Chapter – 8

Findings and Suggestions

8.1 Findings of the Study

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8.1 Findings of the Study:

In Bangladesh, the modern textile mills started operation in 1908 with the establishment of the Mohini mill in Kushtia. The mill organisation of the manufacturing is, however, largely an outcome of the industrial revolution that took place in England and other countries. During the pre-partition of India, a few number of textile mills had established in this area with private initiative. Two major factors namely a ready home market and government incentives through various policy measures are ascribed to have contributed to the growth during the Pakistan regime. Soon after liberation, the government of Bangladesh brought all the textile mills under public sector. From 1976-77 and thereafter the government of Bangladesh pursued the policy of disinvestment throughout the textile mills under the pressure from the international agencies such as, the International Monetary Fund (IMF), the World Bank (WB) and some major donor agencies. At present only 14 textile mills are operating under the public sector. The textile industry in Bangladesh is on the high priority agenda of the government for its speedy growth and development.

In simple and in conventional term ‘productivity’ defined as is the ratio of output and input. During the study, it has been observed that in view of the varying concepts of output and input, there emerge complexities in the measurement of productivity. In such a situation, various methods of productivity measurement models have emerged such as, Production Models,
Financial Ratios Based Models, Product oriented models, Economic Based Models and System approach Based Models

For the purpose of productivity measurement, the study has considered a number of variables i.e., labour, capital, sales, fixed assets, current assets, working capital, Value added, manpower cost, number of employees, profit before tax, cost of good sold

The study has also rendered a detailed account with regard to review of literature, besides the statement of the problems. After review of literature, it is clearly evident that productivity performance of textile units till today has got little attention of the researchers. In the course of the literature study, about thirty-five research work and articles were found on textile units. Among them a few were PhD and M Phil works. Vast majorities of them were articles written by academicians and researchers on different aspects of textile units and a few were on the productivity of the textile units. During the review of literature, it has been found that there is a clear research gap as regards “Productivity Performance of Public and Private Sector Textile Units of Bangladesh”

On the basis of above, the study has set up the objective, scope, methodology and hypotheses of the study. For the purpose of analysis, the study has used various statistical tools such as, Average, Standard Deviation, Co-efficient of Variation, Exponential Growth Rate, Multiple Regression Analysis, Correlation, ANOVA Test of Hypotheses. The main objectives of the study are

1) To study the socio-economic background leading to growth and development of public sector textile units and policy reversal leading to the growth and development of the private sector textile units.
2) To measure and analyze the productivity performance in the public and private sector textile industry for the study period i.e., from 1990-91 to 1999-2000

3) To identify and evaluate productivity performance of sample public and private sector textile units

4) To identify the factors affecting productivity of textile units

5) To suggest and recommend measures to increase productivity in the public as well as private sector textile units of Bangladesh in the light of the productivity performance

The productivity performance of public sector textile units has been found poor in all respect. The study has evaluated productivity performance of public sector textile units through the following ratios:

1) Labour productivity in terms of manpower cost

2) Labour productivity in terms of number of employees

3) Fixed assets productivity in terms of value of production

4) Fixed assets productivity in terms of sales

5) Current assets productivity in terms of value of production

6) Current assets productivity in terms of sales

7) Working capital productivity

8) Value added productivity in terms of manpower cost

9) Value added productivity in terms of fixed assets

10) Value added productivity in terms of current assets

11) Value added productivity in terms of value of production

12) Value added productivity in terms of material cost

13) Total cost productivity

14) Profit productivity

15) Return on fixed assets

16) Return on capital employed

17) Return on equity employed
18) Current ratio
19) Quick ratio
20) Inventory turnover ratio.
21) Total productivity

Out of these ratios, however, return on equity capital and inventory turnover ratios have shown satisfactory result. Rests of the ratios have shown declined growth rate of the public sector textile units. A list of problems may be attributed to the decline in productivity for public sector textile industries. Some of them are shortage of working capital, Excessive Government Control Disruption in Supply of Raw Materials, Obsolete Technology, Low Capacity Utilization, Delay in the Decision Making, Labour Unrest, Lack of Commitment, Inadequate Maintenance, Lack of Motivation and Power Failure.

As regards the productivity performance measurement of private sector textile units, the study has used the following productivity measurement techniques:

1) Labour productivity in terms of manpower cost
2) Labour productivity in terms of number of employees
3) Fixed assets productivity in terms of value of production
4) Fixed assets productivity in terms of sales
5) Current assets productivity in terms of value of production
6) Current assets productivity in terms of sales
7) Working capital productivity
8) Value added productivity in terms of manpower cost
9) Value added productivity in terms of fixed assets
10) Value added productivity in terms of current assets
11) Value added productivity in terms of value of production
12) Value added productivity in terms of material cost
13) Total cost productivity
14) Profit productivity  
15) Return on fixed assets  
16) Return on capital employed  
17) Return on equity employed  
18) Current ratio  
19) Quick ratio  
20) Inventory turnover ratio  
21) Total productivity  

The study has evaluated the productivity performance of overall and selected private sector textile units of Bangladesh. The study has concluded that the overall productivity performance of private sector textile units was good enough for average productivity and growth rate but a few number of productivity measurements techniques have shown negative growth rate. On the other hand, the sample has shown positive productivity performance result. In case of average productivity most of the techniques have shown positive result both for the overall and selected private sector textile units. A few number of productivity performance ratios of private sector textile units have shown declined growth rate. The main reasons for declined growth rate were shortage of raw materials, labour unrest, government policy, power failure, political situation, competitive market, increase tax, duties and Value Added Tax (VAT).

The study has attempted to make comparative analysis of productivity performance between public and private sector textile units and has also used relevant statistical tools for testing the hypotheses. For the purpose of comparative study between the overall and selected public and private sector textile units, the Research Scholar has evaluated 21 productivity performance ratios i.e., labour productivity in terms of manpower cost, labour productivity in terms of number of employees, fixed assets productivity in terms of value.
of production, fixed assets productivity in terms of sales, current assets productivity in terms of value of production, current assets productivity in terms of sales, working capital productivity, value added productivity in terms of manpower cost, value added productivity in terms of fixed assets, value added productivity in terms of current assets, value added productivity in terms of value of production, value added productivity in terms of material cost, total cost productivity, profit productivity, return on fixed assets, return on capital employed, return on equity capital, current ratio, quick ratio, inventory turnover ratio, total productivity. According to EGR out of these 21 ratios, 16 ratios i.e., labour productivity in terms of manpower cost, labour productivity in terms of number of employees, fixed assets productivity in terms of value of production, fixed assets productivity in terms of sales, current assets productivity in terms of value of production, current assets productivity in terms of sales, working capital productivity, value added productivity in terms of manpower cost, value added productivity in terms of fixed assets, value added productivity in terms of material cost, total cost productivity, profit productivity, return on fixed assets, return on capital employed, current ratio, quick ratio, and total productivity have been found satisfactory for selected private sector textile as compared to selected public sector textile units. Rests of the five ratios i.e., value added productivity in terms of fixed assets, value added productivity in terms of current assets, value added productivity in terms of value of production, return on equity capital and inventory turnover ratio have registered satisfactory growth rate in selected public sector textile units. The study has attempted to test of hypotheses. The Research Scholar has formulated five hypotheses and then tested them through relevant statistical tools. The study has concluded that private sector textile units were in better position in than the public sector textile units. The main reasons are, commitment of employees and workers for increasing productivity and profitability, financial, non-financial and motivational factors, good marketing strategy, goods quality of textile products, better maintenance and use of
modern technology. The study has formulated hypotheses and used statistical tools for testing of these hypotheses. There were five hypotheses and all null hypotheses have been rejected i.e., alternative hypotheses have been accepted. It indicates that there is a significant difference of productivity performance between public and private sector textile units.

In the corporate world, it is stressed that the higher productivity can be achieved if the personnel of the organisation are really capable and willing to contribute their best to the organisation. The personnel of private sector textile units were more capable and willing to contribute their best to the organisation than the personnel of the public sector textile units. It is, therefore, necessary to provide educational training and development facilities on regular and continuous basis for personnel. Other reasons were motivational factors, marketing strategy, better maintenance, modern technology and quality of products.

Productivity and its improvement depend upon as to how successfully the organisation identifies the main factors affecting the productivity performance. Productivity is the function of effective and efficient use of input. Inputs may be of different types viz., capital, physical resources, labour, machinery, knowledge and the like. In such a context, productivity was found to be affected by a number of factors in the case of public and private sector textile units. These factors were lack of capital, power failure, old machinery, poor maintains, poor quality of raw materials, poor labour management relationship, congenial working conditions, recognition, government policy, awareness, commitment etc. The basic elements involved in the productivity improvement strategy for textile units are providing loan in easy form and low interest rate for textile units, replacement of modern machinery with the old machinery, regular supply of good quality raw materials from produce locally or import, awareness in minds of management and labour in respect of productivity improvement, barrier to the illegal
border trade, full capacity utilization, unhindered power supply, skilled labour and raw materials.

Any research paper of high quality is mostly considered incomplete without consideration of avenues for further investigation. As such, an attempt has been made in this study to identify a few areas worthy of attention in the context of the improvement of productivity performance of textile units of Bangladesh.

8.2 Suggestions and Recommendations:

The findings of the study clearly indicated that productivity performance of public sector textile units (both overall and samples) was not only low but also on average and exponential growth rate registered a declining trends. On the other hand, in the case of private sector units, productivity has recorded an increasing trend on the average and on the basis of exponential growth rate. The testing of hypotheses were accepted i.e., there was significant difference of productivity performance between public and private sector textile units of Bangladesh at 5% level of significance. Thus most significant findings of the study reveals that productivity suffered a lot, in textile units specially public sector textile units of Bangladesh. Against this backdrop, the important suggestions and recommendations of the study are dealt with in the following paragraphs:

Productivity management aspect was found unsatisfactory both in the public and private sector textile units. There was no systematic effort to set productivity target, to measure productivity, to ensure better productivity environment etc. In such a context, it is required that the productivity management structure needs should be set up with different sub-systems consisting of the effective productivity implementation scheme and effective
monitoring evaluation. It should be evaluated with reference to target and past performance and remedial measures should be taken based on the result of evaluation.

The study has further revealed that there exists excess manpower in the public sector textile units of Bangladesh. Asian Development Bank has advocated for reduction of surplus manpower of public sector textile units through "Golden Hand Shake" and other measures phase-wise. The study suggests and recommends that reduction of manpower would make the public sector textile units profitable and improve productivity of the same. The study suggests for reduction of surplus manpower through Golden Hand Shake, creating another opportunity for excess manpower and also to provide loan to excess manpower for becoming entrepreneur.

Irregular power supply affects the productive utilization of plant and equipment of the textile units. The uncertain power supply also affects the production schedules of the industries and interferes with the employment of Labour. Government needs to give keen attention to ensure regular availability of power supply for both the public and private sector textile units of Bangladesh.

There is a significant level of idle capacity in the public and private sector textile units. This has resulted from mechanical troubles, inadequate maintenance and clearing, inadequate supply of raw materials, lack of skilled labour, lack of working capital etc. These problems need to be solved for utilization of full capacity and as a result, productivity would enhance. A concept of recent origin in the productivity improvement process is the quality of work life program. Quality of work life programs in textile units would improve productivity while allowing employees a better and enjoyable
work environment It needs to be properly addressed to improvement of quality work environment.

Labour unrest is more and frequent in Bangladesh. The study attributed this to political and economic reasons. Macro and micro management needs to give due attention to this problem.

Textile units of Bangladesh have faced a lot of problems for increasing their sales volume because of illegal border trade. Government of Bangladesh needs to give proper attention to solve this problem to increase sales volume of textile products and to improve productivity of textile units of public and private sector of Bangladesh.

The government of Bangladesh should take part in productivity improvement policies and plans for textile units. These policies and plans must be stable in the case of change of government. Definition of the productivity improvement must be clear and easily understood and communicated to every employee of the textile units of Bangladesh.

The study has found that private sector textile units were better than public sector textile units in the case of productivity performance. Almost in all cases, private sector textile units have been found to make profit but public sector did not make profit. Increased productivity does not necessarily lead to profitability on a short-term basis. But the effect of increased productivity will be realized only in terms of long-term profitability. Profitability is defined as change in output value when compared with the change input value, quantity sold and used, and the third variable is the relationship between unit price and unit cost. In this context, productivity improvements of textile units depend on profitability in terms of long-term basis. The
government needs to step forward proper attention to make it profitable through re-structuring programs.

Awareness needs to be created in the minds of management and labour in respect of productivity improvement of public and private sector textile units of Bangladesh. Awareness will be created in the minds of management and labour through proper training and motivation. So, it is important for textile units of Bangladesh to take activities such as, sensible manpower planning, proper recruitment practices, motivating through providing opportunities, adequate training to meet job objectives, good labour-management relationship etc. These activities are absent in textile units especially in public sector textile units. The public sector textile units have no proper recruitment practices. Most of the recruitment practices have been done through political channel. Government should take attention for these matters. Capital is the most important input for productivity improvement of textile units, Commercial Banks and financial institutions can provide loan for textile units of Bangladesh. The findings of the study revealed that real boost up in productivity can take place in textile units of Bangladesh only when all the variables are taken jointly taken care of.

8.3 Direction for Future Researches:

Future research is needed, using more regroups impact evaluation methods. Any research paper or thesis of high quality is mostly considered incomplete without consideration of avenues for future research. This study on “Productivity Performance: A Comparative Study of Public and Private Sector Textile Units in Bangladesh” is mainly confined to the spinning and weaving textile units of Bangladesh. Hence there are other important spheres for future researches, which are briefly explained as under:
1. The present study is confined itself to the measurement of productivity performance for comparative study of public and private sector textile units based on secondary data collected from annual reports, five year plan and documents of the sample mills and Bangladesh textile mill corporation. It has not considered the impact of industrial relation on the productivity performance, which could be considered as a new area for future research.

2. This study was concentrated on the evaluation of productivity performance of spinning and weaving textile mills for the purpose of comparative study of public and private sector textile units of Bangladesh. Future researches may be considered to other sub-sectors of the textile units, like readymade garments, sericulture, knitting etc.

3. The present study has evaluated the productivity performance of textile units of Bangladesh. It has not evaluated the job involvement, job satisfaction and motivation of the employee of textile units, these areas may be considered as interested areas for future researches.