

Researchers

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Timeline

2013-

Sample Size

120 production lines (approximately)

Research Implemented by IPA

Yes

Training and Consulting Services for Managers: Experimental Evidence from Bangladeshi Garment Production Lines

Abstract

Lack of managerial capital remains one of the core challenges to SME growth in developing countries. However, rigorous evidence on the impact of programs focused on improving managerial skills is limited. This study evaluates a program which offers training and consulting for managerial staff in garment factories. It focuses on understanding how new management practices are adopted and implemented and what determines their success. The study will measure the impact of the training and consulting on output, productivity and other important outcomes of the factories.

Policy Issue

Small and medium enterprises (SMEs) are thought to be an important source of innovation and employment in developing countries, due to their flexibility in responding to new market opportunities and their potential for growth. However, entrepreneurs face a number of barriers to expanding their businesses and employing more workers, including constrained access to credit, lack of management skills, and unfavorable government regulation. In the manufacturing sector lack of knowledge and skills on how to manage medium-sized production teams may be another key constraint to the creation and expansion of SMEs (see, e.g., Sutton (2011, 2012)).

Training and consulting could help SMEs overcome the lack of knowledge and skills and lead to improvements in productivity. This pilot project evaluates a training and consulting

program with a strong emphasis on the implementation of new processes and practices for garment factories in Bangladesh. It focuses on understanding how new management practices are adopted and implemented and what determines their success.

Context of the Evaluation

Despite exceptional growth in the garment sector, Bangladeshi factories still lag behind in productivity when compared to other countries, such as China, Indonesia, India and Vietnam. At the same time, there are mounting pressures on the factories to improve working conditions and social compliance. Many practitioners in the industry believe that it is possible to achieve both goals with appropriate changes in management practices.

Details of the Intervention

This study will analyze the impact of a training and consulting program offered to staff in two factories. The program is a combination of classroom teaching to a variety of factory mid-level managers from the production, human resources, and planning departments and “activations” during which the material presented in the training is adapted and implemented in the factory. The program spans a broad range of production-related activities, including quality control, wastage, line lay-out, human resource practices, planning practices, provision of incentives and aspects related to social compliance. Because having accurate performance indicators is important to increasing productivity, the program also focuses on introducing a culture of recording and monitoring into the factory.

In each factory, two production lines from an eligible set will be randomly chosen to pilot all of the twenty to forty activations expected to be implemented over the course of a year. The short-term outcomes associated with the experimentation of activation on the pilot lines will be compared to the remaining non-activated lines in the set. Subsequently, the activations will be rolled out to the other lines in the factory and the diffusion (both planned and spontaneous) of practices will be tracked.

There will be two distinct data collection efforts in this study. First, detailed daily and hourly data on input and output for each production line, used to monitor operations will allow for measuring outcomes across lines as well as over time. Second, there will be surveys of key production lines managers and random samples of operators every month. The administrative and survey data will include a range of outcomes, such as output, productivity, workers’ absenteeism, adoption of new practices and others.

Results and Policy Lessons

Project ongoing. Results forthcoming.

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