

How to maximise the benefits of garment factory training for your business, your workers and the industry

Business case

Investing in factory improvement services can increase productivity and worker welfare, and ultimately profits for your factory. This paper sets out some key information regarding why you should invest in factory improvement services, how you can access these services, and some key questions you should consider before doing so.

As part of its work in the Myanmar garment market, The Business Innovation Facility (BIF) provided garment factories with training on productivity and human resource (HR) management. The objectives of the intervention included upgrading HR systems and processes to improve worker welfare and increase factory productivity and profitability. The anticipated longer-term goal was to make it easier for factories to comply with international standards and, as a result,



attract more and larger orders from reputation-sensitive international buyers. *The business case for factory improvement services in Myanmar* gives a breakdown of the results and findings from this intervention. This paper is intended to supplement the business case, and provide information for factory owners looking to invest in factory improvement services and harness the benefits they can bring.

The impact of the training was measured using a Randomised Controlled Trial (RCT) led by an independent academic institution, Tufts University. Results from fourteen garment factories showed increased orders and productivity, and a decrease in staff turnover, along with a number of other benefits.



Results from a 21-day classroom training and 14 in-factory follow-up days over 8-month in 14 garment factories are presented in the diagram overleaf. These focus on the key areas measured (working conditions, productivity, business opportunities and profitability).



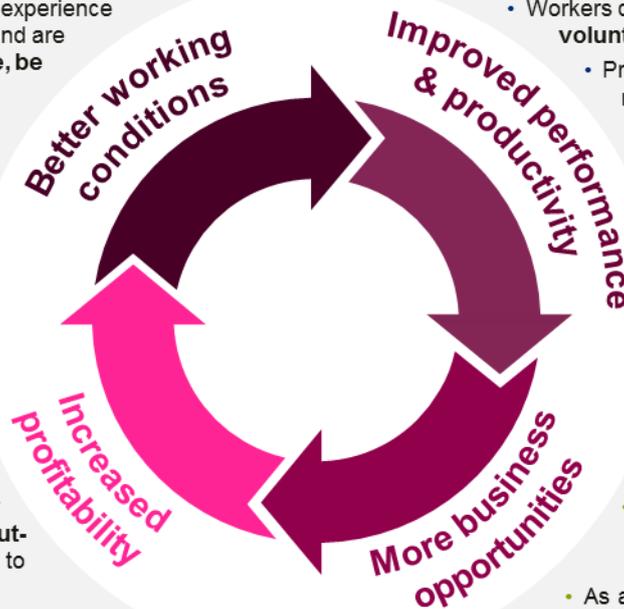
Why should you invest in human resources and productivity training?

1) Training to improve management and HR practices leads to better working conditions

- Monthly **staff turnover** fell from 10.5 to 8.85%
- The proportion of staff with 13-24 months' **experience** increased by 9.3%
- Workers understand how pay is calculated and **trust the factory** to pay them correctly and fairly
- Workers that trust factory management and feel comfortable at work experience greater job satisfaction and are **less likely to arrive late, be absent or quit**
- Workers report **more comfortable working conditions**, e.g. less noise, improved air quality, personal protective gear more readily available

2) Training on new, more efficient production systems improves factory performance

- **Productivity increased 73%**, from 4.4 to 7.6 garments produced per worker, per 8-hour day
- Introducing quality bonuses **improved worker job satisfaction and work effort**
- Workers became more confident in their ability to produce **high quality garments**
 - Workers contributed **more voluntary overtime hours**
 - Productivity improvement methods introduced in one production line in a factory can lead to **benefits across the whole factory**



4) With increased productivity and more orders coming in, profit is very likely to increase

- **Increased productivity generates additional Cut-Make value** which leads to substantial Return on Investment for the factory
- Increased orders enable **greater utilisation of the factory's production capacity**, productive assets and workers, and enhanced reputation
- **Higher shipped quantities generate more revenue** for factories and most likely increase profitability
- Reduced turnover, achieved through better working conditions, **cuts costs to recruit, on-board and train new workers and supervisors**

3) Better managed, more productive factories are more attractive to international buyers

- International buyers are likely to place **more and larger orders**
 - As a result of training, **orders grew by 86%**
 - **Average shipped quantities doubled** from 33,000 garments to 58,000 during the training and to 71,000 garments in the months after training
- It is likely that **buyers were more confident placing orders** with factories that were making tangible efforts to improve worker welfare, HR, health and safety, and productivity





What questions should you consider?

A factory owner looking to invest in factory improvement services should consider making a factory improvement plan. There are seven key questions you should consider before embarking on a factory improvement plan.



1. Why introduce a factory improvement plan?

A factory improvement plan will help your factory improve its technical, HR and hopefully financial performance. Based on our approach it will increase the capacity of your factory(ies) to take on and ship more orders. It will also increase job satisfaction for workers, thus increasing the probability of workers staying. Overall, it will make the factory a better place to work for staff and managers, and a better place to source for buyers.

2. Who will benefit from this initiative?

Everyone in the factory will benefit from training and consultancy services if management communicate about the changes they plan to bring and why they will be successful. As part of BIF's intervention it was noted that

- Workers said that with training their supervisors became more patient and better at explaining things;
- Supervisors were more confident in their capacity to deliver against their objectives and communicate effectively with their workers; and
- Managers were less stressed, and better understood problems and opportunities in their factories.

Clothing brands and buyers will also benefit from training and consultancy services provided you communicate the initiatives with them; it may be beneficial to discuss the results of BIF's interventions with the brands and buyers who place the most orders with you to demonstrate the gains that can be made.

3. Who should you contact to help your business realise its full potential?

If you would like to know more about the results of this research, you can contact the BIF team. However if you want to consider making improvements in your factory you can talk to one of the factory service providers BIF has supported. BIF does not provide recommendations on the factory service provider you should work with; we advise you should first list the factories in your supply chain or in your group of companies that could benefit from factory improvement services, and then define what you want to achieve. Ask factory service providers to send you their leaflets, brochures and training packages. You can then ask the factory service providers to send you a technical and commercial offer to address the challenges you have identified. You can also ask them to visit your factory(ies), or have a discussion with them before deciding which company you will work with.



4. When is the best time to start this process?

The sooner the better. However, the BIF research showed that factories that made improvements attracted a lot more orders so if you are looking to attract new buyers then this will be a particularly good time to start the process.



5. Is financial support available to help carry out this plan?

BIF does not provide financial support. However, you can contact other donor-funded projects such as the Responsible Business Fund for financial support.

6. Who amongst factory management must be convinced / whose sign off is needed?

BIF has learnt that a key to success for a factory improvement process is to make sure that all of the main decision makers and senior staff are fully bought-in to the process from the beginning. We know from experience that factory owners and managers who engage in this intervention are likely to yield better results. This is because their mid-level managers and supervisors understand that the owners and senior managers care about the success of the intervention, and will be monitoring progress. It is also important for owners and managers to question, and sometimes challenge, the changes and innovations that are being introduced.

7. How can you make sure that the improvement plan is delivering positive results for the factory?

Evidence in *The business case for factory improvement services in Myanmar* shows a sample of the improvements that training and consultancy services brought to factories. Investing in training and consultancy will achieve results, provided there is leadership and management buy-in; the more you invest in the right training and improvement, the more likely it is to generate a return on investment.

What type of training is available and what are the benefits?

The number of local service providers offering productivity, HR and compliance training, and consulting services to garment factories, training centres, government and not-for-profit organisations is limited. Some of the options include:



Engaging specialised local service providers to deliver classroom training, factory training, or a combination of the two



Setting up a training line in the factory using existing in-house knowledge and capacity



Bringing in industrial engineers / consultants from overseas



Accessing general training through providers such as The Myanmar Garment Human Resources Development Centre (MGHRDC), who offer a ten-day basic sewing training course and ten-day supervisor training course



In many cases factories may rely on external international trainers and consulting companies to lay down the basics of productivity improvement and better HR practices, or they may choose to bring in 'in-house' expertise from overseas. However, there are many reasons it can be preferable to use a local factory service provider; for example, international experts may lack the understanding of local labour law that a local provider has. Similarly, a foreign consultant will not know the complexities of industrial relations, or the language and culture of Myanmar. Time and cost are also important considerations, for which using a local factory service provider can result in significant savings.

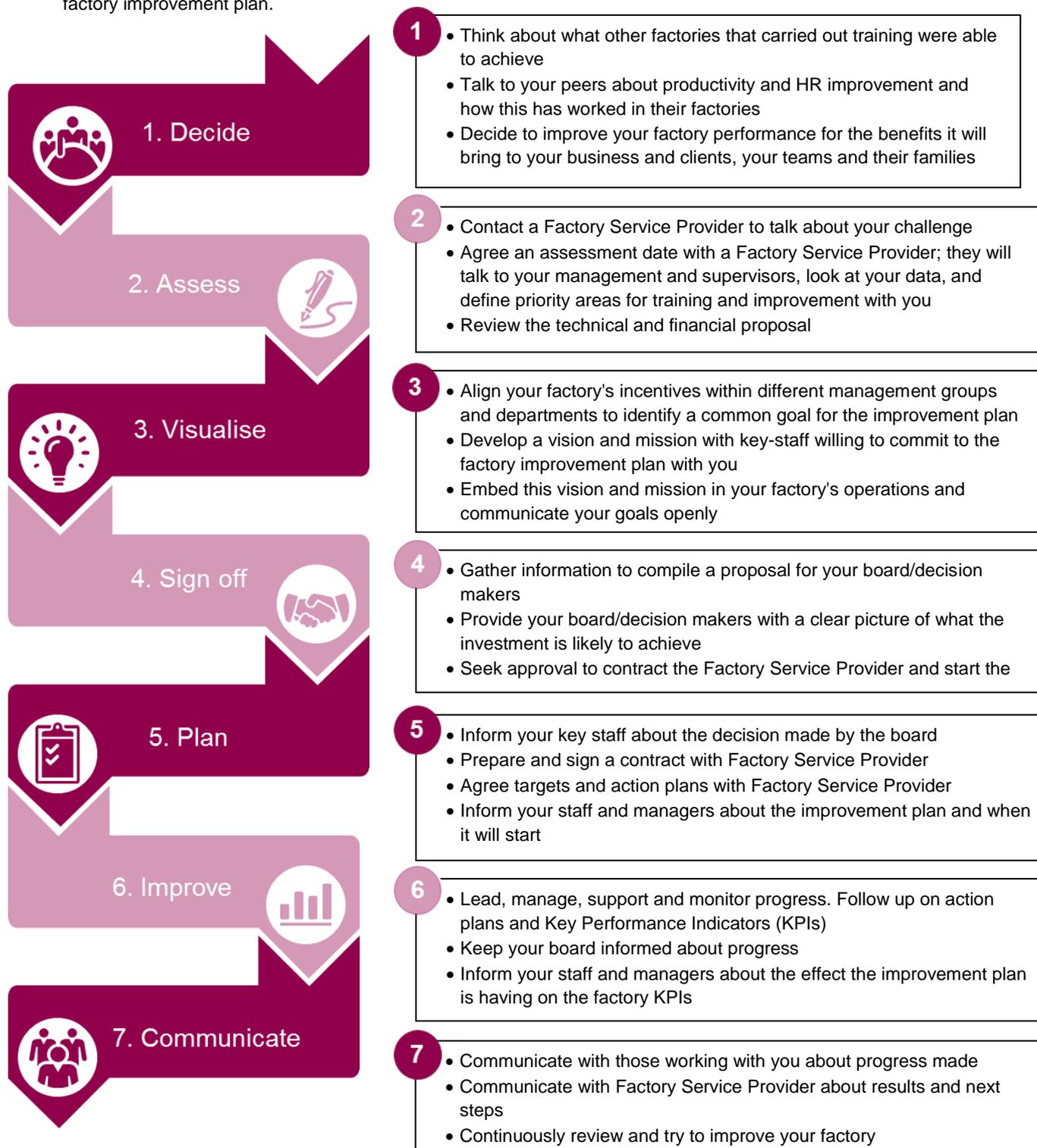
There are also a number of practical factors to consider when introducing upgrading initiatives to a factory. One of the main factors is whether key staff (managers and line supervisors) should be trained at training centres / in a classroom, or in the factory, or a combination of the two. The table below provides an overview of the benefits and constraints of each of these approaches.

Training approach	Opportunities	Constraints
Training centres	<ul style="list-style-type: none"> ➤ Provide the space to reflect on the workplace and focus on learning ➤ Provide opportunities to exchange with peers ➤ Provide opportunities to discover the latest machines and technology ➤ Require limited planning 	<ul style="list-style-type: none"> ➤ Unable to attend to urgent issues in factory ➤ Difficult to achieve economies of scale ➤ No 'real' case practice
Classroom and in-factory training	<ul style="list-style-type: none"> ➤ Create economies of scale ➤ Improve communication by involving different departments ➤ Provide a holistic approach to factory improvement ➤ Provide tailored factory training and benefits the factory directly ➤ Increase reputation and pride as staff and managers are aware something positive is happening in the factory ➤ Create opportunities for line supervisors to copy improvements ➤ Provide opportunities for follow-up and monitoring with trainers/consultants 	<ul style="list-style-type: none"> ➤ Require leadership, buy-in and commitment from management and supervisors ➤ Change management process is disruptive to factories ➤ Require training room or meeting room where the training can take place ➤ Require planning and coordination to make sure supervisors and managers who volunteer to attend are available



Factory improvement planning checklist

The following diagram presents a step-by-step checklist which will help you to design, plan and implement your factory improvement plan.





Where to access support

The Myanmar garment sector is set on an impressive growth trajectory. Continue to be part of it. Talk to your colleagues about the business case for factory improvements, exchange ideas and continue to develop.

BIF supports four Myanmar training service providers to deliver factory improvement services. These companies offer a very good understanding of the context, the business and regulatory environment, and can engage with factory owners, managers, supervisors and workers directly in the Myanmar language.



The Center for Child Rights and Corporate Social Responsibility (CCR CSR) has been a pioneer in advising businesses on child rights since 2009. Our services and expertise help businesses embrace sustainability strategies, programs and projects that permanently improve the lives of children, young workers and working migrant parents in supply chains across Asia.

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Brilliant Innovative Solutions Co., Ltd. has been working together with the Business Innovation Facility (BIF) since 2017 (previously as Go Win Trading) to provide consulting services giving solutions and training to address some of the most pressing challenges faced by the garment industry in Myanmar.

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Myanmar Con Yat Company Ltd (MCY) is a British and Myanmar joint venture consultancy specialising in Human Resource (HR) management, payroll and training services. Our consultants have special expertise in the garment industry and can assist in improving productivity, quality, absenteeism and turnover. Myanmar Con Yat provides the services that businesses need to be part of Myanmar's development, and in turn, allow our trainees and clients to be the front-runners of the country's success. We view growing and supporting skill development of Myanmar's workforce as a social obligation, rather than a business one.

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