Analytic Hierarchical Process Based Prioritization of Performance Measures used by Power Loom Textiles

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Abstract— The power loom textiles play a very significant role in Indian economy. This sector produces very important segment of clothing and garment in the form of dhoti, chadder, saari, towel, napkin, bed sheet etc. The power loom textiles which produce these products are lagging behind the apparel and clothing sector in terms of technology and industrial engineering. The Balanced scorecard is well known performance measurement tool used in the other businesses in India. In the previous paper, the author has used survey based research to find out the performance measures by taking the dimensions of balanced scorecard and found out the commonly used performance measures for power loom textiles. This paper is an attempt to make a priority of the performance measures by taking the opinion of experts and using Analytic Hierarchical Process. AHP is a multi criteria decision making tool used for pair wise comparison. This paper describes briefly the meaning of performance along with productivity, profitability, efficiency and effectiveness. This paper gives more emphasis on the term performance and performance measures of power loom textiles in the Indian context.

Keywords— Performance Measures, Power Loom Textiles, AHP.

I. INTRODUCTION

The power loom textile is one of the most important segments of the Textile Industry in terms of fabric production and employment generation. It provides employment to 57.44 Lakh persons and contributes 62 percent of total cloth production in the Country. 60% of the fabrics produced in the power loom sector are of man-made. More than 60% of fabric meant for export is also sourced from power loom sector [1].These power looms have flourished prominently at various centres in Maharashtra such as Bhiwandi, Ichalkaranji, Sholapur and Malegaon, these power loom centres work in decentralized sector and play an important role in the growth of power loom industry. India's textile and clothing industry contributes 4% per cent to Gross Domestic Product, 14 percent in industrial production, 18% of total industrial employment and 27% of export earnings [6].

The traditional business owners believe only profit as a measure. Owners of power loom businesses are aware of non financial measures but instead of measuring it they try to control. In enterprise management, Moullin (2003) defines an organization's performance as "how well the organization is managed" and "the value the organization delivers for customers and other stakeholders."The sector is facing a

tremendous competitive pressure in the global market. The towels manufactured by the Solapur power loom are having a preference in the world market especially beach towels. Now a day's China is competing by making the printed towels but it has remained number two as the world market prefer the multi-coloured pile lifted terry towels. Solapur is having monopoly in manufacturing these towels. For other type of towels the domestic market is very good. The paper deals with prioritizing the performance measures used by the power looms using AHP for Solapur District (Maharashtra). Expert opinion was taken for pair wise comparison of performance measures. Four experts opinion was taken for filling the questionnaire, two belongings to power loom textiles and two consultants in the field of textiles.

II. LITERATURE REVIEW

The terms productivity and performance are commonly used within academic and commercial circles; they are however rarely adequately defined or explained. Indeed they are often confused and considered to be interchangeable, along with terms such as efficiency, effectiveness and profitability [20] and [23]. The productivity is a relative term and is the ratio of output to input. Productivity in manufacturing units is defined as follows: quality and quantity enhancement of product to the ratio of spent cost. The productivity view point is the relationship between the outputs of a production system with the data used for production of output (ILO). The term profitability is defined as the ratio between revenue and cost or profit to assets. It is also defined as the ability of the firm to realize financial gains from its operations. Efficiency is used to measure consumption of an input when used in achieving a certain output. The effectiveness is used to validate the goals of an organization or how much utilities are attained because of the outputs [17]. Efficiency means "doing things right" and effectiveness means "doing the right things" [20]. A performance measure is defined as a metric used to quantify the efficiency and/or effectiveness of an action Performance measurement is defined as the process of quantifying the efficiency and effectiveness of action.

A. Performance measure

Performance measure history could be divided in two periods; first one was applied from 1880 to 1980, which emphasis on financial factors in measuring performance such as profit, productivity, and return of investment (ROI). In the early 1980s, because of global competition, customer requirements changed. Therefore, organizations focused on new methods, philosophies and technological implementation in the management and production [7].

Now, the performance measure is based on financial as well as non financial measures. The performance measure for most of industries is concentrated on financial measure. Power loom textiles performance is also financial based and this can be improved by applying the lean philosophy. So, by applying the lean philosophy [5] the profit can be increased by reducing the cost of manufacturing.

B. Performance objectives

The performance objectives and these are Speed, Quality, Dependability, Flexibility and Cost. [21]

Speed-Fast operations reduce the level of in-process inventory between micro operations, as well as reducing administrative overhead. Products can also be delivered earlier to the customer. Quality-High quality operations do not waste time or effort having to re-do things, nor are there internal customers inconvenienced by flawed service. Dependability-Dependable operations can be relied on to deliver exactly as planned.

This eliminates wasteful disruption and allows the other micro operations to operate efficiently. Flexibility-Flexible operations adapt to changing circumstances quickly and without disrupting the rest of the operation. Flexible micro operations can also change over between tasks quickly and without wasting time and capacity. Cost-Low cost operations allow the company to sell their products at a competitive price, and increase profitability.

C. Partial measures of performance

The five generic performance objectives are -

Speed

Quality

Dependability

Flexibility

Cost

They can be broken down into more detailed measures, which represent the operational performance shown in Table I.

TABLE I: Some typical partial measures of performance. [21]

Performance objective	Some typical measures							
Quality	Number of defects per unit							
	Level of customer complaints							
	*							
	Scrap level							
	Warranty claims							
	Mean time between failures							
	Customer setisfaction score							
Sneed	Customer query time							
Speca	Order lead time							
	Frequency of delivery							
	Actual versus theoretical							
	throughput time							
A	Cycle time							
Dependability	Percentage of orders delivered							
	Average lateness of orders							
	Proportion of products in stock							
	Schedule adherence							
	Mean deviation from promised arrival							
Flexibility	Time needed to develop new products/services							
	Range of products/services							
	Machine change-over time							
	Average batch size							
	Time to increase activity rate							
	Average capacity/maximum capacity							
	Time to change schedules							
Cost	Minimum delivery time/average delivery time							
	Variance against budget							
	Utilization of resources							
	Labour productivity							
	Added value							
	Efficiency							
	Cost per operation hour							

III. RESEARCH QUESTIONS

The research presented in this paper is specifically concerned with the investigation of how do power loom textiles measure performance today? Are they inclined to use financial measures or non-financial ones? What type of performance measurement approaches are used by power loom textiles?

A. The approach for performance measurement used in the paper

By considering the performance dimensions as quality, flexibility, cost, dependability and speed which are commonly mentioned as the main operational performance measures [21] The AHP questionnaire is framed to make a pair wise comparison of performance measures considering the financial and non financial measures [14] The questionnaire is prepared by considering the some dimensions of performance measures which are suitable for the textiles [16] The seventeen performance measures are finalised through questionnaire survey by the author in his earlier publication.

B. Performance measures used in the study

These measures are grouped in three categories like Financial Measures, Non Financial Measures and Process Performance Measures. This is not an attempt to make it in a clear group rather these are general groups. These measures are used in the AHP questionnaire to find out the priority towards the performance measures used by the power loom textiles.

Table II shows the factors as Financial, Non financial and Process with its sub factors.

Financial Measures	1. Gross profit margin(C11)
	2. Cost of product sold(C12)
	3. Total sales revenue(C13)
	4. Low manufacturing cost(C14)
Non Financial Measures	1. Quality of the yarn(C21)
	2. Less scrap and defects(C22)
	3. Number of customer orders received(C23)
	4. Satisfaction of customers(C24)
	5. In time delivery(C25)
	6. Employee satisfaction(C26)
	7. No injury to operator ,no in plant accidents(C27)
	8. Technical expertise of employee(C28)
	9.Flexibility in manufacturing(C29)
Process Performance Measures	1. Number of units produced(C31)
	2. Amount of material inventory(C32)
	3. Low lead time, maintenance & breakdown(C33)
	4. Capacity of the unit(C34)

TABLE II Factors and Sub factors

IV. RESEARCH METHODOLOGY

The objective of the paper is to find the out the performance measure used by power loom textiles. Based on the above literature review and survey result of previous paper the performance measures are considered in order to prepare the questionnaire.

The research methodology consists of the following steps:

1. Development of an AHP questionnaire to collect information about the measures used by power loom textiles.

2. Filling the data obtained through questionnaire survey to prioritize the performance measures.

V. ANALYTIC HIERARCHY PROCESS

AHP process uses pair wise comparisons and then computes the weighting factors and evaluation. This process was developed by Thomas L. Saaty and published in his 1980 book The Analytic Hierarchy Process. The decision maker starts by laying out the overall hierarchy of the decision. This hierarchy reveals the factors to be considered as well as the various alternatives in the decision, in this paper only the objectives are considered to prioritize the factors. A number of pair wise comparisons are done, which result in the determination of factor and sub factor weights and factor evaluations. The AHP is a structured method to elicit preference opinion from decision makers. Its methodological procedure can easily be incorporated into multiple objective programming formulations with interactive solution process. The AHP approach involves decomposing a complex and unstructured problem into a set of components organized in a multilevel hierarchic form (Saaty). A salient feature of the AHP is to quantify decision makers' subjective judgments by assigning corresponding numerical values based on the relative importance of factors under consideration. A conclusion can be reached by synthesizing the judgments to determine the overall priorities of variables. The AHP approach has been proposed in recent literature as an emerging solution approach to large, dynamic, and complex real world multi-criteria decision-making problems. Successful AHP applications have been reported in marketing, finance, education, public policy, economics, medicine, and sports. The AHP approach is thus selected to address the multicriteria decision making problem.

The AHP consists of following steps.

1. Identify all relevant and important performance measure factors.

2. Identify all relevant and important performance measure sub factors.

3. Construct all factors and sub factors into hierarchy structure

4. Collect experts opinion through questionnaire

5. Pair wise Comparison between main factors and sub factors by Experts.

6. Compute priority weights and rating of factors and sub factors.

7. Analyze and evaluate the priority of all factors.

A. Satty Scale

The decision-maker expresses the opinion regarding the relative importance of each factor and preferences among the

factor by making pair wise comparisons using a nine point(Numerical scale) system ranging from 1 (the two choice options are equally preferred) to 9 (one choice option is extremely preferred over the other) (Table III). The AHP scoring system is a ratio scale where the ratios between values indicate the degree of preference. The nine-point scale has been the standard rating system used for the AHP (Saaty, 2000).

Table III Numerical rating and preferences [19]

Numerical rating	Verbal judgments of preferences
9	Extremely preferred
8	Very strongly to extremely
7	Very strongly preferred
6	Strongly to very strongly
5	Strongly preferred
4	Moderately to strongly
3	Moderately preferred
2	Equally to moderately
1	Equally preferred

B. HIERARCHICAL DIAGRAM



AHP template is used for evaluation purpose. The AHP template works under Windows OS and Excel version MS Excel 2010 (xlsx extension). The workbook consists of 20 input worksheets for pair-wise comparisons, a sheet for the consolidation of all judgments, a summary sheet to display

the result, a sheet with reference tables (random index, limits for geometric consistency index GCI, judgment scales) and a sheet for solving the Eigen value problem when using the eigenvector method (EVM).

VI. RESULT OF PAIR WISE COMPARISON

The result table will show all criteria with calculated weights and rank, using the EVM:

	Criterion	Comment	Weights	Rk
1	Criterion 1	First Criterion	27,9%	2
2	Criterion 2	Second Criterion	7,2%	3
3	Criterion 3	Third Criterion	64,9%	1
4				
5				
6				
7				
8				
9		for 9&10 unprotect the input sheets and expand the		
10		question section		

Principal Eigen value lambda and consistency ratios GCI (geometric consistency index) and CR (consistency ratio)

<u> </u>				
Eigenvalue			lambda:	3,000
Consistency Ratio	0,37	GCI: 0,00		CR: 0,0%

In the section below the comparison matrix along with the normalised vectors is displayed:



A. Consistency

Consistency ratios are calculated in all *input sheets* and in the *summary sheet*. With λ max the calculated principal eigne value - either based on the priority eigenvector derived from RGMM in the input sheet or derived from EVM in the summary sheet – the consistency index *CI* is given as

$$CI = \frac{(\lambda_{\max} - N)}{N - 1}$$

The consistency ratio CR is calculated using

$$CR = \frac{CI}{RI}$$

The value of RI is taken from the table of random consistency index table as shown below for n number of experts.

п	1	2	3	4	5	6	7	8	9
RCI	0	0	0.58	0.90	1.12	1.24	1.32	1.41	1.45

B. Goal-Level 1



С.



D. Non Financial Measures-Level 2 and 3

8

1/3

5/7

1/2

1/2

1

Flexibility in

manufacturin



1

1/2

4/9

6.11%

E. Process Performance Measures-Level 2 and 3



VII. CONCLUSION

The AHP study gives the insight of performance measures used by the power loom textiles. In the era of competition and to remain competitive in the business the organizations has to decide and implement the correct performance measures. The performance measure gives the feedback for the business. This paper gives the priority of factors and sub factors. The power loom textiles inclined towards are more financialmeasures51.6% It's good for the businesses as 26.1% are inclined towards the non financial measures, for them the customer satisfaction is also important. The gross profit margin is the main priority for the industries and is 42.3 %. In non financial measures the industries give priority to the incoming yarn quality (23.54%) as the quality of the product is mostly dependent on raw material. In process performance measures the priority is for number of units produced which shows the birds eye on volume of production, the weight age is 38%. The orientation of most of the power loom textiles is towards the financial measures. This paper gives the feed back towards measurement and the area of improvement to flourish the business.

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APPENDIX A QUESTIONNAIRE ITEMS FOR EXPERTS

Please fill the following questionnaire. The 17 sub factors are categorized in three groups namely Financial Performance Measures, Non Financial Measures and Process Performance Measures. This questionnaire is to have a pair wise comparison between the above factors. Similarly for sub factors there will be pair wise comparison. Evaluation is done by a numerical scale by comparing between A and B, weights are given either to A or B based on the preference. For example the Financial Measures are 4 sub factors so; there will be 6 comparisons and so on.

Compare the relative preference with respect to: main criteria $<\mbox{goal}$

Numerical Scale 1 to 9 (Saaty), where (1= equally important, 2= equally to moderately, 3= moderately preferred, 4= moderately to strongly, 5= strongly preferred, 6= strongly to very strongly, 7= very strongly preferred, 8= very strongly to extremely, 9= extremely preferred)

Sr. no	Evaluation criteria A	Numerical scale												Evaluation criteria B					
1	Financial Measure	()) 8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	Non Financial Measure
2	Non Financial Measure	Ģ) 8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	Process Measure
3	Process Measure	9) 8	7	6	5	4	3	2	1	2	3	4	5	6	7	8	9	Financial Measure