

Abstract:

Large private firms are uncommon in low-income countries. To create a large firm, and entrepreneur must build a management hierarchy. But how does an economy create management talent from scratch? We examine the effectiveness of low- and mid-level management in a set of large garment factories in Bangladesh. Specifically, we implement a training program for line supervisors - the entry level managers - in 25 factories which are suppliers to a large European brand. The training is implemented as a randomised control trial, production line supervisors selected by the factories being randomly allocated to one of two training windows about four months apart. The training takes place outside the factory and lasts one to three weeks depending on the number of topics the supervisor is registered for. We find that the training does not have a positive effect on efficiency of production managed by the those trained. Indeed, there appears to be a small negative effect initially, which disappears after a few months. We examine the likely explanations for the negative effect of the training.