Do actions speak louder than words? An empirical investigation in terms of organizational performance in manufacturing organizations.

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Abstract:During the last years, organizational performance of manufacturing organizations is considered to be a key for a country's economy. As a result of high positive performance of manufacturing organization; the overall effects on the society have attributed the attention and the interest of organisational researchers. Armstrong and Baron (2003) highlighted the need of performance management as being strategic, integral (vertical, functional, human resource integration and integration of individual needs), focus on performance improvement as well as with the development. Gates and Otley (1999) further broaden the scope of performance measurement to include strategy development and the taking of action. In this study, researcher investigates the extent to which an organizational performance is affected by the actions of manufacturing leaders than by just implementing strong rules and regulations in the manufacturing organization. It was also examine whether differences in manufacturing organizational performance and actions of their leaders relate directly to manufacturing organizational performance or vice versa. There are number of tools and techniques available to measure organizational performance e.g. balance score card theory (BSC) by Kaplan and Norton (1992) based on stakeholder theory. The balanced scorecard approach was used as an operational tool, and it is employed to measure and improve operational performance of manufacturing organizations. According to Professor, Bob Kaplan, balance scorecard approach has further extended the measurement of organizational performance. Lipe and Salterio's (2000) observed that the application of balance scorecard approach facilitates managers' judgment, they further elaborate that balance scorecard approach improves managers' judgement regarding what is actually essential without any overloading of information. Further according to Tomasello M et al (2005), humans are more skilled than other animals at discerning what others are perceiving, intending, desiring, knowing, and believing—allowing group decision based on mutual discussion. It is therefore expected that the performance of the manufacturing organizations in this study to be attributed to the ability to actually do the job of their subordinates by the manufacturing leaders and thus set an example for the workers and thus enhance the performance of the manufacturing organization. Based on the results of data analysis of 132 manufacturing organization leaders/workers, it was found that organizational performance measured using balance score card approach is negatively related to both strong rules and regulations than by the actions of manufacturing organization leaders. Researcher argues this is due to strong rules and regulations in manufacturing organizations and so subordinates own innovativity reduces and causes organisational performance at stack. On the other hand manufacturing leaders' positive attitude has a significant positive relation between manufacturing organisational performance. Finally, it was also observed that manufacturing leaders educational background, related field experience positively influences the manufacturing organizational performance. Overall, results suggest that the more skilled and experience a manufacturing leader has, the more positive is the organizational performance. In a nut shell it can be concluded that manufacturing organizational performance is directly related to the actions of manufacturing leaders as well as the skills, experience and ability to do the job of his/her subordinate. A model for improving performance of manufacturing organizations has been developed as a result of data analysis of this study and is presented in this paper to enhance the performance of manufacturing organizations.

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1. Introduction:

There is a large and growing body of evidence that demonstrates a positive link between the actions of manufacturing leaders and organizational performance. The emphasis is on actions of manufacturing leaders in manufacturing organizations that reflects the view that manufacturing organizational performance depends less on tangible resources, but rather on intangible ones, particularly actions of manufacturing leaders. Recruiting and retaining the best manufacturing leaders, however, is only part of the equation. The organization also has to leverage the skills and capabilities of its manufacturing leaders by encouraging manufacturing leaders' positive actions and providing a supportive environment in which manufacturing leaders can freely apply their skills, knowledge and experience to enhance subordinates' productivity. In this study, researcher will assess the manufacturing leader's actions that can lead to improved organizational

performance and identify the key elements of the actions of manufacturing leaders which are essential to make subordinates more productive. The researcher will also examine the effect of these actions of manufacturing leaders on productivity and subsequently the impact on organizational performance, for which evidence is now growing. The purpose of this study was to test the effects of organizational performance relationship with the actions of manufacturing leaders Based on a cross-sectional study of manufacturing organizations performance and actions of manufacturing leaders , the paper tests whether the positive actions of manufacturing leaders are a key to enhance manufacturing organizational performance or vice versa. The questionnaire for this purpose was designed to find whether the positive actions of manufacturing leaders are one of the factors to enhance manufacturing organizational performance. The findings of the study will have implications for manufacturing leaders as well as for the top management of manufacturing organizations wishing to formulate a strategy to enhance manufacturing organizational performance based on manufacturing leaders' characteristics.

2. Literature review

Pertaining to performance management, few comprehensive definitions have been considered. Glossary of Performance Terms (IDeA) highlight that it involves understanding and taking actions on performance issues at each management level of the organisation, it starts from individuals, to organisational teams and its directorates and ultimately leads through to the whole organisation itself. It also involves performance measurement, systems and processes. Performance management is basically deals with managing people and 'the way people within an organisation operate and work together'. Organisational issues for example management/leadership styles, decisional issues, motivating people and persuading innovative ways, and risk taking are just a few variables to enhance organisational performance.

The definition of performance management elaborates the depth of the subject highlighting some of the activities involved in managing performance, that require a range of multi skills and functional approaches. Performance management has developed from diverse origins. During the last decades, number of measurement and management tools and approaches has been designed by number of researchers. For example, financial management and particularly management accounting have been designed for assessing and monitoring the financial performance of organisations; Operations Management particularly focus on the "shop floor" performance and it is mostly targeting on improving output and efficiency of manufacturing or service organisations; Strategy Management concerned with the development of plans to achieve future goals and objectives. Personnel management have been developed for managing the performance of staff. It is not very old concept that performance management from these different fields has started to unite and identify the need for integration into a multidisciplinary loom to manage performance. Neely et al, (1995) defined performance measurement that it is a system of accounting the efficiency and effectiveness of actions. Neely, (1998) further described, the actions needed to quantify the performance of organisations by pinpointing the performance measurement system as comprising three inter-related factors:

- Individual measures that quantify the efficiency and effectiveness of actions.
- A set of measures that combine to assess the performance of an organisation as a whole.
- A supporting infrastructure that enables data to be acquired, collated, sorted, analysed, interpreted and disseminated.

This definition given by Neely, (1998) is assumed to be one of the exact and mostly cited definitions for performance measurement, others famous definitions of performance management given by e.g., Ittner, Larcker and Randall (2003), Gates, (1999) and Otley, (1999) have further widen the area of performance measurement and it also contain strategy development as well as taking of actions.

A review of the literature by Archer and Otley et al, (1990-2003) identifies a number of reasons for managing performance as:

- Strategy Formulation, it deals with the objectives of the organisation and in what ways organisation is planning to target these objectives.
- Managing the strategy implementation plan in the organisation; it can be achieved by analysing the strategy implementation progress with the strategy of the organisation as planned in the beginning.
- Challenging the assumptions made during implementation process, and it can be achieved by targeting the implementation of a planed strategy as well as to assure that its parameters are legitimate.
- Checking the position where you are, by analysing performance achieved with the performance planned.
- Conforming to the non-negotiable issues, this can be achieved by checking whether the organisation is fulfilling the minimum

standards require to survive in the market (for example, legal, social and environmental requirements, etc).

- Properly communicate the strategy to all the organisational teams, it can be achieved by communicating the information regarding strategic goals/objectives the organisational teams are required to achieve.
- Properly communication the strategy of the organisation with all the stakeholders of the organisation.
- Give timely feedback to the organisational teams regarding how they are performing/achieving the organisational goals/objectives against the planned goals/objectives.
- Reward the good performers in the organisation who are achieving the strategy as planned, to motivate others as well as to the good performers.
- Evaluate the organisational performance against the benchmark of different organisations, units, departments, organisational teams as well as against the individuals.
- Provide information regarding management decision-making.
- Give encouragement for innovation/improvement in the existing process and self learning.

As argued by Neely, Kaplan and Norton; performance management system is assumed to be interactive (Neely, 1998; Kaplan and Norton, 2001) because its main roles are to aid the execution of the business strategy and to question strategic assumptions. To measure organisational performance, managers who use the balance scorecard, as an interactive system are overloaded; are not able to interactively use the system (Weber and Schaeffer, 2000). According to the research of (Lipe and Salterio's, 2000, 2002), the application of the balance scorecard approach gives managers' a clue in judgement, regarding what is essential; and it is basically not create the information overload. According to the survey of Nilsson and Kald's(2002) about Nordic organisations, the strategic performance management systems (SPM) are applied both diagnostically and interactively.

According to Watkin and Hubbard, (2003) 'research has … constantly indicating that an organisational culture can have a direct affect of up to 30 percent of the difference in top organisational performance measures'. Wiley and Brooks, (2000) also cited sufficient research … that analyse the linkage among employees work and its relative organisational performance success relative to that work'. They concluded that research as ' the more favourable/friendly organizational /leadership culture is in a work place, the more energetic and more productive the organisation workforce will be'.

Organizational Performance Management (OPM) in the manufacturing organizations scenario is 'the manufacturing organizational leader's activities necessary to improve the product quality as well as organizational profit margin'. Organisational Performance Management (OPM) in the public sector is 'the managerial activities necessary to promote well-performing policy management and public service delivery' (the Organisation for Economic Cooperation and Development; OECD, 1997:8). Organisational performance management in terms of government atmosphere refers to the functions /activities of the government as well its agencies/departments for its plan, implementation, review and evaluation of the programmes and projects for its effectiveness in terms of its policies'.

This paper investigates the extent to which a manufacturing organisation performance is reflected by the actions of its manufacturing leaders. During the last years, organizational performance of manufacturing organizations is considered to be a key for a country's economy. As a result of high positive performance of manufacturing organization, the overall effects on the society have grasped the attention and the interest of organisational researchers. Armstrong and Baron, (2003) highlighted the importance of performance management being strategic, integrated (vertical, functional, HR integration and integration of individual needs), concerned with performance improvement and concerned with development. Gates, and Otley, (1999) further broaden the scope of performance measurement to include strategy development and the taking of action. In this study, researcher investigates the extent to which an organizational performance is affected by the actions of manufacturing leaders than by just implementing strong rules and regulations in the manufacturing organization. It was also examined whether differences in manufacturing organizational performance and actions of their leaders relate directly to manufacturing organizational performance or vice versa. There are number of tools and techniques available to measure organizational performance e.g. balance score card theory (BSC) by (Kaplan and Norton, 1992) based on stakeholder theory.

To see what contributes to competitive advantage, Wright, (2010) and others acknowledge that internal resources be viewed as crucial to sustained effectiveness. Wright et al, (2001) and Penrose, (1959) presented the resource-based view (RBV) of the firm, and after wards it was also articulated by Rumelt,

(1984), Barney, (1991) and Dierickx & Cool, (1989). The RBV basically focus on the necessity for an organisation to take part as valuable group of resources and integrating them in innovative and productive style to assure organisational performance. It is to be noted that competitive advantage is not only dependent, as normally considered, for example, natural resources, technology employed, as well as economies of scale, since these are very simple and straightforward to reproduce. However, competitive advantage in terms of RBV is solely dependent on the valuable, rare, and hard-to-reproduce resources that exist in within an organisation. Human capital in a real sense is an 'invisible asset' Itami, (1987).

3. Methodology

This research was quantitative in enquiry and it was focussed at exploring if manufacturing leaders actions i.e., whether the command of manufacturing leaders over the job of the subordinates, educational background of manufacturing leaders, strong knowledge of the job performed by the subordinates and manufacturing leaders experience, have a positive effect on manufacturing organisations performance or vice versa.

From the literature review of organisational performance, it is evident that leaders strong knowledge, extensive experience and the leaders ability to perform subordinates job have a positive affect on the overall organisational performance Keeping in view of the facts from the literature of organisational performance, , a questionnaire was designed based on the consideration of manufacturing leaders ability to have a grasp on the job of subordinates, strong knowledge of the job and experience of the manufacturing leaders. The questionnaires were sent both by email and by post to the manufacturing leaders, i.e., managers, assistant managers and shop floor supervisors; and constant follow up of the questionnaire was done afterwards. In sum a total of 132 developed questionnaires were emailed or posted to manufacturing leaders of twelve manufacturing organisations. In response to 132 questionnaires, 104 questionnaires were returned completely filled, resulting a 78% response rate. The returned questionnaires were analyzed quantitatively using SPSS 17. Summary of some of the data received from respondents is summarized in table-1 to 3.

In term of years of service, respondents' work experience in their respective organisations is tabulated and shown in table 2 as follows:-

The respondents were requested to give their view in the form of either "Yes" or "No" to the questions, some of the questions asked from the respondents are summarized in table-3.

Table 1. Summary of Type of Manufacturing Organisations from which Data was Collected

Industry / Project	No. of Participants	Percentage
Large Manufacturing Organisations employing 300 or more employees	76	57.57
Medium Size Manufacturing Organisations employing 100 to 300 employees	34	25.75
Small to Medium Size Manufacturing Organisations employing 50 to 100 employees	22	16.66

Table 2 Demographic Data

No. of Years of Service	No. of Participants	Percentage
0- 3	56	42.42
3-5	26	19.69
5-8	19	14.39
8-12	31	23.48
Total	132	100

Table 3 Summary of the Questionnaire

S. No.	Questions
1	Do you think the manufacturing leaders' strong knowledge about the job done by his/her subordinates has a positive effect on organisational performance?
2	Does manufacturing leaders' related experience to the job performed by his/her subordinates' have a positive effect on organisational performance?
3	Do you think manufacturing leaders' strong educational background have a positive effect on organisational performance?
4	Does manufacturing leaders' strong ability to do the job of his/her subordinates' have a positive effect on organisational performance?
5	Do you think manufacturing leaders' who are considered to be role models have a positive effect on organisational performance?
6	Does manufacturing leaders' positive attitude towards his/her subordinates have a positive effect on organisational performance or to enhance manufacturing organisational performance?
7	Do you think that by implementing strong rules/regulations in manufacturing organisations have a positive effect on manufacturing organisations performance?

4. Analysis and Results

Data collected from the respondents was analysed using SPSS 16.0. Summary of the results obtained from the respondents is shown in table-4 and graphically shown in figure-1. It is evident from the results of the data analysis that respondents were asked whether the manufacturing leaders' strong knowledge about the job done by his/her subordinates has a positive effect on organisational performance. About 81 percent of the respondents were in favour of the opinion. When the same respondent were asked

whether manufacturing leaders' related experience to the job performed by his/her subordinates' have a positive affect on organisational performance manufacturing, 65 percent of the respondents replied positively and 94 percent of manufacturing leaders also replied positively. Regarding manufacturing leaders' strong educational background have a positive affect on organisational performance, 85 percent of manufacturing leaders' were in favour of the opinion of strong ability of the manufacturing leaders' to do the job of his/her subordinates' have a positive affect on organisational performance, 92 percent of the manufacturing leaders' responded in favour of the question about positive attitude of manufacturing leaders towards his/her subordinates have a positive effect on organisational performance, whereas only 17 percent of the respondents were in favour of the opinion regarding implementing strong rules/regulations in manufacturing organisations have a positive effect on manufacturing organisations performance. It is to be mentioned here that the respondents replied in a similar fashion regardless of organisational size, or with respect to the experienced they possessed. (Neely et al, 1995) defined performance measurement as the process of quantifying the efficiency and effectiveness of actions. The results of data analysis of this study also indicates that manufacturing organisational performance (efficiency and effectiveness) is directly proportional with the manufacturing leaders' attitude, experience, educational background and ability to do the job of his/her subordinates'. This can be stated that actions of manufacturing leaders, i.e., managerial skills, job related experience, educational background and ability to perform subordinates' job) can have a positive impact on manufacturing organisation performance just as the idiom 'actions speak louder than word'. From the results of data analysis of this study, a model has been developed to enhanced manufacturing organisational performance as shown in figure-2

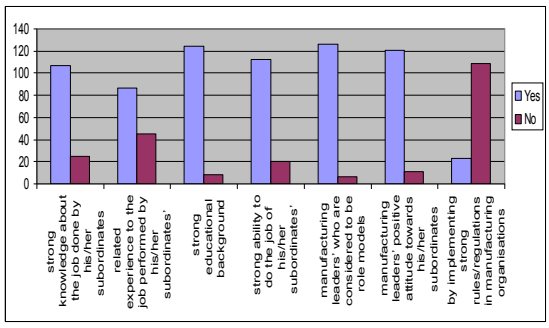

Fig 1. Graphical Representation of Summary of Responses of the Questionnaire

Table 4 Summary of Responses of the questionnaire

S. No.	Questions	No. of Respondents responded as "Yes"	No. of Respondents responded as "No"
1	Do you think the manufacturing leaders' strong knowledge about the job done by his/her subordinates has a positive effect on organisational performance?	107	25
2	Does manufacturing leaders' related experience to the job performed by his/her subordinates' have a positive effect on organisational performance?	87	45
3	Do you think manufacturing leaders' strong educational background have a positive effect on organisational performance?	124	8
4	Does manufacturing leaders' strong ability to do the job of his/her subordinates' have a positive effect on organisational performance?	112	20
5	Do you think manufacturing leaders' who are considered to be role models have a positive effect on organisational performance?	126	6
6	Does manufacturing leaders' positive attitude towards his/her subordinates have a positive effect on organisational performance or to enhance manufacturing organisational performance?	121	11
7	Do you think that by implementing strong rules/regulations in manufacturing organisations have a positive effect on manufacturing organisations performance?	23	109

In the lights of data analysis and results obtained, a research model is being developed to enhance the performance of manufacturing organisations as shown in figure 1.

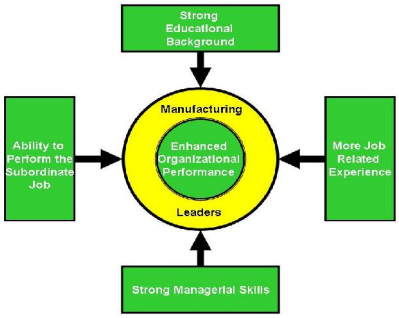

Fig 1. Developed Model to Enhanced Manufacturing Organisational Performance

5. Conclusion

(Terziovski et al, 1999) concluded that manufacturing organisation performance is more likely to achieve better performance in employee relations, customer satisfaction, operational performance and business performance, with total quality management than without total quality management (Milé Terziovski, Danny Samson, 1999). However this study also found that affect of manufacturing organizational performance is dependent on the strong managerial skills of manufacturing leaders in addition to high educational back ground, more job related experience and ability to perform subordinates' job. The results of this study indicates that manufacturing organisations performance will be high if manufacturing leaders have good educational background, possess good managerial skills, have job related experience and command over the subordinates' job performed. This is in line with the idiom 'actions speak louder than word'. The result of this study has been used to develop a model to enhance the performance of manufacturing organisations and is depicted in figure 1. This model can be used in the selection of suitable manufacturing leaders to enhance the performance of manufacturing organisations. The developed model was the outcome of data obtained from manufacturing organisations; however it can also be used to enhance organisational performance of any type of organisation if tested successfully.

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