



International  
Labour  
Organization



# ► Impact of ILO SCORE Training on management practices, working conditions and business results in Peruvian SMEs

## Executive Summary





## ► Executive summary

The Sustaining Competitive and Responsible Enterprises (SCORE)<sup>1</sup> Programme was launched by the International Labour Organization (ILO) in July 2009. It is a global programme that aims to improve working conditions and productivity in small and medium-sized enterprises (SMEs). The Programme operates in 11 countries.<sup>2</sup> The main intervention is the implementation of SCORE Training which combines practical classroom training with in-factory consulting. The training focuses on developing cooperative relations at the workplace and consists of five modules: (1) workplace cooperation, (2) quality management, (3) clean production, (4) human resource management, and (5) occupational safety and health.

Over two years (2017-2019), the Programme conducted an extensive evaluation in Peru with the objective of providing direct evidence on whether SMEs that took SCORE Training experienced improvements in their management practices, as well as evidence that these improvements translate into higher manufacturing performance, improved firm level productivity and improved working conditions. The instruments used in the evaluation included a company profile sheet, a questionnaire on management practices, an enterprise self-assessment survey, a worker satisfaction survey and case studies. The instruments were applied at the baseline (2017), the midterm (2018) and the endline (2019). In total, 52 SMEs from different regions were included in the evaluation. Small enterprises and medium-sized enterprises contributed US\$500 and \$1,000 to the training cost per module respectively.

**Better  
Management  
Practices**

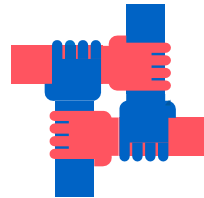


Management practices have improved in all 52 enterprises and across all modules and categories measured. **The average global score**, assigned by the evaluator based on interviews with managers and workers and direct observation, **increased from 2.04 ("fair") to 3.06 ("good") between the baseline and the endline**. For approximately half of the enterprises the score increased by more than one point. For most management practices the improvement has been statistically significant.

<sup>1</sup> For more information please visit: <https://www.ilo.org/empent/Projects/score/lang--en/index.htm>.

<sup>2</sup> Bolivia, China, Colombia, Ethiopia, Ghana, India, Indonesia, Myanmar, Peru, Tunisia and Vietnam.

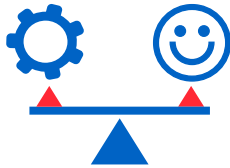
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**Better  
Workplace  
Cooperation**

Enterprises that show greater improvements in their management practices associated with SCORE Module 1 also show greater improvements in practices linked to other modules. Enterprises stated that the most valuable aspect of Module 1 is that it generates more **open communication between workers and top management, creating greater mutual respect, trust, and awareness of workers of the importance of doing their job well.**

**Improved  
Working  
Conditions**



Over 80 per cent of enterprises believe that in the past two years there have been **positive effects on working conditions** (reduction in the number of accidents and worker absenteeism), on costs (decrease in production defects, waste of raw materials and costs per unit produced) and on productivity, sales, earnings and customer satisfaction. Most enterprises consider SCORE Training to have influenced these results.



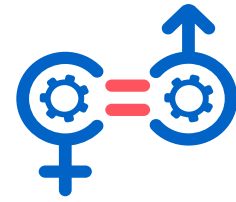
Among enterprises that provided comparative data, accidents at work have dropped on average by 42 per cent, absenteeism by 34 per cent and labour turnover by 12 per cent. Indicators related to production have improved as well, for example endline production defects have dropped on average by 22 per cent, and raw material waste by 33 per cent. The cost per unit produced has mostly remained the same. A distinction can however be made between enterprises with labour-intensive and/or domestic input-intensive cost structures, which have reduced their costs slightly, and those with cost structures that are highly dependent on revalued imported or domestic inputs or raw materials, which have maintained or increased their unit costs due to the increase in the price of these inputs or raw materials.

Installed capacity usage increased on average from 63 to 72 per cent; annual sales from 7.05 million to 8.85 million Nuevos Soles (S/), the number of workers from 33.7 to 42.5, and the monthly payroll cost from S/. 56,069 to S/. 71,000. In contrast, the annual sales/number of workers ratio has remained unchanged. The general absence of productivity indicators - less than 20 per cent of enterprises use productivity indicators - is a significant shortcoming.

## EXECUTIVE SUMMARY

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In terms of **gender equality**, the average percentage of female workers in enterprises increased from 32 to 35 per cent. In addition, 18 enterprises stated that they have adopted policies and/or initiatives to promote gender equality in the enterprise.



Improved  
Gender  
Equality

Improved  
worker  
satisfaction



The average overall **score for worker satisfaction increased by 4 per cent** from 3.64 to 3.79 (remaining between “good” and “very good”). A potential explanation for the relatively small improvement could be that due to turnover, workers filling the baseline and endline survey were not always the same.

According to the workers surveyed, the main favourable changes in their enterprises over the past two years **have been increased tidiness and cleanliness**, as well as better communication, most of which are linked to **practices that have a relatively low implementation cost**. Workers believe there has been less progress on practices linked to staff motivation and salaries, as well as infrastructure of the workspace, such as washrooms, dining and changing rooms, all of which have a higher monetary cost.



Improved  
working  
environment

The results of the evaluation show that there are many positive changes associated with participating in SCORE Training. While the limitations of the methodology used for the study did not allow for causal links to be established, the close observations from the evaluator, perception-based surveys from workers and managers, firm-level data and anecdotal evidence from the case studies suggest that SCORE Training contributed to the improvement in management practices, manufacturing performance, productivity and working conditions.

► The full report can be found at:  
[Ilo.org/scoreimpactperu](https://ilo.org/scoreimpactperu)

