ILO FACTORY IMPROVEMENT PROGRAMME –

THE EFC * EXPERIENCE

By

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EXECUTIVE SUMMARY

Since 2002 the Employers' Federation of Ceylon has been working with the ILO on the implementation of the Factory Improvement Programme, a training and consultancy approach to strengthening both the labour and management practices of local enterprises. In FIP, classroom training on a number of modules are followed up by enterprise-level consulting services that allow participating factories to access expert knowledge to apply what they learned during training. To-date, three FIP cycles have been carried out, working with 27 garment factories in and around Colombo.

The results have been very positive for the factories concerned, with often dramatic improvements taking place in their competitive position. As an example, in the last cycle, sample turn around time – a key performance indicator in the garment sector – improved by 28% on average for participating factories while cost per minute – another key indicator for the sector – improved by 23%. At the same time, the area of human resource management saw similar improvements, including a 12% on average drop in labour turnover and, through a focus on worker training, a 33% increase in the number of operators rated as highly skilled.

The programme is innovative, both in philosophy and methodology. First, in terms of philosophy, FIP ties together the latest thinking in management and production practices with the best practices in industrial relations and HRM. Worker-manager relations are built throughout the programme, with the recognition that the involvement of workers is crucial to reaching the quality or productivity levels required of companies to be globally competitive. Specific modules on HRM and workplace relations help factories develop the same systems approach that they more often are familiar with in terms of production.

In terms of methodology, the modular approach taken in FIP means that the habits of continuous improvement are built over time, reinforced as the programme moves from one topic to the next. Training participants often find that what is covered in the classroom sounds useful – but is difficult or impossible to implement when faced with the reality of the production floor. FIP has successfully overcome this challenge for participating factories, with experts and an FIP support team working at the enterprise level to make sure that good intentions are followed up by good actions.

For us at the EFC, and for employers' organizations in general, FIP provides a means of mainstreaming labour issues, putting them where they belong, at the centre of competitiveness. Taking a holistic approach, in contrast to 'classic' labour standards training programmes, FIP has made clear to participating factories that good overall management is essential to improving labour conditions, and equally, that good labour practices can contribute to business competitiveness. Although this 'business case' for socially responsible management is not new, it is one typically put forward by multinationals. With FIP, we have seen in Sri Lanka that the case can be made for local factories.

For the EFC, the Factory Improvement Programme has brought a number of advantages. First, it has opened up a new opportunity, allowing us to re-examine the training and services offered to our members. FIP is not easy to run and requires a highly skilled support team as well as leading experts – otherwise factories would never commit their time and resources. Building such capacity, either directly in the organization or through partners who have assisted in implementation, has pushed us as well to improve performance. In terms of funding, while the programme is still covered in part through the ILO, by far the majority of costs are addressed by fees collected from participants. These fees, which have risen from $3,000 per factory participating to over $8,500 in the next round, are further evidence of the business case for such services.

The programme has helped EFC strengthen ties with the ILO, while allowing the EFC to reach out to a new set of potential members – specifically those in the garment sector. Finally, given the success that the programme has had, and the coverage received of its results, FIP has helped build the reputation and relevance of both the EFC and the ILO with both multinationals and local factories.

A. What is FIP?

In the background of a highly competitive global market environment in the apparel manufacturing industry and the demands, particularly on factories in developing countries, for the delivery of quality garments at cost effective prices, while upholding labour standards propelled by external pressures for compliance, the International Labour Organization (ILO) under its Management and Corporate Citizenship Programme conceived the Factory Improvement Programme (FIP). In essence, the FIP is a tool to assist factories in the garment manufacturing industry to successfully face the challenges of competitiveness in a sustainable manner. The FIP has been funded by the United States Department of Labour.

The FIP takes a holistic approach to improve factory performance based on a multi module training programme, spread over a period of 12 months. A single phase of the programme can accommodate 10 – 12 factories as it has been in the three FIPs hitherto conducted in Sri Lanka.

With the emphasis placed by the ILO on labour standards and its current goal of "Decent Work for all", the vital thread that runs through the entire fabric of the programme is the involvement of workers in improving overall factory performance. The FIP is divided into 6 modules as identified below with Continuous Improvement through Workplace Cooperation being the cornerstone. The modules are:

1) Continuous Improvement (now identified as Continuous Improvement and Workplace Cooperation)
2) Quality Improvement
3) Workplace Cooperation and Social Dialogue (now identified as Workplace Relations)
4) Productivity Enhancement
5) Human Resource Management/Development
6) Occupational Safety and Health

By way of "add ins", the following areas were also included in the FIPs conducted in Sri Lanka.

1) National Labour Laws
2) Gender and Discrimination
3) Health Aspects in Occupation

1 and 2 above, complemented the Human Resource Management module while the 3rd related to the Occupational Safety and Health module.

Since 2002, three rounds of FIP in which 27 factories participated, have been now implemented in Sri Lanka in the apparel sector and preparations are underway for the 4th. A programme for 12 factories was run in Vietnam. This programme was not limited to the apparel sector. There was multi sectoral participation. The FIP has been

implemented in Cambodia also and is proposed to be introduced in India. In Vietnam, the FIP has been operated in collaboration with the Vietnam Chamber of Commerce and Industry.

B. The Garment Manufacturing Industry in Sri Lanka and the FIP

The garment manufacturing industry occupies a vital position in the Sri Lankan economy. Since 1978, with the "opening" of the Sri Lankan economy, the garment manufacturing industry has risen to overtake many of the traditional industries in terms of its scale of operations and export revenue. Notwithstanding its relatively small 6% contribution to the GDP, mainly due to the import of much of the raw material for the production of garments, garments account for approx 50% of the country's export revenue and provides direct employment to approx 350,000 people and provides indirect support for the livelihoods of very many more. The latter number is estimated at 3-4 times the number of direct employment. When viewed in the context of a labour force of approx 7 million, these figures assume much significance. Since the 1980s, the industry has overcome numerous challenges and continued to grow. The ending of the "quota regime" in 2005 with the termination of the Multi Fibre Agreement gave further reason for concern regarding the stability and future of the industry. While the industry adopted its own measures to meet the new challenges, the ILO Factory Improvement Programme was identified by the Colombo Office of the ILO as a unique and effective one to assist factories in Sri Lanka. Having regard to the holistic approach adopted by the programme through which competitive and compliance issues are jointly addressed, this programme also received the attention and support of many MNE buyers, among other stakeholders.

C. FIP I

The first programme, FIP1 was offered through the ILO to the apparel industry in 2002.

A National Programme Manager engaged by the ILO was entrusted with the overall responsibility for delivery. The ILO having promoted the FIP concept and the programme selected 8 factories for participation. The ILO engaged a reputed consulting company with much experience in the apparel sector to operationalize the programme.

The criteria adopted in the selection of factories included among other aspects the following.

1) Capacity of over 150 machines
2) Within a radius of 100 km from the capital city of Colombo
3) A commitment from the CEO and the involvement of the senior management to a holistic approach to factory improvement on the lines of the objectives of the programme and the training modules on offer.

The funding available for FIP1 was sufficient to meet approx 75% of the total cost of the programme. Approx 25% was met by a subsidized participation fee paid by the

factories involved. In FIP1 this fee amounted to SL Rs 35,000/- per mensem, the equivalent of US$ 350.

D. FIP Methodology

The methodology adopted for FIP1 and which continued to operate without any substantive changes for FIPs2 and 3 subject to a few modifications made mainly through a process of learning by experience, is as follows.

An expert or a team of experts as the case may be, is contracted in respect of each of the identified training modules. Approx 1 to 1-1/2 months is set aside for each module. The training module is initially started off with a 2 day training programme (workshop) with the participation of the relevant Factory Managers. Two managers from each factory are required to participate in each of the workshops. One is the manager who will be the focal point of the FIP and the other will be the one responsible for the relevant workshop subject area. A brief note on the contents of each training/workshop module is annexed as Appendix 1 hereto. The training programme which takes the form of an interactive workshop with the expert, concludes with action plans drawn up for follow up activities in each factory to achieve identified objectives. The experts thereafter visit the factories along with the programme support team which in FIP 1 consisted of staff from the said consulting company, and assist factories in operationalizing their action plans. While the experts themselves make 2 visits to each factory per module, the programme team follow up with more visits and are always at hand for support and assistance.

In accordance with the concept and practice of tripartism, an advisory committee comprising of representatives of employers, worker Trade Unions and the department of Labour, with the participation of local ILO office personnel met regularly in relation to each training module, to discuss the progress of the programme, share information and offer guidance as relevant to the programme team. Also interspersed during programmes were brief seminars and meetings at which participant factories shared best practices and also presented case studies for the benefit of other interested parties.

E. FIP and the EFC

During the operation of FIP1, an expert engaged for the Workplace Cooperation module who was familiar with the tripartite concept and approach of the ILO, invited the Employers' Federation of Ceylon (EFC) to make an input to the programme by way of conducting a 1/2 day session on "National Labour Laws and Industrial Relations". The EFC established in 1929, is the principal and only active Employer Organization in Sri Lanka. It is the recognized employer constituent in Sri Lanka by the ILO and also the Sri Lankan Ministry of Labour. The reasons which prompted the setting up of the EFC in 1929 was the then growing need for a separate employer body with specialist skills and competence in labour laws and industrial relations to meet the emerging challenges of trade unionism. Whereas that role was adequately played in the first 4 – 5 decades of the EFCs existence, the challenges posed to the EFC were varied after

1978, with the "opening" of the Sri Lankan economy and the waves of globalization. Survival and competitiveness in business became major concerns for its members. The EFC responded by introducing new services which initially came in the form of training and development of human resources. Since the early 1980s the EFC human resource training an developmental activities and programmes have grown to be in demand by employers and the regular programmes now on offer, encompass subjects involving Labour Laws, Industrial Relations, Human Resource Management and Occupational Safety and Health. Other ad hoc programmes to facilitate enterprise competitiveness are periodically arranged. The EFC is also consulted by members in relation to developing human resource policies, practices and strategies and it has in the context of its stated Mission, consistently adopted a holistic approach to addressing enterprise competitiveness on a sustainable basis. The Vision/Mission statement of the EFC is set out in Appendix 2 hereto. Currently, the EFC has in its membership almost 500 employers from different sectors, directly employing a total of approx 400,000. Notwithstanding its large, representative membership, EFC membership in the apparel industry has been restricted to a few large players. The reasons for this among others, can be attributed to the concentration of a large number of garment factories in the EPZs where membership in national employer organizations is low and also the relatively low rate of worker unionization in the industry. Apart from the human resource training and developmental activities already referred to, the EFC is engaged in numerous other programmes and activities in the following subject areas.

1) Promotion of the ILO Declaration on Fundamental Principles and Rights at Work.
2) The Global Compact
3) Diversity in the Workplace and Social Inclusiveness.

The latter has led to EFC involvement in subjects such as Gender Equality, Prevention of Sexual Harassment, Employment of the Disabled and HIV/AIDS at the Workplace.

The nature of the FIP was naturally attractive to the EFC in the foregoing context and the offer to conduct a 1/2 day Seminar on "National Labour Laws and Industrial Relations" for FIP1 was accepted by the EFC without any conditions. The presentations and discussions in this 1/2 day Workshop centred around the following.

1) Laws relating to Freedom of Association and Collective Bargaining
2) Laws relating to Terms and Conditions of Employment
3) Laws relating to Dispute Settlement, and
4) Laws relating to the Termination of Employment

This 1/2 day seminar was repeated for FIP II and FIP III also.

F. FIP II

After the conclusion of FIP I in June 2003, FIP II was initiated. The EFC accepted the invitation by the ILO to be the implementing agency for FIP II. The Joint Apparel Associations Forum (JAAF) also came forward as a partner in promoting the programme. The EFC entered into an agreement with the consulting company that was engaged in FIP I for the full time release of a member of its professional staff to be the National Programme Manager. In addition, the company also undertook to provide

technical backstopping for the programme and assist the National Programme Manager. The EFC recruited 02 Programme Coordinators. The programme team reported to the Director General of the EFC and was housed in the EFC office premises with relevant support services made available.

12 factories were chosen out of over 35 that demonstrated interest in joining the programme, for participation in FIP II. The participation fee in respect of each factory was increased to S.L. Rs 55,000/- per mensem, i.e., US$ 550 and the funding available through the ILO was correspondingly reduced from that of FIP I. A substantial share of that funding was through the Employers Activities Bureau of the ILO. Another significant feature was that unlike in FIP 1 where save one local co expert , for workplace cooperation, all other experts were foreigners,only 02 foreign experts were engaged in FIP II in respect of 02 modules. In the case of one of these 02 modules also, local expertise was co- opted.

The changes to the operational structure in implementing FIP II and also the increase in participation fees of the factories was a clear demonstration of the move towards building local capacity to sustain the programme.

From the point of view of the EFC, in addition to conducting a half day seminar on labour laws, as it was done in respect of FIP I, the EFC also volunteered to provide advice, without any additional charge to the participating factories on labour laws and industrial relations during the period of the programme, a service which is generally made available only to members.

FIP II which commenced work in November 2003 was completed in September 2004.

G. FIP III

The successful completion of FIP I and FIP II encouraged the parties to launch FIP III. The EFC continued as the implementing agency for FIP III. The programme team consisted of 02 National Programme Managers and the ILO made available to the programme the services of its Regional Specialist in the FIP who was the National Programme Manager in FIP I, to directly overlook operations. The programme team continued to be housed at the EFC and reported to the Director General of the EFC.

The major share of funding for FIP III was from the participating factories. The fee paid was S.L.Rs 65,000/- per mensem, i.e., US$ 650. In addition to funding through the ILO, the EFC part funded the project through assistance from the Norwegian Employers Organization.

Notwithstanding the distinct advantage of the experience gained in FIP I and FIP II, promoting FIP III posed a major challenge, particularly in view of a massive productivity improvement programme offered with government financial assistance to the apparel industry in the background of the challenges to the industry as earlier discussed herein.

Of the 11 factories chosen for participation in FIP III, 02 dropped out just prior to the commencement of the first training module and the programme commenced with 9 factories. The programme commenced in April 2005. It was also unfortunate that 04 of these 09 factories had to pull out of the programme midway. This was not due to any shortcomings in the programme itself as acknowledged by these factories. In the case of 01, it was shut down by its foreign owners after paying due compensation to all its employees. 01 other became engaged in a major restructuring programme directed from overseas and was prevented in such circumstance from effectively participating in the programme. In the case of the other 02, it was financial difficulties which led to their withdrawal.

Notwithstanding problems arising out of the withdrawal of factories during the programme, FIP III was successfully implemented by March 2006 without additional costs to the remaining participant factories.

In addition to the role played by the EFC in FIP II, its own resource persons acted as core experts to the Workplace Cooperation module in FIP III.

In respect of FIP III, with the exception of an ILO official whose expertise was obtained for the Workplace Cooperation module, all other modules were handled by local experts.

H. Impact / Results of FIP at Factory Level

The impact and results at factory level under each of the programmes have been monitored closely by the programme teams and recorded in detail. The progress made in each participating factory was tracked during and after the programme. On the basis of information recorded and feedback from the factories, it is common ground that each of the programs had a positive impact from the point of view of overall factory performance in qualitative and quantitative terms. In brief, the improvements and achievements in the areas covered under the FIP and as noted by the ILO Regional FIP Specialist are listed as follows.

i. Quality

- Introducing Good House Keeping practice for a cleaner and better environment for workers.
- Orderliness in the work place which facilitates workers.
- An orderly work floor which enables workers to be more productive.
- Cleaner canteen and toilets with better facilities (equipment, lighting and water).
- Worker/Supervisor meetings for problem solving.
- Worker/Supervisor meetings for idea generation.
- Reporting on Quality, to improve worker generated solutions.
- Obtaining the participation of floor-level employees to improve and enhance the Quality culture throughout the factory.
- Implementing a proper Statistical Quality Control system in keeping with customer requirements.

- Setting realistic objectives in terms of improving in-line and final quality.
- The proper use of measuring equipment and calibration of it to conform to international or national standards.
- Creating the awareness for quick decision making from data that is collected and focusing on critical defect generating operations.

ii. Productivity

- Training provided for multi skilling of workers (job enrichment)
- Training provided to workers to improve skill levels (job enhancement)
- Improvements in ergonomics, resulting in a more comfortable working position (stress mats, seating, table and machine heights/distances)
- Incentive Schemes – Improvements to Incentive Schemes to compensate higher productivity.
- Worker Recognition Schemes – Introduction.
- Introduction of new technology and methodology, to improve worker productivity (cutting and sewing techniques, placing scissors, adding, foots and folders)
- Displaying of information to workers – Ex: - Production Plans (in advance), factory's quality and production performance.
- Worker participation through daily/weekly production meetings – problem solving and idea generation
- Team concept – Introducing the "Team concept' and reducing supervisor pressure and a move towards greater worker empowerment
- Target setting for production – Clearly communicated targets given to operators in a manner that is achievable and motivating them by a 100% figure.(Rationalising Targets)
- Creating importance to "Planning" and making available realistic Plans that are achievable and motivating to the workers.
- Obtaining regular participation of floor-level employees to improve and enhance Productivity throughout the factory.
- A cost based approach was recommended to be appropriately disseminated throughout the plants (to reduce unproductive activity).
- The quantification of lost time/down time/rework time, needed to be calculated and converted to USD or SLR and communicated throughout and action initiated.
- Managing the men to machine ratio to 1.8:1 and maintaining competitiveness and sustainability resulting in reduction of additional overheads.
- Marker drawing and Fabric utilization techniques to avoid excess fabric wastage.
- Ensuring compliance with labour regulations and law (wages, overtime hrs, holidays etc).
- Improving the monitoring overtime hours of employees to ensure adherence to the regulations in force.
- Adopting fair pay practices, with computations known to the employees and the submission of a single salary slip to them within the regular payment period.

iii. Workplace Relations and Social Dialogue

- Introducing in-house Worker Representation Groups/Employee Councils, comprising of workers who are;
    a) Elected by the workers,
    b) Allocated time-off for conducting meetings,
    c) Able to bring worker issues to Management and obtain solutions.
- Forming a Worker level team(s) and a Management level team.
- Introducing and implementing a Suggestion Box scheme, where workers are given the opportunity to be heard and solutions widely communicated.
- Provision of Training for Worker groups.
- Introducing an Enterprise Dialogue Profile/Procedure to support Employee Councils.
- Introducing a laid down Grievance Procedure that is communicated.
- Job Rotation – Encouraging job rotation where workers experience a variation in their job, reducing boredom leading to greater job satisfaction and increased mobility.

iv. Human Relations Management

- Establishing HR Procedures benefiting workers.
- Recruitment Policy – which ensures the elimination of any sort of form of discrimination.
- Promotion Policy – based on competencies and performance, thus avoiding other personal biases.
- Carrying out and analyzing the Demographic survey of employees taking Affirmative Action as appropriate.
- Educating staff on discrimination and on their rights – Developing an Acceptable Code of Conduct in the factory.
- Worker Training – Encouraging planned training to all workers.
- Provide Skills training for all employees [Job related (technical, managerial, people skills) without discrimination, regardless of their long or short-term employment outlook.
- Review HR Policies and develop a HR Manual for the Company.

v. Occupational Safety and Health

- Involving workers in the Health & Safety Committee. Workers appoint their own representatives.
- Develop and implement a Safety Policy for the company. It must be signed and dated.
- Provide appropriate Training for the Safety Committee (Agenda, Minutes, Communications to workers, Training on Safety).
- Maintain an accidents Register and use the information – should not be just limited to a record book.
- Displaying Floor diagrams indicating Fire Points, Exits and Fire Assembly points for employee/worker information.

- Developing an Emergency/Evacuation Plan and conducting Fire Drills, to enable quick worker evacuation.
- Enforcing the installation and use of needle, belt and pulley guards and PPE (Personal Protection Equipment) for worker safety.
- Pin up Safety posters in identified locations and rotate the pictures periodically.
- Carry out Safety Competitions (poster) and award appropriately.
- Provide badges of identification to Health & Safety personnel to be worn always.
- All exits to be marked, passages kept clear and doors to open outwards.
- Displaying a list of Chemicals used in the factory and having relevant MSD (Material Safety Data) sheets available and translated for worker information and safety.
- Educating the worker on handling and storing of Chemicals for greater safety within the work place.
- Enforcing appropriate levels for lighting, and sound levels and unlocked emergency exits and advising on ventilation.
- Introducing and implementing routine cleaning programmes for a cleaner and healthier work environment for workers.
- Introducing systems for periodic checking of premises form a safety aspect (Checklists).

vi. Continuous Improvement

- Assisting factories to set up a CI team with Senior Management and worker involvement to continue to build on projects/activities from previous Modules.
- Continuous tracking of Key Performance Indicators (KPI) and acting on results.
- Documenting best practices in the factory.
- Establishing procedures for planning and implementing CI projects.
- Training of Steering committee and CI team members.

In respect of FIP III, some of the significant impacts in quantitative terms as identified by the ILO Regional FIP Specialist are set out in Appendix 3. The attention of the reader is drawn to this appendix in particular, as the impacts as reflected therein, reveal the immediate gains that will attract factories to participate in the programme at the price it is offered.

I. FIP – Impact on EFC

The programme was viewed as a logical extension to the Human Resource training and developmental activities conducted by the EFC towards facilitating sustainable competitiveness of enterprises. The holistic approach adopted in this programme appealed to the EFC as one that deserves to be pursued. Currently, the EFC is considering how best the FIP could be offered to the manufacturing sector in general without restricting it to the apparel sector.

Implementing the programme for the apparel sector was also viewed as a opportunity for the EFC to make a greater impact on this important industry sector where its representation is limited as discussed earlier herein. In this regard, it needs to be noted that the EFC gained considerable recognition within the apparel sector as an Employer

Organization that is ready and capable of assisting factories in a pragmatic manner in improving performance, in the current highly competitive environment. Notwithstanding only one new member joining the EFC from the apparel sector due to its involvement in the FIP, the visibility and credibility of the EFC in this sector received a substantial boost.

From the point of view of building capacity within the EFC Secretariat, implementing this programme enabled the Director General and the Head of Training in particular to gain a clear insight into how best to operationalize a programme of this nature for the benefit of members and enterprises in general. Whereas the Director General and the Head of Training were involved as resource persons as well to the programme, other staff were directly engaged in facilitating logistical support including managing of budgetary provisions.

The EFC did not undertake the implementation of this programme from the point of view of an income generating activity alone, or with that as a primary objective. The programme however, while being a value added service to enterprises, has the definite potential of being a substantial source of income to an Employer Organization, in the context of its success with the factories that have hitherto participated in it and the effectiveness it has demonstrated as a tool to facilitate enterprise competitiveness.

It was also the experience of the EFC that engagement in a holistic factory improvement programme of this nature with the ILO, helped in expanding the areas of joint activity and to focus on areas of emerging importance such as global supply chains, buyer compliance requirements in the export market and specific needs of employers in EPZs.

J. The Future

The EFC has already conveyed to the ILO its wish to implement a 4th stage of the programme and open it out to sectors outside apparel manufacturing. Currently, discussions are underway to operationalize a 4th stage.

Sustaining a cost effective programme of this nature poses a variety of challenges which need to be stated. In the context of cost effectiveness, the principal consideration relates to the capacity of a participating factory to afford the fee that is payable. To that extent, while the programme itself is good value for money, the participating fee needs to be maintained at a level that is affordable to a factory that requires the support of a programme of this nature.

Having regard to the high quality of the programme, the personnel costs in relation to the programme team and the experts has been considerable. This aspect needs special recognition and consideration. Ideally, the programme team should be developed from within the implementing agency. This requires permanent employment and can give rise to the sustainability of such employment in the absence of a programme. Another reservation in relation to costs relates to the chances of factories dropping out midway

and the negative impact such dropouts could have on budgetary provisions. This aspect needs to be addressed.

Notwithstanding the fact that the programme itself has been designed after careful analysis of the needs of the apparel sector in the developing countries in the context of the challenges in today's environment, the needs of individual factories and particularly those outside the apparel sector will not necessarily be the same. To that extent, a degree of flexibility in the programme content and its delivery would be desirable. Or else, there can be a risk of the programme not being sufficiently demand driven. A classic example to illustrate this point would be a factory that maintains extremely high standards in Occupational Safety and Health and the relevance of the OSH module of the programme to such factory which may otherwise be interested in the remaining modules. It needs to be understood however that the core objective of the programme of involving workers in the improvement of factory performance needs to be retained and for which, the module on Workplace Cooperation would be a key. The ILO appears to have taken note of the desirability for flexibility as evident from the recent set of materials developed for a more general factory audience as opposed to "garments only". Even as the programme was initially conceived and implemented hitherto in Sri Lanka, there is no denial that there is positive strength in the synergies across modules though for reasons earlier discussed, Employer Organizations may find it useful to offer selected modules to address specific member interests.

In totality, the FIP is one that has taken into consideration the aspect of sustainable improvement of factories and which approach, is consistent with what the EFC has adopted in the delivery of its own services and programmes.

Acknowledgements

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Mr Rienzie Dias, Programme Manager FIP II and III

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Appendix I

Vision - Promote social harmony through productive employment.

Mission - To encourage workers, their organizations and the Government to cooperate with business for the attainment of the following objectives:-

(a) To make employees more efficient and quality conscious.

(b) To achieve better terms and conditions of employment.

(c) To prevent industrial strife and where disputes have arisen to resolve them in a fair and expeditious manner.

(d) To generate employment opportunities.

(e) To provide members with services to achieve objectives of growth and stability.

Appendix II
Module Summaries

Module 1:	**Workplace Cooperation & Continuous Improvement**
Introduction:	In the first module of the programme, participants will learn about the about the major these of the FIP and how they will benefit from the programme. The tools introduced here will reoccur in other modules to support the main theme, so considerable time is spent working with the tools and understanding how they function.
Objectives:	By the end of this module, participants will be able to: • Describe the FIP approach. • Create a Factory Improvement Team. - Target areas of improvement by using: - Brainstorming techniques. - Joint problem-solving tools such as fishbone diagrams and "5S". - Measure the changes they implement.
Topics:	• Introduction to the FIP approach and benefits • Factory improvement • Tools for improvement • Measuring improvement
Module 2:	**Quality Improvements**
Introduction:	The focus of this module is on how to consider and improve quality throughout the production process. Participants will see how quality improvements involves everyone and how they cannot achieve productivity and competitiveness without paying attention to quality issues.
Objectives:	By the end of this module, participants will be able to: • Explain the basic principles of quality. • Increase customer satisfaction by: - Reducing defects in production. - Enhancing products based on customer requirements. • Implement steps to create a quality assurance culture. • Demonstrate how the FIP will address these quality issues.
Topics:	• Quality principles • Increasing customer satisfaction • Reducing defects • Enhancing products • Systems approach • Quality assurance culture
Module 3:	**Workplace Relations**
Introduction:	In the final module of the programme participants look at a subject that has been presented and studied in each of the previous modules: workplace relations and cooperation. Specific ways to collaborate with workers and the benefits of implementing these mechanisms are discussed.

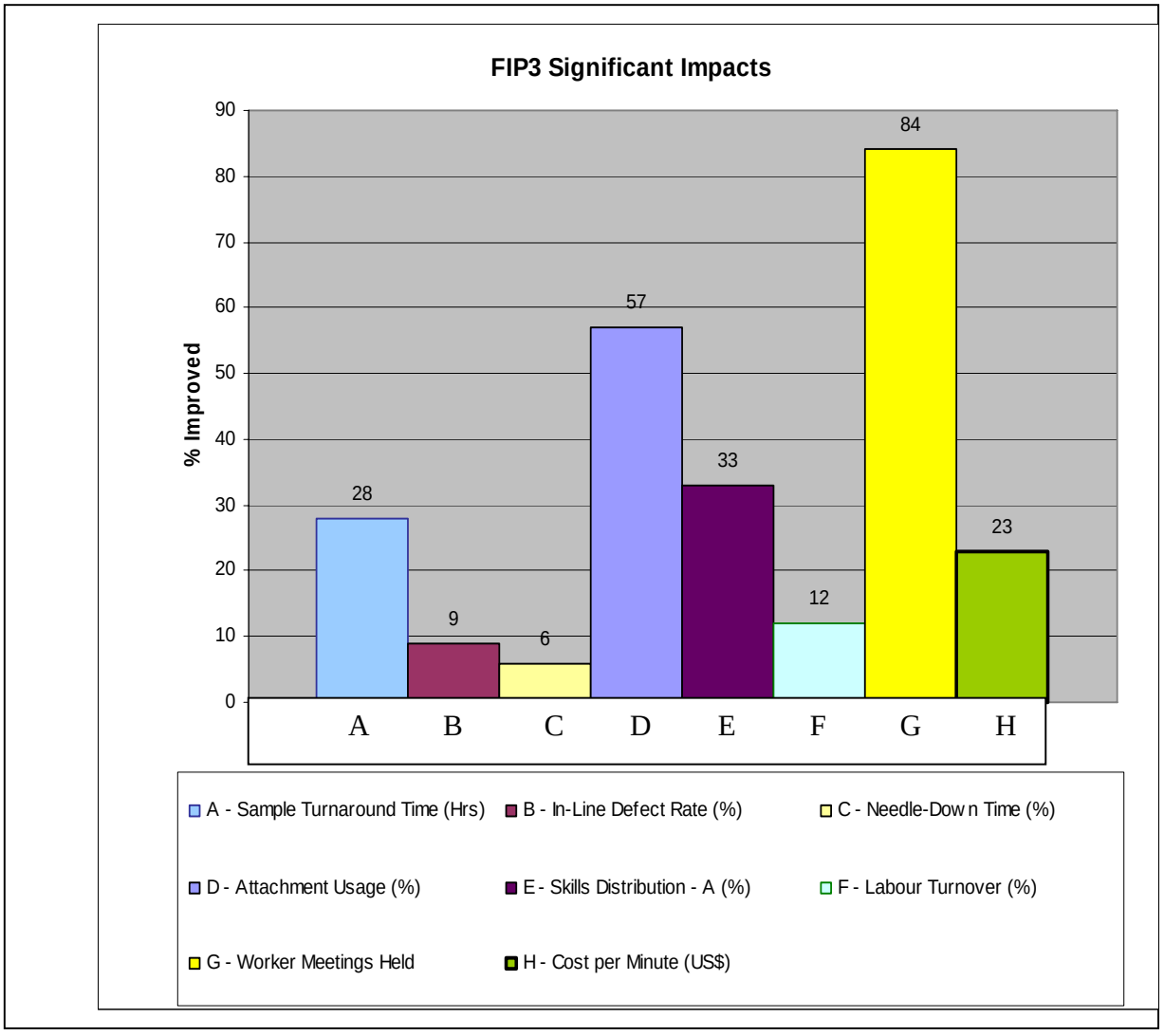
Objectives:	By the end of this module, participants will be able to: • Explain the benefits of strengthening workplace relations. • Outline the levels and mechanisms of worker/management cooperation including: - Suggestion boxes. - Regular line level meetings. - Worker councils. - Grievance procedures. • Define the basic rights of workers. • Implement changes in their factories to improve workplace relations.
Topics:	• What are workplace relations • Levels of cooperation • Benefits of workplace relations • Methods for improving workplace relations • Labour standards
Module 4:	**Productivity Enhancement**
Introduction:	Following on from the concepts introduced in the Quality module previously, this module looks at systems-based approaches to increasing productivity and the importance of involving workers in the process.
Objectives:	By the end of this module, participants will be able to: • Describe what productivity is and how it contributes to the sustainable prosperity of a business enterprise. • Use techniques and tools that will improve productivity. • Explain the advantages to involving workers in production improvement. • Measure the key factors in productivity
Topics:	• Understanding productivity • Analysing causes of low productivity • Improving productivity • Compensation and productivity • Managing productivity improvement
Module 5:	**Human Resources Management / Development**
Introduction:	The focus of this module is to highlight human resource practices that support productivity. Building on the results from the previous modules, participants will now look at some more indirect aspects of quality and productivity which depends on attracting, developing and maintaining an effective workforce.
Objectives:	By the end of this module, participants will be able to: • Identify gaps in current and future HR needs. • Describe the components of an effective HR system. • Implement structured procedures and policies that support an effective HR system such as: - Recruitment procedures. - Induction procedures. - Non-discrimination policy. - Discipline procedures. - Dismissal procedures.
Topics:	• Introduction to HR management and systems • HR lifecycle (recruitment, induction, training, compensation, promotion, discipline and dismissal) • Non-discrimination

Module 6:	Occupational Health and Safety
Introduction:	This module looks at how identify and minimize risks to workers. Health and safety cannot be ignored if you want to remain competitive and productive. Participants will learn how to address common workplace risks and hazards.
Objectives:	By the end of this module, participants will be able to: • Identify and assess the risks to health and safety. • Implement practices and procedures to limit/reduce risks: - Health and safety policy. - Health and safety committee. - Safety standards.
Topics:	• Overview of health and safety • Identifying risks • Determining solutions • Safety standards

Appendix III

OVERALL PROGRAMME RESULTS

A quantitative analysis has been carried out and the results compiled to determine the overall impact the programme has provided to participant factories. This analysis is based on the monthly indicators and averaged for the initial and last three months of the programme to negate inconsistent or unusual fluctuations.



I Given in the above chart is a mix of socio economic indicators considering key aspects of an enterprise such as Marketing, Quality, Productivity, HR and an Overall indicator.

II In Skills distribution an increase of 33% is indicated for 'A Grade' operatives.

III Extreme increments not given in the chart above include; Accidents Logged – 117%, Worker Manager Meetings – 275% and Grievances Received – 4,625%.

IV In the FIP3, almost 400 participants attended a total of 15 days of **Seminar / Workshops** with an approximate 45% to 55% female to male ratio.

V During the entire programme **In Factory Training** sessions including briefings and training, development, review and guidance sessions accounted for 137 days with a cumulative participation in excess of 1900 persons (managerial, supervisory and workers) with the larger proportion being that of workers consisting of an overall approximation of 60% to 40% female to male ratio.

VI Highlighted in the box below is a remarkable achievement by one of the participating factories that can attribute its gains due to two crucial factors;

- CEO, Directress and Senior management involvement throughout the programme and,
- Management fully supporting workers involvement and participation in the initiatives and projects selected by the factory.

At the presentation made in January '06 at the EFC by FIP3 participant factories to prospective enterprises for FIP4, the Directress of a participant factory explained some significant gains they had made during the programme in quantified terms which were as follows;

- Increase in average exports from 56,000 in March '05 to 62,000 pcs in March '06,
- Savings in Electricity – USD 550.00 per month,
- Savings in Needle costs – USD 500 for the year,
- Increase in Cut to Ship ratio amounted to a gain of USD 31,000.00 in 5 months,
- Reduction in Defects by 6%, re-deploying 15 checkers, saving USD 1,370.00 per month,
- Improved production techniques saved a total of USD 9,300.00 over 3 months.
- Re-organising the warehouse gained a saving of approximately USD 18,000.00 in usable materials.