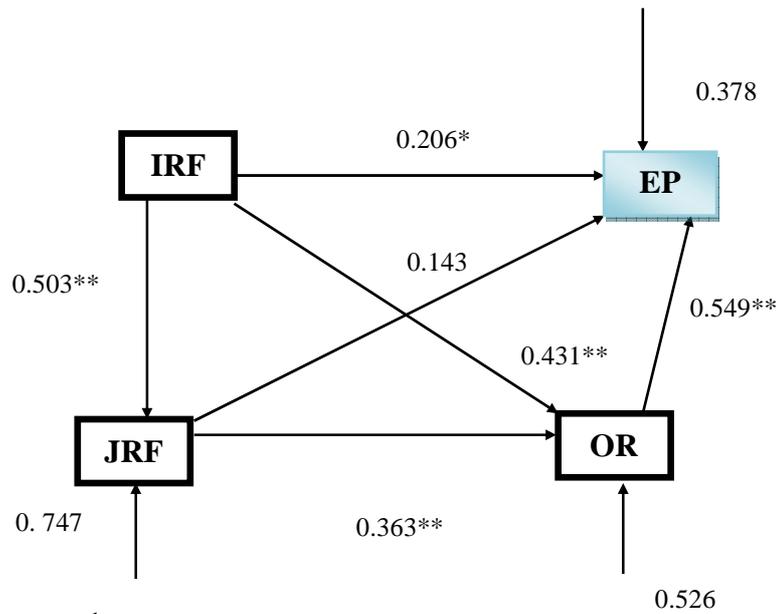
Note: \*\* Correlation coefficient is significant at the 0.01 levels

Table 1 shows that the factors IRF, JRF and ORF are independently positively correlated with EP and also highly significant at 1% levels. Here it is obvious that the maximum correlation ( $r = 0.757$ ) exists between ORF and EP, followed by the association ( $r = 0.614$ ) between IRF and EP. That means that the organization related factors should be emphasised for the excellent performance of the employees. Individual related factors are also crucial for the wonderful performance of ready-made Garments employees. Although there is no such influential link ( $r = 0.564$ ) between JRF and EP as in the case of IRF and ORF, it is also essential for the job to serve the purpose of employees' performance.

Except EP, the remaining three factors are pair-wise positively correlated with one another and also statistically significant at P-value 0.000. Among the three factors, the relationship ( $r = 0.613$ ) between IRF and JRF is the highest, followed by the link ( $r = 0.579$ ) between ORF and JRF. The value of  $r = 0.503$  implies that there is a considerable association between IRF and JRF.

### Path Analysis

Path analysis was employed in this study to identify the direct and indirect effects of the independent factors on the dependent factor (EP). In the model below (Figure 1), six hypothesized path coefficients are considered, out of which one is statistically insignificant, one has a lower significance at 10% levels, and the remaining coefficients are strongly significant at 1% levels.



Note: \*\* =P≤0.01; \* =P≤0.10

Fig. 1. Model of independent factors and employee’s performance

There are three arrows in the path model that come from some unknown factors; the values along with the arrows indicate error effects on the respective factor, which was not considered in the study. The overall error effect 0.378 reveals that only 38% effect of factors is ignored due to unavoidable circumstances. Moreover,  $(1-0.378) = 0.622 = R^2$  implies that the considered factors are superior in their selection for the analysis.

Table 2. Analysis of effects of the factors used in the path model

Dependent Factor	Independent Factors	Direct effect	Indirect effects through			Total effect
			JRF	ORF	JRF X ORF	
EP	IRF	0.206	0.072	0.237	0.100	0.615
	JRF	0.143	-	0.199	-	0.342
	ORF	0.549	-	-	-	0.549

Table 2 shows that the total effects are the sum of the direct and indirect effects. Out of about 62% total effect (0.615) of IRF on EP, almost 21% is direct effect (0.206), approximately 7% and 24% are indirect effects through JRF (0.072) and ORF (0.237) respectively, while the remaining 10% is the indirect effect via the factors JRF as well as ORF (0.100). From the above discussion, IRF has the highest relation with ORF in the case of EP, followed by IRF due to its direct effect on EP. The overall influence of JRF over EP is 0.342, in which the direct effect (0.143) is not as dominant as the indirect effect (0.199) through ORF. Here it is undoubtedly true that ORF is a good quality secondary factor to manipulate employees’ performance. The direct effect (0.549) of ORF over EP is the uppermost, which in itself is the total effect. Hence, it is clear that ORF is the key factor in the case of the inspection of employees’ performance in the Ready-made Garments (RMGs) sector.

### Conclusion

From the correlation matrix, the highest positive value of correlation between ORF and EP clarifies that the authorities of garments sector is required focus mainly on ORF in order to get a

fabulous employees' performance. The maximum average point (3.5833) of ORF also points out to the same conclusion. A strong positive relation between IRF and EP spells out that the garment industries cannot ignore employees' individual factors to achieve satisfactory performance. The minimum standard deviation (0.54528) shows that attributes within individual related factors are interconnected. So if any one of the attributes in IRF is neglected, employees' performance will be severely hampered. Considering the coefficients of EP correlation with other factors, JRF is the final factor according to the priority basis but the employees cannot deny it due to its statistically significant association with EP. A powerful link between ORF and IRF points out the fact that the employee does not part with the organization and vice-versa. Almost a similar conclusion can be drawn in the case of the relationship between the pairs ORF and JRF, JRF and IRF.

Just like the correlation matrix, the path analysis also supports the idea that ORF has the maximum individual (direct) effect on EP. Therefore, it is obvious that without ORF employees' performance will be lower than the below average. IRF has the second maximum direct effect over EP and it also indirectly influences EP through the other factors ORF and JRF separately and simultaneously. To gain more affordability from the employees, the owners ought to be flexible to the individual related factor of workers as it has not only a direct effect but also some substantial indirect effects on EP. Even though the effect of JRF on EP is not statistically significant, it considerably operates EP through the factor ORF. Hence, employees' performance will be better when the job related factors are considered along with the organization related factors. To achieve the ceiling economic gain in Ready-made Garments (RMGs) sector, quality products must be ensured. Only employees can provide quality products through their excellent performance and to this aim a good combination of IRF, JRF and ORF is required, which is released by the path table.

## Policy Implications

Although the present study was confined to identifying the factors of EP, it may be appropriate to state briefly the policy implications for the study. In this context, the following *policy actions* may be considered worthwhile:

1. The organization should create a supportive organizational climate. Unfortunately, the organizations today continue to be highly formalized with accompanying inflexible, impersonal climate. Therefore, the structure should be decentralized with participative decision-making and upward communication flows.
2. The management of the organization should eliminate or reduce the conflict between employees and administrative officers.
3. Employees should be allowed to get advice from their supervisor; thus, they will correctly perform their responsibilities and duties.
4. Organization should have to expand the health maintenance programs, supervisor training programs and stress reduction workshops.
5. Organization should handle the problems and opportunities, which are common to all employees.
6. New technologies should be used to reduce the work overload.
7. Some departments have crowded work areas. In this department additional employees should be hired to manage the load of work.
8. Motivation for employees should be granted without bias to perform their task.

9. Develop and maintain personal relationships; social support at work and away from work can help alleviate some of negative effects of stress.
10. Relaxation in various forms can be considered as it always gives the body an appropriate factor to recover from stress.

## Direction for Future Study

Several suggestions that may be fruitful for future research have emerged from this present study. In order to validate the findings of this study, a case study is another interesting approach that can be developed by future research. In addition, the research model of this study can be retested in business organizations, so that the research model could be generalized to other economic sectors.

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## Factorii care afectează performanța angajaților din sectorul de confecții din Chittagong Bangladesh

### Rezumat

În scopul studiului de față, datele au fost preluate din cadrul întreprinderilor de confecții localizate în Chittagong, Bangladesh. Am analizat datele folosind corelația simplă și analiza „path”. În cadrul analizei s-a descoperit că fiecare dintre factorii [factorii privind individul (IRF), factorii privind locul de muncă (JRF) și factorii organizaționali (ORF)] se corelează puternic cu performanța angajaților (EP). Analiza „path” ne-a dezvăluit efectele directe ale IRF și ORF asupra performanței angajaților (EP) și, în cele mai multe cazuri, efectele indirecte ale diferiților factori asupra EP sunt de asemenea considerabile.