

Managerial Attention as a Production Factor: Evidence from a Garment Manufacturer

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IGC GROWTH WEEK 02/06/2016

Managerial Attention

“Attention is the chief bottleneck in organizational activity”

(Herbert Simon 1973)

In other words, managerial attention is an important production factor and a limited resource

Entire strand of theoretical literature in Organizational Economics builds on this insight

We usually take as given that managers matter, but there is little empirical evidence on the effects of managerial attention on productivity

How and by how much does managerial attention affect worker productivity?

Setting: Garment Manufacturing Plant

Large Latin American garment manufacturer

Hundreds of production teams working independently alongside each other

Teams sew a variety of garments: basics, polo shirts, t-shirts, shorts, underwear

Teams typically consist of 17 workers

Team managers are typically in charge of several teams

Data

Daily production data:

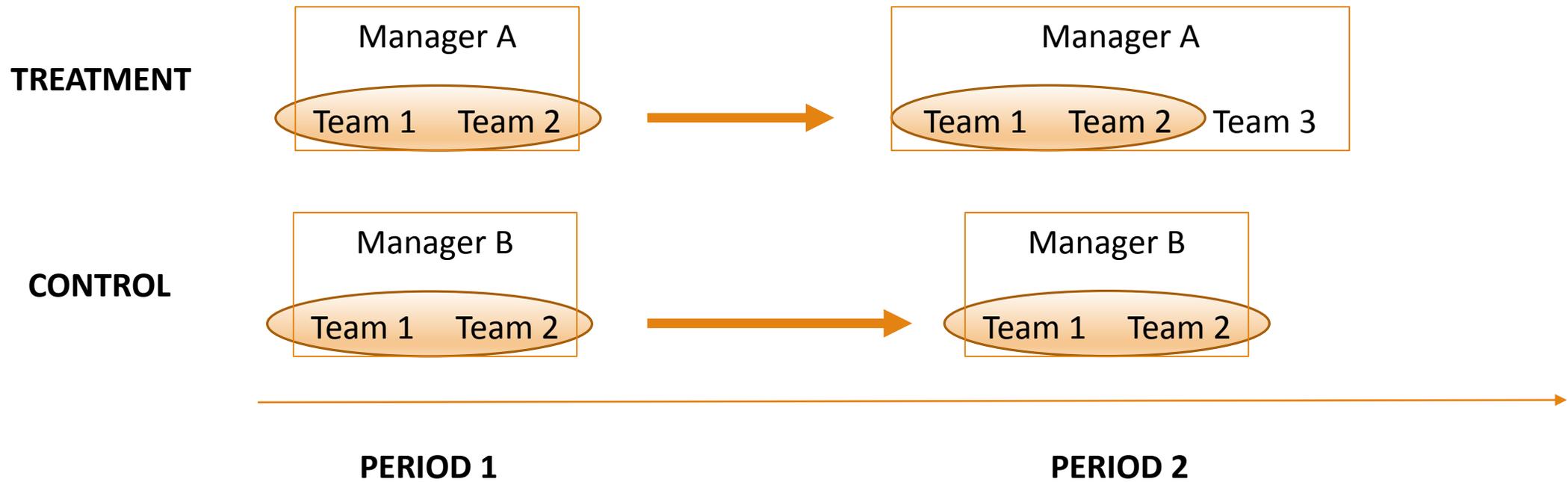
- 137 teams
- 18 months

Productivity measure:
Normalized output per
worker per minute



Approach 1: Managing More Teams

How does the number of teams managed by a team manager affect worker productivity?



Results 1: Managing More Teams

Having the team manager manage an additional team decreases team productivity by about 7.5%

This effect is even larger

1. when the production of a new garment is initiated
2. when a team produces a complex garment

i.e. when the demand for problem solving by the manager is higher.

Approach 2: Distraction

How do distractions to the manager affect worker productivity?



Distractions:

1. Implementation of new production techniques
2. Worker absenteeism

Results 2: Distraction

1. In a week where new production techniques are implemented at one team of a manager, productivity of the other team of the same manager decreases by 6%
2. For each absent worker in one team of a manager, productivity of the other team of the same manager decreases by 0.5%

Conclusion

Managerial attention matters

- Results suggest that doubling a manager's span of control reduces productivity by 11%

Managerial attention matters because managers coordinate and solve problems