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Social Exchange, Organizational Support and Employee Performance in Sri Lanka's Garment Industry

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This study examines the potential for a job enrichment initiative introduced in one Sri Lankan garment factory to create a social exchange relationship between production line employees and the organization. This initiative devolved increased decision-making responsibility to production line employees over the pace and organization of production as well as the determination of leave and coordination of tasks among line employees. In response to this increased level of organizational support, employees reciprocated by reducing absenteeism levels and product reject rates and by increasing work output and efficiency levels. The study was conducted over 19 months across three production lines. The study draws on the responses of 110 participants that included line managers, supervisors and 87 line employees. The results imply that where employees believe that the firm provides valuable organizational supports in the form of training and job enrichment opportunities, this can result in the emergence of social exchange relationships and give rise to substantial improvements in work performance. These results support earlier research highlighting the significance of social exchange at work to our understanding of the employment relationship and employee performance.

INTRODUCTION

There has been increasing research into the relationship between employees' Perceptions of Organizational Support (POS) and exchange relationships between employees and employers (Eisenberger et al., 1986; Shore and Barksdale, 1998; and Shore et al., 2006). Changes in employees' perceptions of their exchange relationships at work can have a significant impact on their willingness to perform in-role tasks effectively, or to demonstrate organizational citizenship behaviors (Rhoades and Eisenberger, 2002). Shore et al. (2006) maintain that to understand the evolution of exchange relationships between employers and employees, a longitudinal research design is required to explore how specific actions and decisions taken by organizations influence employees' perceptions of the exchange relationship. This study aims to provide a longitudinal study of a job enrichment initiative across three production lines in one of the Sri Lankan garment factory. It explores the impact of

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this form of organizational support on exchange relationships from the perspectives of the organization and production line employees by examining performance records, interview data, and questionnaire data from employees.

Social exchange (Blau, 1964) has been used to explain why individuals express loyalty and commitment to an organization and engage in behaviors that are neither formally rewarded nor contractually enforceable (Eisenberger et al., 1986). The norm of reciprocity (Gouldner, 1960) represents a central concept underpinning social exchange theory. This implies that where employees and employers engage in voluntary actions that are of mutual benefit this creates expectations that the other party will reciprocate (Coyle-Shapiro and Kessler, 2002). Employees come to form general perceptions about the intentions and attitudes of the organization toward them from the policies and procedures enacted

by individuals and agents of the organization, attributing human-like attributes to their employer on the basis of the treatment they receive (Levinson, 1962). For example, where employees perceive that they are being treated fairly by supervisors, social exchange theory and the norm of reciprocity suggest that they are likely to reciprocate by improving their work performance (Konovsky and Pugh, 1994). On the other hand, where the organization fails to deliver on its obligations, employees are likely to reduce their sense of obligation to the firm (Aselage and Eisenberger, 2003). Social exchange relationships at work have been found to exist in countries as diverse as the US, China and Singapore, reinforcing that social exchange represents a universal phenomenon (Shore and Coyle-Shapiro, 2003) (Figure 1).

This study seeks to build on research by Shore et al. (2006) that measured employees' perceptions of social and

Figure 1: Factors Influencing Work Outcomes and the Exchange Process
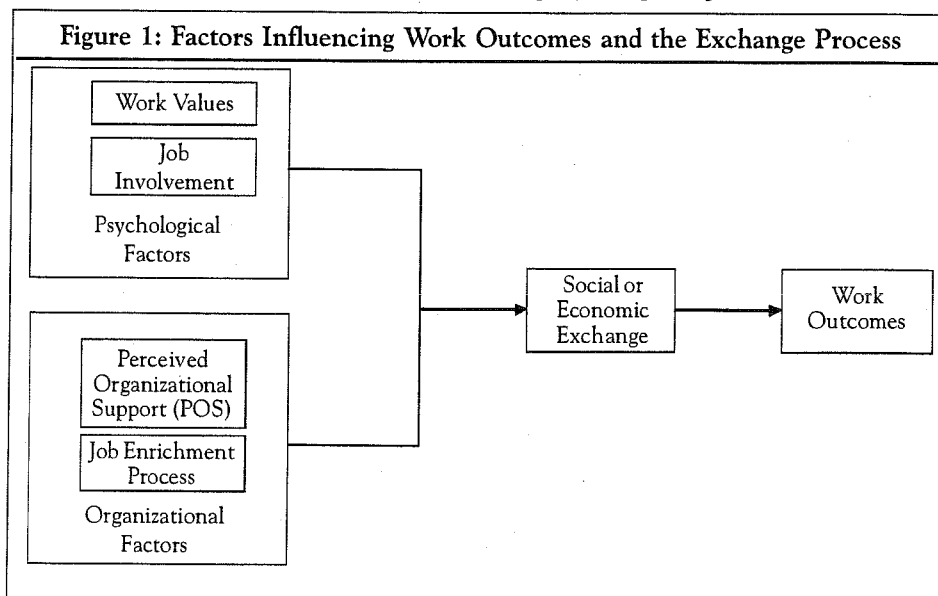
economic exchange relationships. We use a predominantly qualitative approach to examine the exchange relationship. The model developed in this study seeks to measure the interaction between POS (in the form of a job enrichment initiative), job involvement and work values, and resultant changes in work outcomes, such as job satisfaction, labor turnover, absenteeism levels, and reject rates. Based on the interaction between these individual and psychological factors, and changes in work outcomes, we maintain that it is possible to infer that changes are also occurring in the exchange relationship between employees and their employer.

PERCEIVED ORGANIZATIONAL SUPPORT AND JOB ENRICHMENT

The provision of POS in the form of job enrichment may have a positive impact on organizational performance and job satisfaction (Spence Laschinger et al., 2004). Job enrichment involves providing increased levels of responsibility to lower level employees, including the delegation of work tasks previously undertaken by supervisors. POS has been found to emerge in response to the provision of organizational rewards and working conditions, support from supervisors, and the application of procedural justice (Wayne et al., 1997; and Rhoades and Eisenberger, 2002). Perceived organizational support suggests employees' general perceptions of being valued and cared for by the organization and are positively related to conscientiousness in carrying out conventional job responsibilities and expressed effective commitment to the organization

(Eisenberger et al., 1990; and Rhoades et al., 2001). Previous studies have suggested that the enhancement of employee skills, provision of increased job autonomy, visibility and recognition from upper-level management are positively related to POS (Eisenberger et al., 1997; and Wayne et al., 2002). We maintain that job enrichment represent an antecedent for POS and social exchange relationships by creating a supportive climate that delegates power, information, knowledge and skills to operational level employees.

Exchange relationships that emphasize social exchange rely on trust that beneficial acts and the provision of valued resources by either party will be reciprocated at some future date. Trust may be defined as the expectation that an exchange partner will not engage in opportunistic behavior, even in the face of countervailing short-term incentives (Bradach and Eccle, 1989). The emergence of trust among coworkers may also be important to increase employees' commitment to their employer (Ferres et al., 2004). POS is also more likely to emerge where employees form beliefs that decisions made by supervisors are procedurally fair (Konovsky and Pugh, 1994). How coworkers are treated by supervisors provides further indications to employees of the degree of organizational support provided to them (Aselage and Eisenberger, 2003). Trust therefore acts as a social lubricant in the relationship between managers and employees (Spreitzer and Mishra, 1999). Previous studies have demonstrated that the honoring of personal obligations inherent in socially embedded economic

transactions constrains opportunistic behavior (Zand, 1972; and McMackin, 1996). This highlights the important relationship between employee perceptions of procedural justice in workplace decision-making and their POS (Connell et al., 2003).

> H_1: The provision of opportunities for job enrichment and perceptions of procedural justice represent antecedents for the emergence of high levels of perceived organizational support.

WORK VALUES, JOB INVOLVEMENT AND EXCHANGE RELATIONSHIPS

In addition, job involvement and attachment to work values (such as participation, trust, sense of accomplishment, error-free work, responsibility, and recognition) are important influences on the emergence of exchange relationships at work between employees and employers. The relationships between employees and their organizations can be viewed as an exchange relationship. This implies that positive, beneficial actions directed at employees by their organization contribute to the creation of high quality exchange relationships (Dansereau et al., 1975; and Mowday et al., 1982) that in turn create obligations for employees to reciprocate in positive, beneficial ways (Eisenberger et al., 1986, 1990). For Coyle-Shapiro and Kessler (2002), the exchange relationship involves a cycle of both parties providing valued resources and undertaking beneficial acts that create a strong obligation to reciprocate. In addition, they

found a positive relationship between employee perceptions of employer obligations, the fulfillment of those obligations by employers, and employee willingness to fulfill their obligations (Coyle-Shapiro and Kessler, 2002). Such reciprocity by employees can contribute to the emergence of high mutual obligations exchange relationships (Shore and Barkdale, 1998). Therefore, the norm of reciprocity suggests that employees will feel obliged to respond to the supply of favorable resources by the organization, or its representatives, and that this is likely to strengthen the exchange relationship overtime.

Work values represent the individual employee's conception of what is desirable about his or her work activities and reflect the individual's awareness of the conditions that he or she seeks from their work roles. Workers' value systems are central to employees' emotional needs, to their expectations of organizational rewards, to their job performance, and to their job satisfaction (Eglobu, 1983). Job involvement focuses on the level of congruence between the individual and their job, and includes a high degree of involvement with all stages of the job, a high degree of significance of the individual's job in relation to the overall business of the organization, willingness to make sacrifices for the job, identification with the tasks performed, and psychological involvement with the job (Lodahl and Kejner, 1965; Hackman and Oldham, 1975; and Tampoe, 1993).

> H_2: Employee perceptions of work values and job involvement influence their perceptions of exchange relationship with their employer.

H_3: High levels of perceived organizational support represent an antecedent to social exchange relationships between employees and employers.

SOCIAL AND ECONOMIC EXCHANGE RELATIONSHIPS AND WORK OUTCOMES

The demonstration by employers of commitment to develop an exchange relationship based on social exchange is likely to increase employees' commitment to achieve organizational goals (Eisenberger et al., 1986; and Eisenberger et al., 1990). Shore et al. (2006) found support for links between social exchange and improved firm performance that included reductions in the levels of absenteeism and the demonstration of citizenship behavior by employees and suggest that such findings highlight "...the importance of social exchange for encouraging behavior that supports the goals of the organization". The development of social exchange relationships is positively associated with improvements in work outcomes (Shore et al., 2006). Employees form global perceptions that the organization values their contributions and cares about their well being (Eisenberger et al., 1986). Patterson et al. (2004) found that firms providing lower level employees with job enrichment and skill enhancement experienced a significant boost in productivity and profitability. Nevertheless, Richardson and Vandenberg (2005) maintain that the potential of employee involvement to improve performance relied upon employee acceptance of the relevance of these practices and the existence of a climate of involvement. One means of creating such a climate was to appoint work group leaders who are willing to model the workplace behaviors valued by the organization, and who were able to motivate employees to mirror those behaviors (Richardson and Vandenberg, 2005).

A range of studies conclude that positive outcomes for both employers and employees result from the emergence of social exchange relationships (Shore and Shore, 1995; Tsui et al., 1997; and Shore and Barksdale, 1998). Several studies also suggest that a social exchange relationship increases employees' levels of commitment and job satisfaction at work (Shore and Shore, 1995; and McMakin et al., 1996). Job satisfaction is an attitudinal variable that reflects how people feel about their jobs and reflects employees more immediate reactions to specific tangible aspects of their work environment (Mowday et al., 1982). In addition, Aselage and Eisenberger (2003) contend that "employees who are well treated are more likely to become affectively committed to the organization, to exceed their explicitly required work responsibilities, and to respond flexibly to organizational problems and opportunities".

In contrast, where employees perceive that the support available to them from their employer has declined, the norm of reciprocity suggests that they are likely to reciprocate by forming an economic exchange relationship with their employer (Shore et al., 2006). Economic exchange relationships are usually short-term and linked to an explicit monetary exchange

for the delivery of specific performance outcomes. When employees view their relationship as based primarily on economic exchange they will meet the terms of the agreement but will perform at the minimum level required (Millward and Hopkins, 1998). The emergence of relationships between employees and employers based on economic exchange means that employees are less likely to identify with the firm that employs them and are unlikely to feel strongly committed to achieving the firm's long-term goals and objectives. Moreover, studies have found that perceptions of psychological contract violations by employers, where employees believe that promises made had not been met, were likely to result in lower trust, poorer job attitudes and reduced job performance (Robinson, 1996; and Turnley and Feldman, 2000).

H_4: Social exchange relationships are associated with increased job satisfaction and positive work outcomes.

H_5: Economic exchange relationships are associated with lower job satisfaction and negative out comes.

ORGANIZATIONAL CONTEXT: QUOTA FREE MANUFACTURING IN SRI LANKA

For developing countries such as Sri Lanka, efficient and effective manufacturing processes have become critical in an environment of intensified global competition, mainly brought about by continuous reductions in tariff protection. In an attempt to improve productivity levels, some Sri Lankan organizations have focused on workforce reduction and restructuring. Because of labor law restrictions, however, many others have relied instead on a variety of human resource management practices, such as job enrichment and team working, to assist in improving firm performance (Petersdorf and Leckscheidt, 1997).

The garment industry is the strongest manufacturing sub sector in Sri Lanka in terms of its contribution to GDP, exports, foreign exchange earnings and employment generation. Thirty-nine percent of exports in 2002 came from the garment industry (Central Bank, 2002). Garment exports have increased significantly since 1977 when there were only five garment manufacturing companies in Sri Lanka. This number grew to 891 factories, with export earnings of US$2,710 mn by 2000. Of these factories, approximately 32% were categorized as small enterprises employing up to 100 employees, 50% as medium enterprises employing up to 500 employees and 18% as large enterprises employing over 500 employees. The Sri Lankan Government's emphasis on market-oriented economic policies, the establishment of export processing zones, provision of concessions for machinery imports and introduction of a quota system for exports were some of the main factors that facilitated this growth.

The leading investors in the industry were from Australia, Germany, Hong Kong, Indonesia, Japan, Korea, Malaysia, the United Kingdom and the US. Most of the large Sri Lankan companies had large international shareholder from one of these countries. One of the largest

foreign collaborators was Mast Industries from the US. More than 90% of Sri Lankan garment exports comprised readymade casual wear garments for women and men. The majority of manufacturers produce standardized, low value-added garments for the major markets under export quotas, mainly for the US market. Non-quota garments exports, mainly to European Union (EU) countries, involved higher value-added garments, catering to niche markets and designer labels such as Victoria's Secret, Triumph International, British Home Stores, and Marks and Spencer.

Sri Lanka's garment industry grew under the protective umbrella provided by the Multi-Fiber Agreement that gave a number of Asian countries, including Sri Lanka, favorable access to markets in developed countries such as the US. These quantitative restrictions were gradually phased out, however, and in January 2005 Sri Lanka faced a quota-free environment and stiff competition from other developing countries in South and South East Asia. Sri Lanka's garment industry had a history of lower labor productivity and insufficient application of modern technology when compared to its competitors and in recent years it has focused on improving total productivity (Kelegama and Epparachchi, 2002). To improve product quality, Sri Lanka's major garment manufacturers have undertaken large-scale modernization programs involving the introduction of automated systems for designing and grading, embroidering, pleating, screen printing and moves towards semi-automation for factory work processes (Sri Lanka Apparel Exporters Association, 2001).

Because most Sri Lankan manufacturers have had to find ways to reduce costs without sacrificing quality, and have been prevented from engaging in widespread layoffs by labor laws protecting job security, many have sought to involve employees in identifying ways to improve efficiency and reduce waste in the production process (Frey, 1993). These initiatives have included drive to encourage employees to internalize a greater customer focus along with the introduction of total quality management practices.

RESEARCH METHODS

The study was conducted in a garment manufacturer in Sri Lanka over a period of 19 months. The firm produced lingerie, sleepwear and blouses, and recorded an annual production of two million pieces in both 2001 and 2002. The firm employed some 1,100 employees and utilized 450 sewing machines in December 2000. The capacity of a garment factory was usually expressed by the total number of standard hours that the factory could produce in a month. Standard hours refers to planned production of garments expressed in terms of hours. The firm's output comprised 42,000 standard hours per month. The standard minute value of a garment was determined using work study methods and depended on the number of operations each garment required and the time taken to complete them. LM Collection Pvt. Ltd. (LMC) recorded sales turnover of US$12 mn in 2002, a 4% increase from 2001. The firm operated in a high technology but non-unionized environment. The study focused on the

introduction of a new supervisory position, process controllers selected from among line employees, in three production lines comprised of approximately 30 employees each.

Social and economic exchange relationships were evaluated using focus group interviews before and during the period of the study; September 2001 to March 2003. A case study method allowed considerable time for observations at workplace level and also facilitated the gathering of evidence from both line managers and employees. The case study also facilitated a longitudinal study of the evolution of production line performance over 19 months. An assessment of the outcomes emerging from the devolution of decision-making responsibility to line employees was measured at four time intervals. The study involved 24 focus group interviews and 16 manager/ supervisor interviews. Some 87 production line members also participated in the study. Events were recorded chronologically and patterns were observed overtime. Open-ended questionnaires were used for interviews with respondents (managers). In addition, a questionnaire was administered to line employees at two distinct time intervals, September to December 2001 (t1) and September December 2002 (t2). Data was also gathered from organizational records in relation to output, efficiency rates, reject levels, absenteeism and labor turnover from September 2001 to March 2003.

Work outcomes were defined in terms of performance effectiveness, employee attitudes, and employee behaviors. Performance effectiveness was measured using output and efficiency measures and by monitoring quality control data. Employee attitudes were measured by focusing on extrinsic and intrinsic factors, including job satisfaction (co-worker, supervision, job challenge, wages and benefits) and desire for quality. These were measured by a questionnaire utilizing a 5-point Likert scale and through case study observations. Job satisfaction was used to measure employee attitudes. It was measured using 8 items (1-5 Likert scale) from studies by Hackman and Lawler (1971) and Warr et al. (1979). Questions such as 'Generally speaking, I'm very much satisfied with my job' and 'I feel bad when I do my job poorly' were used to measure job satisfaction. The level of absence and turnover of employees in the production lines were also recorded. Perceived organizational support was measured using a supportive climate questionnaire addressing factors such as harmony, openness, collaboration, encouragement, trust, and acceptance of subordinates' ideas (Payne, 1971; and Cook et al., 1980). To measure perceived organizational support, we used 10 items from the Payne's (1971) study of supportive climate which had high factor loadings in the original study. Questions included; 'People in our organizations are not afraid to express their ideas openly', 'Senior personnel will go out of their way to help with our work', The paper also documents employees' responses to questions which explicitly focus on issues of trust and how trust relations may change over time including; 'I feel quite confident that the firm will always try to treat me fairly', and 'Our management would be quite prepared to gain advantage by deceiving workers' drawn from a study by Cook et al. (1980).

Both job involvement and work values were measured through a questionnaire utilizing a 5-point Likert scale (Hackman and Lawler, 1971; and Cook and Wall, 1980) and through a qualitative analysis of case study observations. The questions for job involvement used in the study were 3 items used by Hackman and Lawler (1971) and 1 item used by Schwyhart and Smith (1972) in their evaluation of job involvement; 'I feel proud when I complete a task beyond others expectations', 'I'll stay overtime to finish an urgent work even if I am not paid for it', and 'I live, eat and breath in my job'. The measurement of work values was done through questions taken from Cook and Wall (1980) and a study in Sri Lanka by Jayawardana (1999). For example, questions such as 'Maintaining mutual trust with people I work is very important to me', 'I feel proud when I complete a task beyond others expectations' were used to assess work values. The questions used had high factor loadings from the previous study.

EMPIRICAL RESULTS

The introduction of process controllers in LMC had four distinct phases: The identification of production lines for the pilot project and the initial assessment of psychological and situational factors (September to December 2001); the provision of learning opportunities to production line employees (January to April 2002); the delegation of power and information to process controllers and line employees (May to August 2002); and attempts to sustain the performance outcomes from the process controller initiative (September 2002 to March 2003).

During the first phase, from September to December 2001, the company identified the specific production lines to be included in the process controller initiative. This involved selecting production lines close to one another where labor turnover and absenteeism were high and failure to meet delivery schedules were causing major concerns. Such poor performance outcomes had an adverse impact on the firm's image as a reliable producer and many international buyers were becoming increasingly concerned about delays in shipments. Table 1 indicates the performance measures for the firm as a whole in relation to efficiency, rejects, on time delivery, labor turnover and absenteeism on December 2001.

Table 2 highlights the team's performance over the September to December 2001 quarter on the basis of absenteeism and labor turnover, reject rates and on-standard efficiency. The end-line rejects indicated the level of quality of the garments being produced, the reject rate indicated the number of

Table 1: Performance Indicators of the Company: November to December 2001				
Efficiency (%)	End Line Rejects (%)	On Time Delivery (%)	Labor Turnover (%)	Absenteeism (%)
42.4	7.3	41	7.2	9
Source: Company Records: Management Presentation (December 2001)				

units that did not pass the end of line inspection. In general, the company aimed to keep this below 2%. On-Standard (On.Std.) efficiency measured the efficiency level of the machine operator. As Table 2 demonstrates, the three production lines performances against a range of measures were considerably below the company's targets for 2001-02 of an absenteeism rate of 4.5%, labor turnover of 2.5%, end-line rejects of 2%, and on-standard efficiency of 60%.

Standard efficiency represented a ratio of the standard hours worked by the machine operator when compared to the total number of hours available less than

Production line members placed much of the blame for such poor performance outcomes squarely at the door of management. They expressed a range of negative views about the way work was organized and about how their attempts to suggest changes frequently went unheeded. Overall, they had little trust in management.

"We do what they say. Go from machine to machine even operation-to-operation. Even if we say what the mistake is the supervisor will not listen. Sometimes the supervisor scolds us without reason. There are times I

Table 2: Production line Performance September to December 2001				
Team No.	Absenteeism (%)	Turnover (%)	End Line Rejects (%)	On.Std. Efficiency (%)
1.	10.5	6.50	9.05	38.5
2.	10.1	11.50	8.20	45.8
3.	8.0	8.25	14.50	38.3
Source: Company Records: Worked out from Line Production Records, September 2001-December 2001				

the lost hours due to faults in the process, such as breakdowns or lack of materials that were beyond the operator's control. Standard efficiency therefore measured how much work an operator completed in a given time period, and also reflected the skill levels and diligence of the operator. The absenteeism figure accounted for the number of days an operator was absent without prior approved leave, and labor turnover reflected the number of operatives who had left the organization expressed as a percentage of the total number worked during the year in the selected production line.

wanted to leave this job" (Focus Group 1, 2001 December).

Commenting on work performance, one focus group was of the view that:

"We are not aware of the end line rejects. Nobody tells us that. We perform the operation. If the operation is not correct, it comes back to the operator for rework. That is only after the day's production" (Focus Group 5, December 2001).

The organization sought to address at least some of these employee concerns during the second phase of the process

controller initiative, from January 2002 to April 2002. The three production lines underwent a series of training programs focused on understanding the company's business and products and improving employees' understanding of tools and techniques related to quality and problem solving. Production line members' responses to this can be summed up in the opinion of a focus group:

"We were not aware of customers or quality standards. Now we know the value of our work. Now we know that when we do badly, how it hurts the company. We may lose customers as well. To improve, we need to work as a team" (Focus Group 8, March 2002).

Regular production line briefings occurred on a weekly basis and employees were provided with feedback on their performance in areas such as line efficiency and end of line rejects. Previously the production line employees felt that they did not get sufficient feedback on what they were doing:

"There are occasions when we have to rework many times. Quality rejects happen when we do not know the operation well. We have to do the operation the supervisor asks us to do. Even if we do not know the operation well, we try to do our best, but rejects occur" (Field Note. December 2001).

Before the introduction of process controllers, each production manager was responsible for three production lines. The new structure allowed for greater participation by machine operators in decision making and in the organization of the production line and the monitoring of line performance. This was achieved by creating a new position of process controller, a supervisory position that was rotated every two months between machine operators. The introduction of the process controller position increased the extent of delegation of work tasks from supervisory levels to operator levels. Key tasks, such as line balancing, leave allocation and changes in operations were performed by the process controller. Responsibility for line balancing involved determining the appropriate number of machine operators to produce a particular style of garment on the production line, a task previously controlled by supervisors. The plant manager commented:

"We need to give ownership of the problem to the team members. For problems like absenteeism and turnover we have been trying to find out a solution for so many years but it was not effective. But when they take control of the situation, they understand who needs leave and who will work when someone is absent" (Plant Manager Interview, November 2002).

Production line members were also granted the power to stop a defective production process. The system had three color lights; green, orange, and red. In a normal production run, the green color was displayed. The operator stopped the machine for a defect when a red light appeared, enabling the line manager to arrange for maintenance to be undertaken. The orange light indicated that the problem was being attended to.

In addition, the process controller had the ability to stop the production process to rectify a mistake where she detected a defective unit was being produced.

PERCEIVED ORGANIZATIONAL SUPPORT AND JOB ENRICHMENT

After the introduction of job enrichment initiative, employee perceptions of organizational support was high (December 2002) compared with September 2001. The trust levels of employees and their perceptions that their ideas were being listened to had increased significantly. Table 3 highlights that the mean value of the supportive climate before the job enrichment initiative in September 2001 was 3.64 compared to 3.93 in December 2002.

The two mean values had a statistically significant difference. This indicated that there was a significant difference in production line members' perceptions of the supportive climate from September 2001 to December 2002. A substantial improvement was also evident in employee trust, teamwork, acceptance of ideas, openness, and ability to express ideas to managers. The process controller, who rotated among team members, provided line employees with an increased sense of ownership over decisions related to production and quality.

Table 3: Mean Values and Significance of Perceived Organizational Support

Time Interval	Mean Value	Std. Deviation	Sig. (2 tailed)	95% Confidence Interval Difference
September 2001	3.64	0.36	0.00	Lower: –0.41
December 2002	3.93	0.34	–	Upper: –0.16

Source: Survey data, 2002

Figure 2: Perceived Organizational Support – Questionnaire Responses
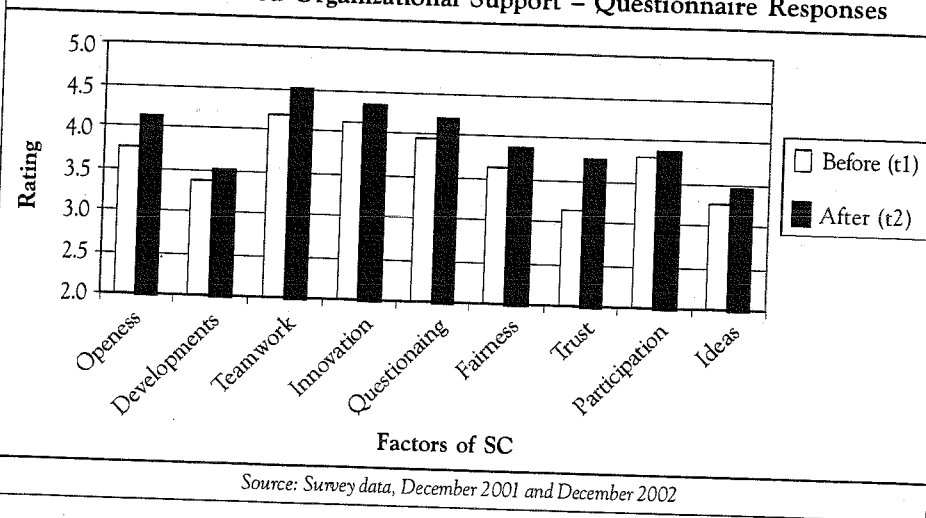
Source: Survey data, December 2001 and December 2002

Figure 2 indicates that perceived organizational support, particularly in relation to questions focused on trust relations, had increased during September 2001 (t1) to December 2002 (t2).

All mean values showed a statistically significant difference (Table 4), inferring that after initiating the process controller initiative there was a significant change in work values, job involvement and perceived organizational support.

involvement explained 28% of employees' POS, confirming that there was a significant change in POS following the introduction of process controllers in the three production lines. The focus groups further validated that the job enrichment process created a positive impression on employees that the organization was prepared to provide knowledge and skills to the frontline employees. In one of the discussions, members pointed out that:

"We are being well educated on the quality points, the outcome of the

Table 4: Mean Value Comparisons of Psychological Factors and Perceived Organizational Support

Time	Job Involvement	Work Values	Perceived Organization Support
September-December 2001 t1	3.5	4.2	3.6
September-December 2002 t2	3.8	4.3	3.9
Source: Survey data, December 2001 (t1) and December 2002 (t2)			

Table 5 highlights that after the introduction of process controllers there was a significant correlation between job involvement and supportive climate and a substantial increase in the relationship between work values and POS. After introducing the process controller position, job involvement increased substantially, from a correlation of 0.623 compared with 0.26 before the introduction of process controllers. A combination of work values and job

product, and our customer requirements before starting a new style. Also proper training is given us to stitch the garments following the first time right concept" (Focus Group 20, December 2002).

FACTOR ANALYSIS OF PERCEIVED ORGANIZATIONAL SUPPORT

We conducted a factor analysis on 9 items related to perceived organizational support

Table 5: Relationship between POS, Work Values and Job Involvement

Category	Work Values	Job Involvement	R^2-Value
Perceived Support Before SMT	0.29**	0.260*	0.182
Perceived Support After SMT	0.36*	0.623**	0.285
Note: * Significant at .05 level; and ** significant at .01 level.			

over time intervals t1 (2001) and t2 (2002). Table 6 illustrates the analysis and factor loadings for three significant factors. Before the implementation of job enrichment, the 9 items selected did not show a significant grouping. After introducing process controllers, the factors were clearly grouped with higher factor loadings. Factor 1, which describes perceived openness and trust had 4 items above 0.50 and a significant improvement in factor loadings. The building of trust was loaded into two factors, with a loading over 0.50 after process controllers were introduced.

The second factor, which describes cooperation with management and fellow workers, demonstrates a high increase in factor loadings, above 0.70, and a clear grouping. The third factor, describes employee perception of participation, demonstrates a higher factor loading and a clear grouping after the introduction of process controllers.

As shown in Table 5, the coefficient of determination (R^2) increased substantially from 0.18 to 0.28 after the introduction of process controllers, demonstrating that the increase in perceived support by employees resulted in increased job involvement and work values. The factor analysis further supports this, showing that there was more perceived trust and openness, cooperation and participation after the introduction of process controllers.

Table 6: Factor Analysis of Perceived Organizational Support Before and After Introduction of Process Controllers							
POS Before and After Process Controllers		Before (t1)			After (t2)		
No.	Item	1	2	3	1	2	3
1.	People in our organizations are not afraid to express their ideas openly	0.56	0.07	0.22	0.80	0.12	0.02
2.	Senior personal will go out of their way to help our work	0.15	0.73	0.05	0.89	0.15	0.12
3.	I feel quite confident that the firm will always try to treat me fairly	0.66	0.29	0.29	0.65	0.28	0.56
4.	Our management would be quite prepared to gain advantage by deceiving workers'	0.12	0.21	0.74	0.55	0.53	0.16
5.	In our work place there is a lot of group sprit	0.15	0.59	0.08	0.10	0.73	0.20
6.	I can discuss instructions regarding my work with superiors	0.02	0.67	0.23	0.26	0.83	0.06
7.	Management in my firm is sincere in its attempt to meet workers point of view	0.77	0.03	0.12	0.08	0.80	0.06
8.	I have pretty much given up trying to make suggestions for improvements here	0.14	0.16	0.81	0.16	0.02	0.85
9.	We can always meet and express our problems to senior managers without any difficulty	0.68	0.08	0.08	0.28	0.11	0.79
Source: Survey data							

WORK OUTCOMES AFTER THE INTRODUCTION OF PROCESS CONTROLLERS

We measured work outcomes before and after process controllers were introduced by assessing the attitudes and behaviors of machine operators, and the outputs achieved with respect to efficiency and product rejects. Behavior and outputs were measured throughout the two time intervals with employee attitudes measured through the questionnaire and focus groups at two time intervals September to December 2001 (t1) and September to December 2002 (t2). A key outcome was higher levels of job satisfaction. In the two time intervals the

behavior in terms of the turnover and absence. Employee attitude, measured by job satisfaction, showed a significant difference following the implementation of job enrichment (Figure 3). These factors were recorded throughout the study, but for the purpose of comparison, two equal time intervals were taken. The rationale for such selections were to provide a comparison between before and after the job enrichment initiative when other factors that might impact on performance outcomes, such as the garment styles being manufactured and the level of customer demand were generally the same during similar seasons.

Table 7: Mean Values of Job Satisfaction			
Job Satisfaction			
Period	Overall Job Satisfaction	Intrinsic Motivation	Pay and Benefits
September-December 2001 t1	3.73	4.45	3.77
September-December 2002 t2	3.96	4.77	3.93
Source: Survey data, December 2001 (t1) and December 2002 (t2).			

'mean values of job satisfaction' improved on all three factors that measured overall job satisfaction, intrinsic motivation and pay and benefits.

Table 7 highlights that the values for pay and benefits show a marginal increase while intrinsic motivation also increased between t1 and t2. A significant change was recorded in relation to the turnover intentions, which improved its mean value by more than 30%. Employee performance was measured by the output in terms of efficiency and line rejects and

Table 8 and Figure 3 demonstrate that there were significant improvements in all the factors after process controllers were introduced. The average on-standard efficiency for the three lines in September to December 2001 (t1) stood at 41% and by September to December 2002 (t2) this had increased to 61.5%, or an increase of approximately 50% in efficiency. During the period January to March 2003, the on-standard efficiency of the lines stood at 61.2%, demonstrating that such improvements in efficiency were sustained overtime.

Table 8: Employee Performance and Behaviors								
Comparison of Employee Behavior and Performance in Three Time Intervals								
Item/Line	t1 (Sep. 01-Dec. 01)			t2 (Sep. 02-Dec. 02)			t3 (Jan. 03-Mar. 03)		
	L1	L2	L3	L1	L2	L3	L1	L2	L3
On.Std.	39.00	46.00	38.00	59.03	64.00	61.75	62.3	58.0	63.00
Rejects	9.10	8.20	14.00	1.78	0.95	1.60	2.6	2.3	1.76
Absence	11.00	10.00	8.00	1.80	2.73	2.29	1.63	2.7	2.96
Turnover	6.50	12.00	8.30	3.00	2.33	2.25	2.75	3.10	2.25

Source: Extracted from Company Monthly Production Records

Figure 3: Comparison of on Standard Efficiency Before and After Introduction of Process Controllers: September 2001-March 2003*
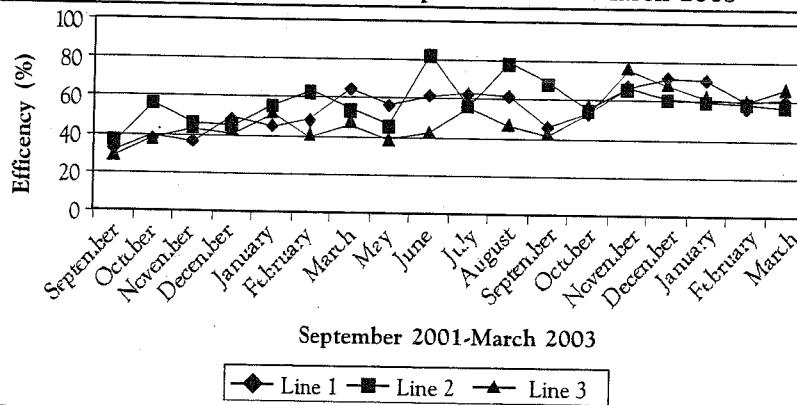
September 2001-March 2003

◆ Line 1   ■ Line 2   ▲ Line 3

Note: * April month is not included because the factory remain closed from April 5-25 and hence no data for this month.

Source: Company Production Records 2001-2003

Figure 3 highlights the trend of on-standard efficiency from September 2001 to March 2003. The levels of efficiency gradually increased following the introduction of process controllers in January 2002 and these increases were sustained from October 2002 to March 2003. Figure 4 demonstrates that line rejects were also substantially lower in September to March 2003 when compared with September 2001 to January 2002. The levels of rejects did increase between May 2002 and August 2002 because of a change in styles of garments being produced.

Rejects dropped from an average of 10% in September to December 2001 to an average of 2.1% in January to March 2003, absenteeism from 9.6% in September to December 2001 to 2.4% in January-March 2003 and turnover from 8.9% to 2.5% during the same period. All performance factors of the production lines improved after the introduction of process controllers and these results sustained during the time period September-December 2002 and January-March 2003.

Figure 5 points to a marked reduction in absenteeism levels from September

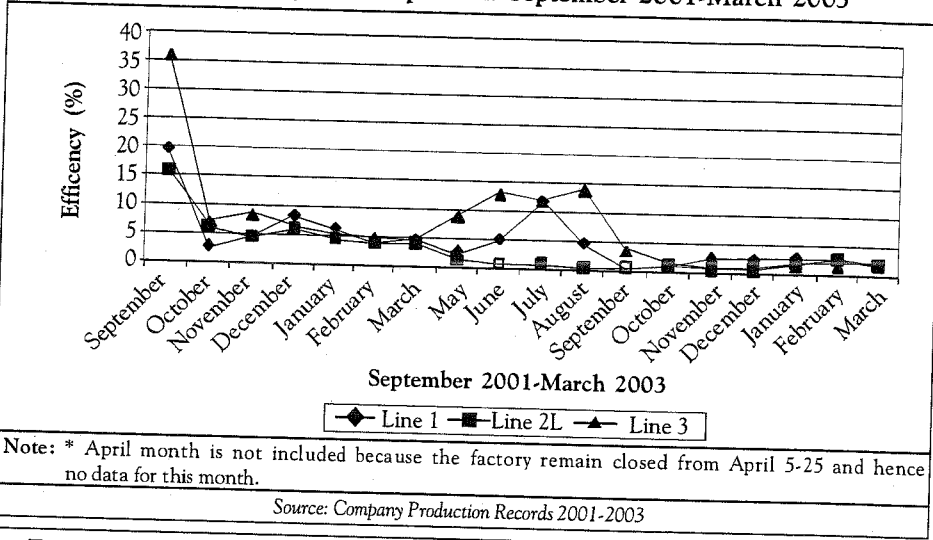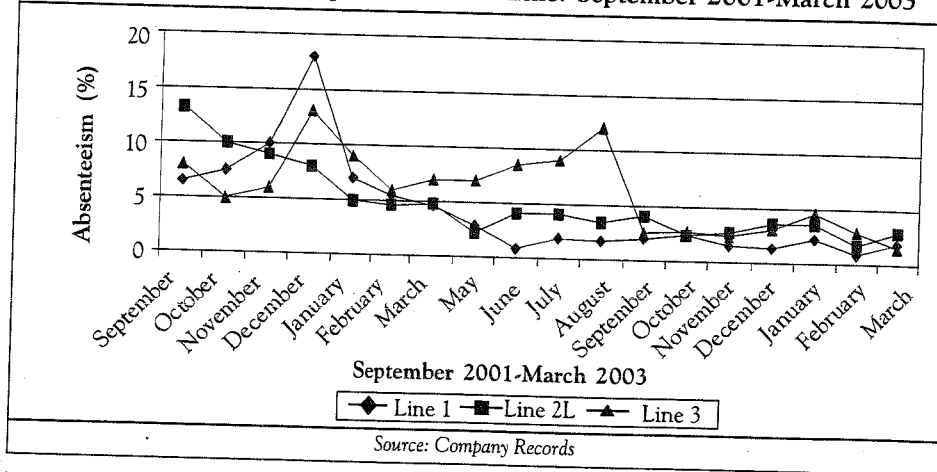## Figure 4: Line Rejects Comparison: September 2001-March 2003*

September 2001-March 2003

◆ Line 1 ■ Line 2L ▲ Line 3

Note: * April month is not included because the factory remain closed from April 5-25 and hence no data for this month.

Source: Company Production Records 2001-2003

Figure 5: Absenteeism per Production Line: September 2001-March 2003

September 2001-March 2003

◆ Line 1 ■ Line 2L ▲ Line 3

Source: Company Records

2002 to March 2003 in all the three lines when compared with September 2001 to December 2001.

CONCLUSION

The study found support for claims that when employees view their employment relationship as based primarily on economic exchange they will perform at minimum levels (Milward and Hopkins, 1980). This was clearly evident across LMC's production lines prior to the introduction of process controllers in September, 2001. On an average, efficiency levels were as low as 41%, rejects rate exceeded 10%, while absenteeism was also close to 10%. Employees believed that they received limited organizational support, had little say in workplace decision-making and

they expressed their frustrations through poor quality work and high levels of absenteeism and labor turnover.

The introduction of job enrichment, involving the promotion of line employees to the position of process controllers, and the greater transparency in workplace decision-making arising from this initiative, succeeded in building a climate of trust and involvement on the factory floor. The study found that there was a significant improvement in the supportive climate evident at LMC, with increased information, knowledge and skills provided to production line employees. Before the introduction of process controllers, 57% of the team members believed that the company was trying to deceive them, while afterwards merely 4% believed this to be the case. In addition, employee perceptions of enhanced work values through the acquisition of more meaningful roles and an enhanced sense of job involvement influenced the emergence of positive exchange relationships. The delegation of increased control over workplace decision-making to process controllers led to perceptions of a climate of greater openness and substantial improvements in employee work performance. Employees responded to the introduction of process controllers by making extra efforts to solve production bottlenecks, reduce reject rates (to 2.1%), improve efficiency levels (to 61.2%) and lower absenteeism levels (to 2.4%). These findings are consistent with previous studies that found that positive, beneficial actions directed at employees by their employer contribute to the emergence of high quality exchange

relationships (Dansereau et al., 1975) that encourage employees to reciprocate in ways beneficial to their employer (Eisenberger et al., 1986). The study also demonstrates that employees experiencing social exchange relationships are also likely to exhibit high organizational commitment and demonstrate increased levels of citizenship behaviors (Levinson, 1962; Organ, 1989; and Robinson and Rousseau, 1994). The study suggests that a social exchange process can be created between employees and their organization when employees perceive that they are being provided with higher organizational support, in this case opportunities for job enrichment, skill acquisition and workplace decision-making, leading to positive outcomes for the organization in the form of improved performance and quality levels.

Future research into employee POS and exchange relationships at work could focus on the impact of different national cultural values, such as collectivism or individualism. For example, employees in the Indian sub-continent have been perceived as demonstrating collectivist work orientations involving a willingness to sacrifice their own personal goals and objectives for the interests of the work group (Hofstede, 1980; and Singh, 1990). As such, employees in Sri Lanka may be more willing to accept strategies that encourage the involvement of the work group in decision-making as representing high perceived organizational support when compared to national cultures where individualism is more prevalent.

In summary, this study suggests that managers seeking to promote social exchange relationships with their employees need to focus on creating opportunities for job enrichment, enhanced transparency in decision-making and improved involvement for line employees in workplace level decision-making. This study has demonstrated that this approach can assist with the promotion of a climate of trust and involvement and ultimately deliver higher levels of work effort and quality alongside reductions in labor turnover and absenteeism.

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