



## The Business Case for Engaging in Training Activities

In an attempt to show the business case for engaging in training activities, *Better Factories Cambodia (BFC)* is producing this new series of info sheets on the impact of the most popular training and advisory services activities undertaken by the organization. The series will include data on scientific external evaluations as well as self assessment of training activities. It will also offer testimonies and case studies of factories that have engaged in *BFC's* training activities.

### The case of... Supervisory Skills Training (SST) in the Cambodian Garment Industry

#### Introduction

In 2005-2006, the International Finance Corporation (IFC) and Gap inc teamed up to pilot a supervisors skills training package (SST). Based on the success of the SST in improving workers-supervisors relations, in 2007, other brands joined in to financially support (adidas, Gap Inc., Levi Strauss, Sears Corp, Walt Disney, and Wal-Mart) and encourage (H&M, A&F and PVH) their suppliers to participate in the SST programme, which is being implemented by *Better Factories Cambodia (BFC)*, with the support of Business Dynamics Cambodia (BDC).

In June 2008, the IFC partnered with ideas42 at Harvard to rigorously evaluate the impact of the SST programme. The complete results of this scientific randomized study can be found on *Better Factories Cambodia's* web site.<sup>1</sup>

#### What is the SST?

The SST's main objective is to equip indirect and direct supervisors with knowledge, supervising skills and a positive attitude to handle their daily tasks in garment factories. Direct supervisors oversee a line of workers directly, whereas indirect supervisors oversee several direct supervisors and do not directly manage workers. Supervisors are a crucial element of a factory's internal management system. However, if poorly trained, they are the source of many problems, ranging from labour standard to productivity and quality issues. Especially in Cambodia, where supervisors are often Chinese and workers usually Khmer, improving supervisor-worker relations is a crucial challenge for the industry. To address these problems, the SST teaches them how to:

- Enforce high work standards
- Coach and give feedback
- Enforce discipline fairly
- Communicate effectively
- Solve work problems as they arise
- Respect and uphold workers' rights

For training, groups of 20-25 supervisors gather for 4 days (2 times 2 days) of 6 hours sessions. Training is provided in Khmer or Chinese by native speakers. Sessions are organized on the factory grounds or at the ILO *BFC* main building. Ideally a break of 4-6 weeks will occur between the first 2 days and the last 2 days, so supervisors have an opportunity to apply new skills.



#### The SST evaluation methodology

To measure the impact of SST, the researchers of ideas42 at Harvard selected 4 factories located in Phnom Penh. In each factory, a control and treatment group was identified. Pre and post training surveys were conducted. In total, 173 supervisors and the workers working under their guidance were included in the survey. The effectiveness of the SST programme was measured using data collected from two separate sources: (a) in-person surveys of employees and supervisors among treatment and control groups and (b) workplace effectiveness of the training was measured using factory records of output targets, productivity, absenteeism, and turnover.

The impact of SST was measured along two dimensions:

<sup>1</sup>  
<http://www.betterfactories.org/content/documents/1/SST%20Randomization%20public%20report.pdf>



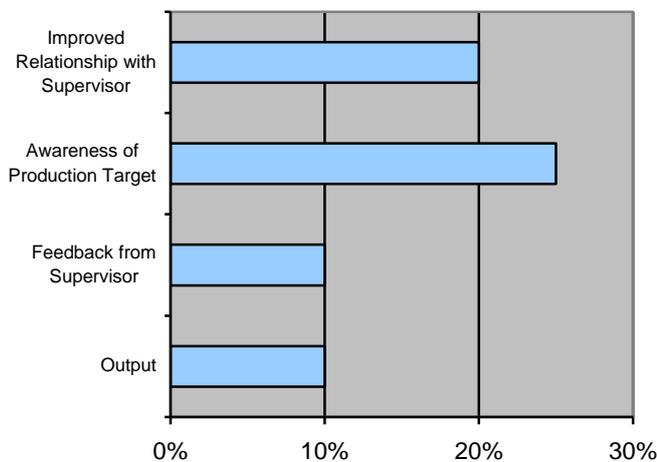
### Impact on supervisor-workers relationships:

After training direct supervisors, 20% of the workers indicated that their relationship with their supervisor had improved. Similarly, results show that workers had a 25% higher awareness of production targets and received weekly guidance and feedback from their supervisor more frequently (10%). The positive impact of SST on supervisor-workers relationships was even more significant in cases in which both direct and indirect supervisors were trained.

### Impact on productivity:

Results show that workers, whose indirect supervisors were trained, have a significant 10% increase in output. On average, they report one hour of overtime less per day, as well as one day less of overtime work per week. This in turn could allow factories to take in more orders. Furthermore, evidence points to a decrease in workers' in-line rejection rates. According to ideas42, the effect is smaller immediately after training (in the first two months after the training) but grows stronger starting in month three.

If training the direct supervisors did not show direct impact on productivity, it is important to note as well that there does not appear to be a drop in quality of productivity. This defeats the argument wanting that production could suffer if workers were treated more 'softly'.



### Conclusion

The study showed that the SST training improved workers' perceptions of relationships with their supervisors and led to moderate improvements in overall firm productivity. However, these results varied depending on the management level of the supervisor trained. To improve the "soft" dimensions of the work environment (such as job satisfaction

and day-to-day management) training direct supervisors mattered most. In contrast, for "hard" dimensions such as improved production timelines and communication about deadlines and target outputs, training the indirect supervisor mattered most. The improvement in job satisfaction when both levels of supervisors are trained might suggest that direct supervisors have more leeway to implement the changes learned in the training if their direct boss also approves of them. The best way for changing the work environment is guaranteed when training both levels of supervisors.

Overall we can infer that the supervisory skills training programme made a meaningful impact in improving working conditions and business results in participating Cambodian garment factories.

The randomized study results support the business case for investing in better working conditions as they show that, in the case of SST, workers' job satisfaction and productivity are not competing but complementary objectives, and that training has had a positive impact in increasing both.

### BFC's training and advisory services

Better Factories Cambodia has been providing services to the Cambodian garment industry since 2001. It aims to improve working conditions in the country's export garment factories. It combines independent monitoring with finding solutions, through suggestions to management, training, advisory services and information.

BCF's training and advisory services focus on improving working conditions, productivity and quality through workplace cooperation.

Investing in training benefits employers, workers, and Cambodia. Among other things, enterprises benefit from improved competitiveness and market share, reinvestment in product and process innovations, diversified business activities. Workers enjoy better working conditions, understanding labour rights and responsibilities, adaptability to changes, improved employment prospects, higher wages and other factors that contribute to a better quality of life. Cambodia benefits from higher employment, quality and efficiency of products and services, reduced poverty, respect for labour rights, social equity, and competitiveness in changing global markets and dynamic growth sectors.

For more information on BFC's training and advisory services, please call: +855-23-212-847 or email: [bfctraining@ilo.org](mailto:bfctraining@ilo.org). Please visit: [www.betterfactories.org](http://www.betterfactories.org)