



A Stitch in Time...

The International Finance Corporation's Mekong Private Sector Development Facility and Gap Inc. initiated 36 supervisory skills' training courses to help increase competitiveness in Cambodia's garment factories by improving communication between workers and supervisors. An evaluation of the program found significant improvements in supervisory practices and factories' performance.



"The training has changed the way we work, especially our attitudes, teaching us to be more patient. We realize we don't have to behave in a win-lose manner. Now we try to find a win-win solution." – Kung Leakhena, Factory Supervisor



The Background

The garment industry has been the engine of Cambodia's economic growth for the last five years. In the first half of 2006, garment production earned over 2 billion dollars, accounted for approximately 17.5 percent of GDP and represented over 80 percent of manufactured exports. Some 325,000 people work in the industry, many of them poorer rural women whose earnings also support their extended families.

Although the industry has survived and even grown since preferential tariffs were reduced at the beginning of 2005, studies have shown that maintaining and improving Cambodia's good labor practices and improving competitiveness in other ways, is critical for the survival of the industry. A World Bank Group survey of garment buyers found that the maintenance of Cambodia's good labor practices was one of the main reasons for international buyers to source garments from Cambodia.

The Supervisory Skills Training Program

"Before the training I could not control my temper each time a team member did something wrong. I always shouted at them and sometimes made them feel bad and not want to work." – Yan Kunthea, Supervisor



Yan Kunthea was typical of many shop-floor supervisors in Cambodia's garment industry. Without any clear understanding of the workers she managed, she would shout at them when things went wrong. Relations between Kunthea and her team were challenging until she was selected as one of 650 supervisors to attend a special *Supervisory Skills Training Program* carried out in seven Gap Inc. factories between March 2005 and January 2006.

"From the training I learned how to talk with the workers when they make a mistake. Now I try to make them understand well how to do their work." – Yan Kunthea, Supervisor

Kunthea stresses the dramatic impact the course had on her managerial practice. Nor is she an isolated case.

Key Program Impacts

On average, 97 percent of the supervisors who underwent the training stated that they were satisfied with it and had gained new knowledge and skills. Like Kunthea, many of these supervisors added that they too have changed their behavior as a result of their newly acquired knowledge.



"Before the training if there was a problem I just kept it to myself, but since the training, I try to share the issue with my team and then try to solve the problem as a team." – Lui Feng Lan, Supervisor

This culture change has led to improved performance both by the supervisors themselves and more generally in the factories. Specifically, the number of employee warnings and absenteeism has declined, and other measures of productivity have improved such as a decline in the number of sub-standard garments. On average, the number of warnings decreased by 12 percent, compared to performance before training.

HR managers and department heads in the factories offering the training have acknowledged the usefulness of the training and expressed the desire to have new supervisors similarly trained. The factories involved in this pilot have asked when the scheme will be extended.

Recognizing the important role that supervisors play in adhering to labor laws and achieving productive relations with workers, the International Finance Corporation's Mekong Private Sector Development Facility (IFC-MPDF) partnered with retail clothing giant GAP Inc., to pilot supervisory training in human management skills. The aim of this course was to improve worker/management relations in factories and through this reduce the number of working days lost to disputes, improve productivity and maintain and enhance Cambodia's image as a country with good labor practices.

Gap Inc., Cambodia's largest garment buyer, originally commissioned the training scheme for some of its factories in Indonesia and India. Based on good results that showed the training had greatly improved interaction between supervisors and subordinates, Gap Inc. approached IFC-MPDF to help implement the same training in their factories in Cambodia, as well as train three locally-based trainers.

Training Evaluation

IFC-MPDF evaluated the program in April 2006, interviewing the trained supervisors, workers, department heads and human resources managers (1,800 people in all). The purpose was to identify the impact of the training, the extent of behavioural change in the factories and the effect the training had on the working environment.

Overall, the findings indicate that the training led to significant improvements in the factories.





HR managers reported that communication in general, as well as specifically between Chinese supervisors and Cambodian workers, had improved and the number of warnings were fewer. They felt that supervisors' problem solving skills had visibly improved, as demonstrated by a reduction in the number of warnings.

"Before the training if supervisors could not solve the problem, they would just report to the department head, but after the training they knew how to solve the problem themselves."

– Zhang Min, Assistant Factory Manager



Skills Acquisition and Application

Supervisors were asked whether they had acquired new skills and knowledge from the training and whether they applied these to their work *greatly*. In response, 61 percent of supervisors confirmed that they had acquired *a lot of new skills*, with a further 36 percent rating their skill acquisition as *average* (see Figure 1 on back cover).



"Before I did not know how to motivate my staff, but now I have learned to explain to them how they can get a reward if they meet their targets."

– Meas Malina, Supervisor

A total of 55 percent of supervisors stated that they now apply their new skills *greatly* with a further 42 percent rating their application of new skills as *average* (see Figure 2 on back cover).

"Before when my team members did something wrong, I often made them lose face in front of everyone, blaming them, but now I control my feelings, even if they have made a serious mistake. I correct them but still try to make them feel good."

– Ho Chantha, Supervisor



Perception of Impact of Training on Performance

Workers, supervisors and department heads, were asked to assess the performance of the trained supervisors, based on their ability to enforce high working standards; communicate with superiors and staff; coach and give feedback to staff; solve work problems; enforce discipline; and respect and uphold workers' rights.

On average, the supervisors' performance all rated higher on these attributes three months after completion of the training (April 2006) than at the outset. Using the same criteria, a comparison between the seven participating factories and two non-participating Gap Inc. factories indicated that trained supervisors performed better on average than untrained supervisors.



"Before the training, when my supervisor saw something wrong she would complain again and again. Since the training she has stopped complaining and now explains how to do the work properly."

– Dan Lay Eang, Worker

Workers' ratings for their supervisors also improved, with respondents stating that their supervisors' performance had improved as much as 7 percent. Trained supervisors were also rated 7 to 10 percent higher if compared to supervisors in the two non-participating factories.

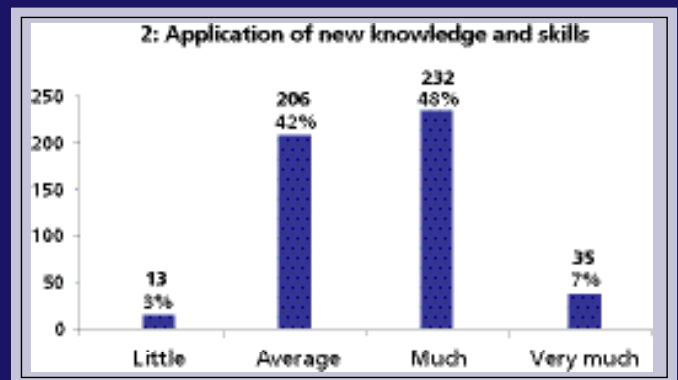
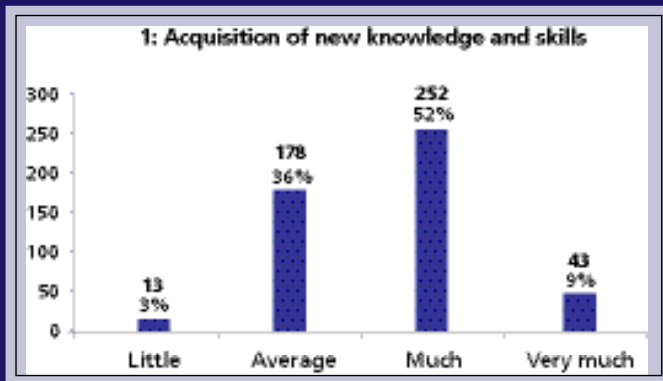
Department heads confirmed that supervisors' communication skills, teamwork and problem solving skills had improved. Some added that the training had inspired their factory to provide internal training for new supervisors.

Labor Relations

The impact of the training on industrial relations within the factories was measured against a number of criteria (see the table on back cover). In general, labor relations have significantly improved in the selected factories, productivity has increased and production quality is higher.

The number of employee warnings has reduced from an average of 100 cases in 2004 to 88 cases in 2005 – which is a 12 percent decrease. Average absenteeism has also reduced by 8.2 percent in 2005. Production line performance has improved with a decrease in both the in-line rejection rate and the shipment rejection rate (reduced by 38.9 percent and 44.4 percent, respectively in 2005, compared with 2004).





Comparison of Key Results Before and After Training

Key Performance Indicators	2004	2005	Percentage Change
Average Absenteeism	3.50%	3.21%	-8.29%
Number of Warnings	100	88	-12.00%
Productivity Increase	15.70%	27.01%	72.04%
Shipment Rejection	3.00%	1.67%	-44.40%
In-Line Rejection	14.60%	8.92%	-38.90%

Future Plans

The IFC-MPDF *Supervisory Skills Training Program* has demonstrated how a relatively low cost training scheme can improve labor relations in the Cambodian garment industry. But it is just the beginning.

The next phase is for the supervisory training scheme to become available for all garment factories in Cambodia. Already buyers in addition to GAP Inc. have expressed an interest in becoming partners in its expansion. Currently IFC-MPDF and GAP Inc. are bringing together these other buyers and the International Labour Organization to plan the next phase and to tailor the program to the needs of senior management within the garment industry.



"The training has increased my knowledge, which has led to my promotion and salary increase and so improved my ability to support my family." – Um Navy, Supervisor

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