

DfS RESEARCH REPORT



Implemented by
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



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GLOSSARY OF TERMS AND ABBREVIATIONS

Terms and Abbreviations	Description
5S	Lean Manufacturing Methodology having these five key steps: ‘Sort’, ‘Set in order’, ‘Shine’, ‘Standardize’ and ‘Sustain’
6S	Lean Manufacturing Methodology having these six key steps: ‘Sort’, ‘Set in order’, ‘Shine’, ‘Standardize’, ‘Sustain’ and ‘Safety’
ADDIE	Analyse, Design, Develop, Implement and Evaluate Framework for Instructional Design
ADKAR	Awareness, Desire, Knowledge, Ability and Reinforcement Model for Change Management
BMZ	German Federal Ministry of Economic Cooperation and Development
CEO	Chief Executive Officer
CM	Change Management
CMT	Change Management Team
DfC	Dialogue for Compliance
DfS	Dialogue for Sustainability (formerly referred to as Dialogue for Compliance or DfC)
EOBI	Employees Old Age Benefits Institution
GDP	Gross Domestic Product
GI	Group Insurance
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GM	General Manager
GoPb	Government of Punjab
GSP	Generalized Scheme of Preferences
HR	Human Resource
IE	Industrial Engineering
IP	Industrial Partner
ISO	International Organization for Standardization
KPIs	Key Performance Indicators
LUMS	Lahore University of Management Sciences
L&HRD	Labour and Human Resource Department
LSP	Labour Standards Programme
MOU	Memorandum of Understanding
MTOs	Management Trainee Officers
OD	Organizational Development
OEE	Overall Equipment Effectiveness
OSH	Occupational Safety and Health
pH	Potential Hydrogen
PKR or Rs.	Pakistani Rupee
PSDF	Punjab Skills Development Fund
POC	Point Of Contact
QC	Quality Control
SDG	Sustainable Development Goal
SMEs	Subject Matter Experts
SOPs	Standard Operating Procedures
TOT	Training of Trainer
TVET	Technical and Vocational Education and Training
UNSDGs	United Nations Sustainable Development Goals
VAT	Value Added Training

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PREAMBLE

GIZ engaged Abacus in March 2020 for consultancy services under the programme for Improving Labour Standards in Pakistan's Textile Industry (LSP). Through LSP, GIZ is assisting the Government of Punjab (“GoPb”) to build capacity of relevant stakeholders in the field of labour standards within the textile and garment sector in Punjab, the province of Pakistan with the major concentration of downstream textile factories. The purpose of Abacus’s engagement by GIZ is to develop a standardized set of modules on six relevant topics for future trainers delivering change management workshops on DfS approach. These modules are to be used for providing standardized guidelines and instruction to ensure a consistent dissemination of the concept and practical usage of the DfS methodology. The findings of this Report shall be useful in the structuring and standardization of these training modules.

Dr. Jawad Syed and Dr. Anjum Fayyaz, two of the most well-respected international change management experts and academicians in Pakistan, have compiled this Report. They specialize in Organizational Behaviour and Change Management and have a combined experience spanning nearly five decades between them.

The specific subject of the Report is the DfC, recently renamed as Dialogue for Sustainability (or “DfS” and referred to in this report as such), a process consultation-based change management approach, jointly developed by GIZ and its partners. This methodology is aimed at improving compliance with employment and labour standards, while boosting productivity at the same time, a win-win for both the labour as well as the factory owners. The Report offers a qualitative analysis of the context, design, delivery and impact of the DfS intervention by GIZ in Punjab’s textiles and allied industry. The analysis is based on interviews with key stakeholders at GIZ Pakistan as well as with focal persons in selected IP where DfS has been implemented, along with relevant literature from GIZ and IPs.

The Report builds on literature on the DfS methodology available with GIZ, collected or developed during the period of the Programme’s implementation in Pakistan. The Report also encapsulates findings from primary qualitative research carried out by the Experts through discussions with GIZ LSP’s Implementation Team and representatives of six selected IPs where DfS approach has been implemented.

A MESSAGE BY GIZ

GIZ has been active in Pakistan since 1963, working across three priority areas; Governance, Sustainable Economic development and Energy. LSP has been undertaken under the area of Sustainable Economic Development in Pakistan. Interventions by GIZ in Pakistan's textile sector started in August 2014 and subsequently evolved into LSP in January 2017. In this regard, Dialogue for Sustainability (previously DfC) has served as a major tool of dialogue that paves a path for change that is internally created through process consultation. The goal is to elevate labour standards as a prerequisite for enhancing productivity at any stage and evolving labour standards as a business case rather than a usual moralistic approach. Hence, the initial phase of LSP has been a huge success; yielding achievements across multiple areas pertaining to productivity and labour standards.

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- b) Mr. Usama Faheem Training & Development Advisor Labour Standards Programme (LSP) for provision of data, logistics and coordination support as well as access to the GIZ team as well as the IPs.

II. Industrial Partner Representatives

- a) Mr. Ejaz Chughtai (Formerly at Crescent Textiles and a GIZ Consultant)
- b) Mr. Manzoor Nadeem (Sammad Apparel)
- c) Mr. Ali Fawad (Xarasoft)
- d) Ms. Mumtaz, Mr. Danial & Mr. Khalid (Kohinoor)
- e) Mr. Zafar Noor and Mr, Ejaz Noor (Noor Fatima)
- f) Ms. Ayesha (Softwood)

1. EXECUTIVE SUMMARY

This Report offers a qualitative analysis of the context, design, delivery and impact of the Dialogue for Compliance intervention by GIZ in Pakistan's textiles and allied industries. DfC has recently been renamed as Dialogue for Sustainability (DfS) following a phase of evolution from the 'Dialogue Approach' used in Bangladesh for the first time in the early 2010s to 'Dialogue for Compliance' and eventually 'Dialogue for Sustainability' covering additional priority dimensions in the current business environment such as economic benefit, social welfare and environmental impact.

The Report is a compilation of the essence and vision of DfS, its evolution and implementation cycle, stakeholder mapping, the methodology for implementing DfS in organizations, challenges posed and achievements gained. It presents two unique cases where DfS has been successful in not only bringing tangible/quantifiable benefits but where DfS has helped internalize change management process. The Report presents a brief analysis of procedural implementation of Dialogue for Compliance, how each step is carried out and how it is used as a change management tool. This Report shall also help in setting the tone for formulating a structure for modules which are pliant with the concept of DfS.

THE SPIRIT OF DfS

DfS at its heart is a 'Dialogue' promoting concept. It builds on the need for an effective two-way communication between the key stakeholders in an industrial organization. The concept puts into question the traditional top down approach to decision making and enforcing change. Rapid globalization in addition to opening up and connecting market places has also led to an increasing need for adopting fair trade practices. International regulators, government agencies and industrial giants and brands alike have all started to focus energies on the three priority facets of business: economic viability, social impact and environmental costs/footprint. This has ultimately trickled down to partner selection, including third party overseas manufacturing operations especially in the third world (including countries such as Pakistan) where most labour-intensive operations are based. This global push has led to businesses trade predominantly with partners compliant with the standards set forth in charters such as the United Nations Sustainable Development Goals ("UNSDGs"), which have now been enshrined in not only national industrial policies but have actually been indoctrinated in cross border trade regulations and form a key part of the compliance requirements. DfS as a concept has been developed in the said backdrop.

The spirit of DfS is therefore to help businesses organize and internalize change management process and builds on a business case for improving labour standards. The execution of the change management process under the DfS is carried through a strong communication platform (in the form of Change Management Team ("CMT")s) workshops and mini-CMT workshops internally at Industrial Partner level), which help bring together the organizational hierarchy (from the C-suite down to the shop floor workers) at one round table in a workshop setting. In doing so, partner organizations are successful in creating an inclusive platform focused on equality. Organizational goals including maximizing economic surplus, compliance with international and domestic bylaws on social welfare (including labour force and occupational health and safety standards) as well as environmental bylaws (including chemical and waste water management guidelines and laws) are aligned with goals of internal stakeholders.

Stakeholder involvement and buy-in is crucial and strictly monitored to ensure that the change loop is followed through. Internalization of this dialogue-based approach in the long term can create ultimate impact to develop winners not just locally but internationally as well.

METHODOLOGY AND SOURCES

The analysis is based on interviews with key stakeholders at GIZ Pakistan as well as with focal persons in a

selection of IPs where DfS has been implemented in the past few years (starting from 2014), CMTs have been established and industrial partner resources trained, consultancies on productivity and labour standards as well as factory specific value added trainings have been offered and a visible impact has been noted in terms of productivity and labour standards. Discussions were held with GIZ LSP's Implementation Team (including the Component Heads of the Public and Private Sectors) as well as with key representatives of six selected IPs where DfS approach has been implemented. The analysis is also informed by literature and material on the DfS approach and methodology including training materials, presentations and other documents used or provided by GIZ and IPs.

Globally acclaimed models such as ADKAR for Change Management and ADDIE for Instructional Design to assess and measure the effectiveness of the learning content and the impact of CMTs have been applied herein as well. The scorecards for each are provided in the appendices for reference purposes.

Constrained by the global COVID-19 pandemic and the resultant lockdowns and enforcement of social distancing, it has not been possible to physically visit the locations of IPs. However, online audio and video discussions have been held using various distance communication mediums such as Microsoft Teams, Skype, Whatsapp and/or Zoom platforms, and inputs for analysis have been obtained from both internal (GIZ team) and external (Industrial Partners) stakeholders. The in-depth discussions carried out have provided a deep insight into the thought process behind DfS and the benefits it realizes as well as the challenges in its implementation. It has also helped understand the need for a crucial dialogue between the key stakeholders and observe the quantifiable benefits reaped across IPs using the DfS approach.

2. THE ASSIGNMENT

2.1 OBJECTIVES AND SCOPE

The Dialogue for Compliance is a change management approach jointly developed by the GIZ and its partners. The approach focuses on improving compliance with employment and labour standards while boosting productivity at the same time. Since its introduction in IPs in Pakistan in 2014, DfS has received overwhelming results at pilot scale from the private sector and has been acknowledged by the German Federal Ministry of Economic Cooperation & Development (“BMZ”). As a result, GIZ Pakistan seeks to institutionalize the DfS approach at a broader level for wider outreach and coverage. To do this, GIZ Pakistan seeks to continue to strengthen its Labour Standards Program (LSP) through capacity development of consulting and training partner organizations to deliver commercial services to the private sector. These organizations, known as Multipliers, are expected to promote and implement DfS in diverse industries.

As a part of the DfS framework, GIZ organizes change management (“CM”) workshops with CMTs from IPs in order to improve labour standards and productivity. CMTs’ members range from top leaders and senior managers to workers’ representatives to create an all-inclusive environment. In each CM workshops, CMTs create “*Action Plans*” to initiate change in their specific organizations. This is followed by mini-CMTs creation in their respective organizations to create department or unit-wise action plans for further enhancing performance. GIZ also provides the IPs with value added trainings (“VAT”)s to address factory specific needs to improve labour standards or/and productivity. CM workshops play a key role in creating a space for dialogue at IPs to address their needs systematically. Owing to the success of CM workshops, GIZ aims to standardize their design and implementation structure in the future.

The purpose of this assignment is to develop a research report on the overall experience of DfS formulation and evolution in Pakistan as well as to propose a standardized module structure for future CM workshops. The structure will be used as a standard template for effective training delivery to enable a systematic and easy understanding of DfS and its practice. The structure will also be used as a reference for CM workshops enabling GIZ to standardize learning and instruction while using DfS as a brand.

The outcomes of this assignment will be useful for:

- Subject specialists hired as part of this Study to design and develop six training modules pertinent to economic, social and environmental aspects and to be developed to be pliant with the findings of this research;
- GIZ’s own team on ground to understand and appreciate a documented snapshot into GIZ’s intervention under DfS and its impact on the textile and allied sector of Pakistan and to help develop its understanding and ownership;
- Multipliers on-boarded by GIZ to commercially market the concept to the local market going forward;
- Representatives/consultants hired by GIZ to deliver CM workshops as well as potentially;
- Industrial Partners for a structured understanding of the concept of DfS

2.2 METHODOLOGY

The DfS Research Project has the following distinct phases:

- a. Literature review and theoretical framework of DfS provided by GIZ
- b. Attending CMT workshop arranged by GIZ as an observer
- c. Interviews with Internal Stakeholders at GIZ, including:

- i. Interview of Mr. Muhammad Ubaid
- ii. Interview of Mr. Noor Khan
- iii. Combined interview with Internal Stakeholders (collective)
- d. Visits and interviews of Industrial Partners, including the following tasks:
 - i. Selection of Industrial Partners for visit and interviews
 - ii. Development and approval of questionnaire/s for Industrial Partners
 - iii. Collection and analysis of data
- e. Development and submission of DfS Research Report
 - i. Development of a Research Report on DfS, including an introduction to the concept and background, introduction and brief assessment of process consultation, application of DfS in the Pakistani textile sector context (including collection and drafting of success stories, case studies and other related material) in a consolidated DfS Research Report
 - ii. Quality Assurance of DfS Research Report before submission and incorporation of any feedback and comments before final approval
 - iii. Development and submission of a Standard Module Structure and template to be used by the Subject Specialists for each of the six process modules to be developed.
 - iv. Standard structure will include an overview, outline, lesson map, handouts, power-point master file, training guide, student handouts, feedback forms, self-evaluations, self-check lists and other resources.

Multiple interviews were conducted (Annexure IV) with the selected Industrial Partners and the representatives of the GIZ team working on DfS project. Semi-structured interviews were conducted based on two sets of questionnaires (Annexure V and VI) developed for the GIZ team and IPs. Moreover, one CMT workshop was attended by the authors of research report to learn and understand the GIZ's process of capacity building of IPs around DfS.

3. DIALOGUE FOR COMPLIANCE

3.1 BACKGROUND AND CONTEXT

GIZ is a German federal enterprise, which supports the German government in terms of international cooperation for sustainable development. It operates primarily on behalf of BMZ.

GIZ has been operating in Germany and over 130 countries across the world with around 21,000 employees worldwide and more than 3000 staff in Germany. GIZ has been working in Pakistan since 1963 and as of December 2018 had 330 national and 35 international employees working in the country.

In 1960s, German Development Cooperation initiated the facilitation to Pakistan on the priority areas defined by the Government of Pakistan including governance, sustainable economic development and energy. The Sustainable Economic Development Programme had four sub-components such as:

- Technical and Vocational Education and Training (TVET) Reform Support Programme;
- Support to Social Protection – Social Health Protection;
- Labour Standards in the Textile Industry of Pakistan; and
- Social and Labour Standards in the Textile and Garment Sector in Asia.

The Dialogue for Compliance is a relatively recent methodology developed by GIZ and PricewaterhouseCoopers (PwC), a leading global consulting firm. It aims at improving compliance with labour standards while improving productivity at the same time. It has been successfully implemented by GIZ in several industries in Bangladesh, Sri Lanka and other countries. The approach seeks to build continuous ownership and engagement at the factory level by installing a dialogue structure between workers and management.

Major objectives of the DfS approach include:

- Establishing effective communication channels to build trust between management and workers;
- Inculcating a learning culture through coaching and mentoring of middle management and workers;
- Developing problem-solving skills of people to improve business performance; and
- Enhancing ownership to achieve sustainable outcomes.

3.2 EVOLUTION OF CONCEPT AND FRAMEWORK

In Pakistan, the DfS was implemented by GIZ as a pilot scale intervention under LSP. The DfS was initiated because the previous approach, based on compliance audit, was found to be less effective. The DfS approach promoted labour standards as a business case. In terms of economic indicators for example, it focused on:

- An increased return on investments
- Reduced employee turnover
- Improved productivity and
- Reduced waste

In recent years, GIZ Pakistan has been engaged in several interventions to improve capacity and sustainability in Pakistan's textile sector. During 2014-16, the Implementation of Social Standards Support Programme to Textile & Garment Sector in Punjab, Pakistan (ISSSP) targeted the stitching units in Lahore and Faisalabad. Major products of these stitching units included denim-based jeans, warm shirts and kids wear. The programme was followed up by the Social and Labour Standards in Textile & Garment Sector in Asia (SLSG)

which was implemented in 2016-2017. Under this programme, GIZ targeted Pakistan, Bangladesh, China, Cambodia and Myanmar.

The LSP Phase 1 was implemented from January 2017 to December 2018. In this phase, GIZ expanded the scope of its work in terms of districts as they added Sialkot in addition to Lahore and Faisalabad. The portfolio of products was also increased from denim jeans and kids wear to leather jackets, shoes, woven fabric, and home textiles.

The LSP Phase 2 was to be implemented from January 2019 to December 2020. In this phase, the programme would revolve around gloves cluster of Sialkot including the following products: simple gloves, safety gloves, bike gloves, and indoor hand wear gloves.

3.3 INTRODUCTION OF DfS IN PAKISTAN

The DfS approach had been successfully implemented in the textile and garment industry in Bangladesh, Sri Lanka and elsewhere. A major objective of the DfS methodology was to improve communication and trust between managers and workers. This methodology focused on training and performance of change management teams. In this way, a learning culture evolved through coaching and mentoring of middle management and workers. As a result, business performance improved through enhanced problem solving skills of people. Workers became more engaged and employers were motivated to improve working conditions and productivity.

Given the success of DfS in Bangladesh (known therein as the ‘Dialogue Approach’), a decision was made to introduce this approach in Pakistan. Initially, GIZ Pakistan had only one video and some examples from Bangladesh that were not relevant to Pakistan. Additionally there was limited training material that was pertinent to local context. GIZ Pakistan team members underwent a learning curve in terms of customizing, designing and delivering DfS, especially in the textile sector of Pakistan.

In Pakistan, like elsewhere, DfS approach revolved around behavioural change and the mind-set of top management at IPs. Through DfS, GIZ sought to convince top management to treat and respect workers as opposed to considering them as machines.

When DfS was introduced in Pakistan, it revolved around interventions for public and private sectors. More recently, the environmental component too has been added. However, it may be worthwhile to note that DfS is not confined to compliance only. Initially, some factories misperceived DfS as a compliance tool to certify factories on a new International Standard Organization (ISO) type standard. Even the title of the approach (DfS) manifested that the focus was on compliance. However, over time, GIZ team members were able to address this misperception through concurrent focus and tangible improvements in productivity as well as labour standards at IPs.

3.4 TEXTILE SECTOR

The textile and apparel sector was selected in view of its contribution to the national Gross Domestic Product (“GDP”) and the employment generation for the labour force in Pakistan. This sector has a pivotal position in the exports of Pakistan. In Asia, Pakistan is the 8th largest exporter of textile products. Textile and garments are considered the most important sectors of Pakistan's economy and the largest industry with a 46% share of total manufacturing, accounting for 67% of exports, providing employment for 40% of the workforce and contributing a 10.20% share towards GDP. The textile businesses, however, did not generally follow international labour standards and HR best practices, which were deemed critical if the export-oriented industry was to remain globally competitive. A major reason for selecting the mid and downstream textile sector as the first for introducing DfS was, therefore, to prepare the businesses for imminent compliance

requirements expected from global buying houses. Such a sector was expected to be more ready and accepting for change through DfS adoption and also generate quicker and more tangible results. . Therefore, GIZ considered the textile sector as the preferred one to grow and develop in Pakistan.

3.5 DFS AND SUSTAINABLE DEVELOPMENT GOALS

The DfS approach covers the aspects of Decent Work and Economic Growth of Sustainable Development Goals (“SDG”s). Under this goal, GIZ seeks to promote inclusive and sustainable economic growth, with productive employment through decent work for the textile and garments sector of Pakistan. At the same time, GIZ seeks to play a meaningful role in poverty alleviation, employment generation and improving living conditions of the labour force in Pakistan.

Since 2014, GIZ has used DfS and other interventions to reform the mind-set of the top, middle, and lower management at IPs through a focus on concurrent improvements in productivity and working conditions. It has been done through training and capacity building, leading to participative management, higher employee engagement and improved labour and productivity standards at IPs.

3.6 CAPACITY BUILDING AND REFORM THROUGH DFS

The DfS project mainly revolved around labour standards, benchmarking the experience of ‘Dialogue Approach’ in Bangladesh. While the Bangladesh DfS material was not directly relevant to Pakistan, it was helpful as a starting point before a Pakistan specific intervention could be triggered, designed and delivered.

In 2014, GIZ Pakistan selected the first batch of five factories for a change management initiative in the textile and apparel sector. This initiative was largely seen as a test case. Out of the five selected factories, two performed relatively well while the remaining three could not achieve the desired results. It was realized that a contextual understanding and application of the DfS approach by factory owners and top management was extremely important for this approach’s viability. This required ownership at all levels of IP, i.e. the motivation and ownership of workers at the shop floor were as important as the motivation and ownership of middle and top managers.

In order to achieve the desired results, factory specific action plans in the initial phase were designed by GIZ and their execution was facilitated by relevant consultants hired and deployed by the GIZ at IPs.

It was noted that the key factors behind the success of the first two industrial partners for GIZ was an objective selection of CMT members as well as a good quality of local consultants deployed.

GIZ Pakistan also used international study visits to improve the learning and motivation levels of CMT members with IPs. For example, an exposure visit of key representatives (including some Chief Executive Officers (“CEO”s)) of the selected IPs was arranged to Sri Lanka. The visit entailed tour of the best garment factories in the country to better understand and absorb the need for change according to best practices in the region.

As a result, the CEOs and other participants realized the importance of DfS and started taking more interest in workers’ welfare and capacity building. For example, one of the CEOs' invested in hiring two experts from Sri Lanka to help apply their learnings in his factory, in addition to supporting other labour welfare activities. This resulted in quantifiable economic benefits. GIZ was successfully able to showcase by sharing data from this successful local Industrial Partner against relevant Key Performance Indicators (“KPIs”) and improvements therein as a result of this intervention. Addressing factors relating to improving labour standards not only lead to reduction in worker ill-health and/or fatigue but clearly also impacted productivity and by extension the business’s profitability. As a result CEOs of other local firms understood the value of

investment in improved working conditions for their labour, and resultantly, GIZ was able to market its business case

GIZ considered stakeholders' perspectives as a driving force for change and reform. CEOs generally were interested in economic outcomes, whereas labour wanted to have improved livelihood, recognition and bargaining power. International development agencies and public sector wanted to improve the socio-economic conditions through poverty alleviation, employment generation and improved working conditions. Other interest groups such as chambers of commerce and business associations wanted to improve the bargaining power of their industrial sector or sub-sector.

Within CMT workshops, several examples demonstrated that the involvement of CEO was a crucial factor in defining the success or failure of DfS programme at IPs. For example, in a CMT workshop in 2015, a CEO of a partner company discovered some disagreement between workers and managers due to either miscommunication or misperception. Intervention by the CEO not only resolved the conflict favouring the workers' opinion but also resulted in an efficacious policy to prevent a similar conflict in future. This was an interesting manifestation of giving voice and ownership to workers and making them feel good about themselves and their company.

Similarly, when the production capacity of another company was increased by 50% and the company reaped its financial benefits, GIZ convinced the CEO to share some of these benefits with the workers to create a win-win situation and sustain the production efficiency. The approach in general initiated a positive spin at IPs and also created a culture of performance based incentive system.

Change through DfS was based on the following structure:

- Dialogue with the top management of willing/selected Industrial Partners through industry associations, chambers or some reference (snowball, reputational and/or referential sampling)
- Formulation of CMT
- Situational analysis of the selected Industrial Partner factories (fact finding)
- CMT Workshops (generally 2 days/workshop)
- International exposure visits
- Local benchmarking visits once the success stories were developed
- Follow-up meetings at the shop floor and initiation of change through Mini-CMTs at the department or shop floor levels
- Recruitment of consultants around a specific issue based on the requirement of the Industrial Partners (also known as VATs)
- Handholding during the change management process at the site of an Industrial Partner
- Main CMT workshop after every three months around a specific topic, relevant to most of the Industrial Partners and then review of the previous performance of the same set of Industrial Partners
- Self-assessment by each IP after every three months based on the pre-defined performance indicators in collaboration with GIZ's core team and the consultants
- Ensuring sustainability of change through a round of CMT workshops (ideally six) and regular mini-CMT workshops at the IP level
- Ultimately, transferring the ownership of change and sustainability of the intervention to the top, middle and lower management of the Industrial Partners. This was done through the change of mind-set, connected with the socio-cultural change and economic benefit associated with it (business case linked to the improved labour standards and decent work).

3.7 CHALLENGES AND ACHIEVEMENTS

3.7.1 Challenges

During 2016-20, DfS's performance in terms of productivity and labour standards at IPs improved with the learning curve and an impressive trajectory of actual impact in the participating factories was noted. Due to contextual variances, the extent of success varied from one factory to another, depending on the level of leadership commitment and resources allocated to the program.

Political Stability

Political stability and law and order were key local challenges in the Pakistani context. However, the law and order situation generally improved since the anti-extremism military operation in 2016. This had a healthy effect on Pakistan's export oriented industries.

International Benchmarks

Another relevant issue was international benchmarks. In the Sri Lankan textile industry, performance level in most KPIs was generally above 80% which was an example of best practice. Using or referring to international benchmarks in Pakistani context was a challenge due to contextual differences, relatively low literacy rate (58% in Pakistan vs 96% in Sri Lanka) and the initial reluctance to change at IP.

Collective Bargaining & Workers' Union

Moreover, DfS was not able to resolve issues of collective bargaining and workers' unions at IPs in Pakistan. As an intermediate step, given that workers' unions were generally resented by factory owners, worker councils were created in some factories. In such factories, the councils offered a provisional win-win platform to managers and workers alike, facilitating their conversations and consultations. Worker councils by design are platforms similar to collective bargaining platforms such as workers unions in that they help provide a suitable platform to share worker concerns and help develop a sense of collective ownership, without the power to disrupt operations of industrial partners and imposing economic costs. To facilitate the process, training on negotiation skills was offered to members of such councils. While the experience worked in a few factories, in many others it did not work due to organisational culture and parochial mind-set. However, CMT per se could be seen as a step towards facilitating worker-employer dialogue. For example, in a CMT workshop that was held in Lahore in March 2020 (attended by the authors of this report), 50 members from 5 IPs participated out of which 8 were factory owners or directors while the remaining members were factory employees from top managerial tiers right down to the shop-floor workers.

Skills Dearth

Another key challenge facing GIZ in implementing DfS was the generally low level of knowledge and talent in the industry. Many leaders and managers in the factories did not even know the key challenges they faced or their root causes. Their initial hopes were that GIZ would help them connect their factory with a few foreign buyers or would alternatively provide them with foreign funding. It was observed that several factory owners and leaders did not know or appreciate that labour cost, usually, was only around 7% of their total cost whereas material represented 40% of unit cost, and energy was the second highest cost. There was, thus, an issue in terms of their strategic outlook and priorities. Similarly, workers were only interested in more wages or financial incentives. To bring the employer and workers on the same agenda of DfS was a fundamental challenge.

Leadership Commitment

With a lukewarm interest, CEOs usually assigned the DfS tasks to their General Manager (“GM”s) and at times there was an issue of leadership’s commitment and ownership. Convincing and on-boarding of CEO was a key challenge facing GIZ.

Employee Turnover

Workers’ turnover and continued employment was another key issue. Often, people trained through CMT workshops or at mini-CMT workshops left in the midst of training workshops which helped neither the factory nor GIZ.

Social Norm

National and social culture was another key issue. For example, in shoe and football factories in Sialkot, it was noted that there existed a culture of working bare foot on the factory floor. This was clearly an occupational safety and health (“OSH”) issue but the workers were reluctant to altering their traditional practices. Through GIZ’s training and sensitization, limited success (less than 10%) was achieved in correcting this OSH related issue. Influencing older workers on this practice in particular was found to be more difficult, as they were found to be more set in their ways. Younger workers on the other hand were relatively more receptive. From the owner (top management) perspective, it was noted that he/she had no issue at all with workers’ choice around going barefoot at their place of work or their respective workstations, and to them it was just a traditional practice by some older workers.

Data Integrity

In terms of production, there were internal discrepancies in some factories due to lack of data transparency or utilization of different systems for data collection and reporting. For example, in one factory, actual production yield was 58% but the reports being sent to the owner/top management indicated a higher 78% yield. When GIZ team highlighted such issues as opportunities to improve productivity, they faced resistance from the production staff in some factories and resultantly some delay tactics were utilized to stall progress on the project. As a result, it took time and tangible results to develop the requisite trust and credibility.

Quick Wins

GIZ DfS team was able to handle such challenges through showcasing quick wins, success in owner’s alignment and buy-in, cross-verification of results by the workers and top management, and a gradual, semi-structured approach to change management.

3.7.2 Achievements

For GIZ team in Pakistan, the learning curve was gradual. It was a mix of success and sub-optimal success. We understand for example, 3 out of 5 IPs in the first batch could be seen as less successful in terms of KPIs and the ownership of the concept. In other, the progress was to the tune of 50%. There was low interest and low motivation in the beginning. GIZ team’s own technical knowledge and human capital passed through a learning curve.

Expansion of Scope of Services

The GIZ Pakistan team initially focused only on one area for DfS, lean management for productivity and 5S.

With time, people from different backgrounds were on-boarded as part of GIZ's local human capital with innovative ideas and skillsets around productivity, employee motivation and retention, quality, and more recently, environmental management. Thus, GIZ DfS team expanded its own capacity on ground and as a result was able to expand its scope of services under DfS as well. It is therefore understood that these new inductions helped GIZ team's efforts for the DfS initiative significantly. Initially there was a lack of confidence and knowledge in the first batch. The partnering companies too were not sure; they were not really inspired by abstract examples from Germany, Sri Lanka or Bangladesh, and wanted a local example to more aptly make reference to.

Production Improvement

GIZ deliberately focused on productivity in CMT workshops and used those tools which gave quick results (and were easy to celebrate internally and strengthen buy-in as well as easily market DfS to other IPs as well), e.g., 5S or 6S to improve and organize the factory environment and resolve issues around housekeeping. GIZ was successful in educating CMTs of its IPs in ways to reduce or deal with waste. This helped the IPs with limiting investment in excess inventory and free up critical working cash. The approach also helped IPs in reducing their work in process and expedite the conversion of raw material to finished goods.

Productivity Improvement & Working Conditions

By April 2020, GIZ Pakistan had multiple success stories and examples. Such stories were not radical or awe-inspiring but simple yet credible cases of how each factory used its own approach to improve productivity and working conditions.

Operations Management

In the first batch, GIZ did not use a structured approach to DfS. In subsequent batches, this flexibility became their strength, as the approach expanded across garments, sports and shoes sectors. Despite sector-wise heterogeneities, what was commonly lacking was an understanding of basic operations management. Quick wins through model lines and efficiency improvement tools played a key role in getting the message disseminated quickly.

Economic Benefits

It may be noted that in Pakistan, DfS was primarily implemented in the Punjab province in the textile and allied sector. By April 2020, such direct intervention had been made at about 30 IPs employing almost 30,000 workers. There were some significant gains. Reportedly, in one IP as a result of implementing DfS, aggregate employment increased from 800 to 1300 (an increase of nearly 63%). Additionally, female employment and average salary too witnessed an increase, leading to improved financial status of the workers and better employee retention.

In broader terms, these achievements revolved around labour standards and productivity, and the following KPIs were defined under each dimension.

Performance of Industrial Partners against Labour and Productivity Related KPIs

Key achievements against labour and productivity related KPIs of GIZ's Industrial Partner studied at three distinct points in time are discussed hereunder.

Table 3.1: KPIs for Labour and Productivity Standards

Sr. No:	Description of KPI	Sub-KPIs (if any)
1.	Absenteeism	Absenteeism due to leaves Absenteeism without leave
2.	Workers' turnover	Voluntary Turnover Involuntary Turnover
3.	Overtime	
4.	Supervisor's competency	
5.	Employee Communication	
6.	Employee Discrimination (based on religion, race, etc)	
7.	Equal employment opportunities	Female Workforce Disabled Workforce
8.	Reward	Monetary reward Non-monetary reward
9.	Legal Compliance	Minimum Wage EOBI Social Security Group Insurance Coverage Child Labour Forced Labour
10.	Occupational Safety & Health	
11.	Working Conditions	Ergonomics Noise Air Light Cleanliness

Sr. No:	KPIs
1.	Products Per Person
2.	Efficiency (Worker wise and Departmental)
3.	Departmental Process Lead Time
4.	Departmental Work In Process (WIP)
5.	DHU (Defects per hundred units)
6.	Machine Downtime

Note: It may be noted that that there were improvements across more KPIs than the ones indicated above, which indicates DfS's success as a CM approach.

A clear impact against the key KPIs (as measured by GIZ) has been witnessed on a number of productivity and labour related KPIs. Impact was measured at three milestones corresponding to three different points in time. Annexures I – III presents a graphical representation of the impact noted across 2015, 2017 and 2019. The first milestone or 2015 corresponds with the starting year (including on-boarding of the first batch of Industrial Partners and also a year where initial results from the first batch industrial partners started coming in) for the intervention, with 2017 corresponding to a mid-point (whereby several first batch Industrial Partners had gone through the 18 month CMT workshop cycle and several batch two partners too were at a fairly advanced level of completing or having completed the CMT cycle) and 2019 corresponding to a more recent point in time with the pilot phase almost coming to an end. Additionally as earlier discussed, Multipliers were on-boarded during 2019 as well.

People Centric KPIs

In 2015, the key improvements in results were witnessed in reduced absenteeism, increased production output, reduction in workers’ turnover and overtime, improvement in numbers of workers benefitting from social security and Employees Old Age Benefits Institution (“EOBI”) contribution, wages, production efficiency and a reduction in lead times. (See Annexure-I)

Labour Standards KPIs

In terms of labour related KPIs, the following indicators showed improvements: absenteeism, workers’ turnover, overtime, salaries and wages (male and female employees), gender balance in model areas, employee fatigue, and social security as well as EOBI (a Government of Pakistan owned pension contribution fund) (See Annexure – II).

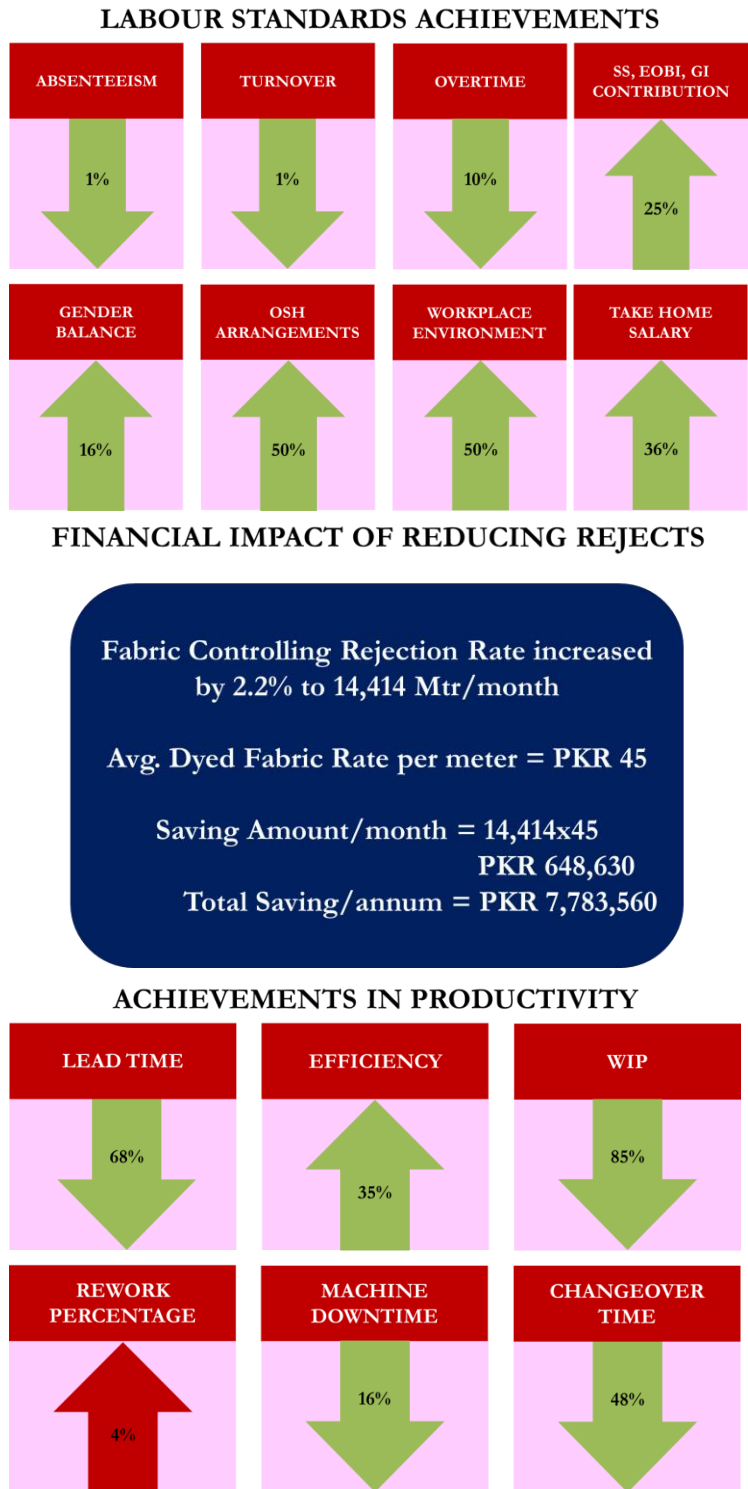
Production KPIs

In terms of the impact in 2017 (September 2016 to March 2017), the following indicators were included on the production side: efficiency, work in process, defect rate ((defects per hundred units (DHU)) reduction, overall equipment effectiveness¹ (“OEE”), chemical utilization, and reduction in leftover fabric.

General Organizational Improvement KPIs

In 2019, an additional focus was made on layout improvements, traffic light system, women focused training centre and production, resulting in direct financial benefits due to improved productivity, reduced rejects, and labour standards compliance (Annexure – III).

Figure 3.1: 2019 KPI Improvement Snapshot



¹OEE measures the percentage of planned production time that is truly productive. Many manufacturing lines are only 60% productive, meaning there are tremendous opportunities for improvement. Source: <https://www.leanproduction.com/oee.html>

Summary of noteworthy achievements:

Job Creation

- More than 600 jobs created in about 15 of the IPs where DfS had been implemented. This was possible through production capacity enhancement, industrial engineering (“IE”) interventions, identification and addressing of non-value added systems, reduction of workers from clipping operations (meaning thereby that IPs were focussing more on ensuring quality assurance throughout the production process as opposed to an approach fixated towards quality controls), development of model lines (helping develop internal best practices/benchmarks to act as motivators towards excellence in production lines), and induction and training of women and men in such lines.

Exports Grew

- In terms of economic outcomes, export oriented factories experienced 6-10% growth (higher than the GDP growth during the period under consideration²)

Workers’ Wages

- Increase in workers’ wages which was made possible through increased productivity and revenues. This was enabled by helping IPs in cost cutting, increased productivity, process optimization, material saving and resource optimization.

Working Conditions

- Working conditions at IPs was greatly improved, e.g., temperature controls through air handing units on the factory floor, improved layouts and safety procedures. Through ergonomic intervention, sitting postures and seats were improved, and fatigue levels of the workers were reduced, leading to improved productivity and working conditions.

At the organizational level, the approach helped in changing the mind-set of CEOs about working conditions and labour standards. Those employees who had been trained and skilled through the CMT generally had good career paths and were able to further disseminate this approach in other factories and industries as well.

² Average GDP growth between 2014 – 2019 for Pakistan was recorded at 4.46%. (Source: Economic Survey of Pakistan 2019)

4. DFS – EVOLUTION FROM DfS

‘*Dialogue for Compliance*’ has recently been renamed as ‘*Dialogue for Sustainability*’. Whilst staying true to the concept structured around dialogue and little fundamental change in the framework, the nomenclature of the approach has been amended over the years to adapt to the evolving business dynamics. Starting off as the ‘Dialogue Approach’ (a process consultation based methodology borrowed as a concept from GIZ Bangladesh) it evolved into ‘DfS’ in the intermediate.

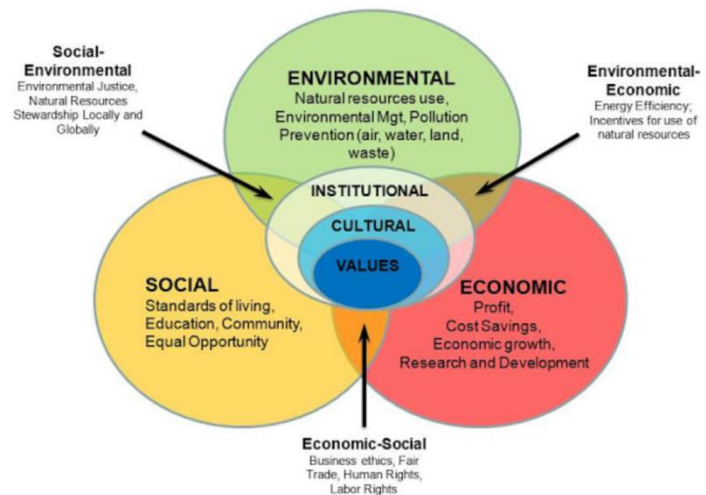
The inclusion of the word ‘compliance’ in the name, however, became a challenge for GIZ as potential IPs expressed reservations in opening up to the initiative due to the term ‘*compliance*’ at least initially. There was a misperception that the approach entailed compliance to regulatory requirements and implied additional costs. Whilst GIZ was successfully able to market the DfS methodology at the pilot stage by allaying fears and showcasing its tangible benefits to the local industry and benefits accrued by successful local IPs, the name also created confusion at the public sector front. The title for the public sector component, therefore, had to be changed to ‘*Dialogue for Labour Welfare*’ and/or ‘*Dialogue for Change Management*’ to cater to the public sector partners. This was inconsistent with the brand and not appropriate as the DfS concept was universal irrespective of public or private sector.

With the inclusion of the environmental component in 2019, an internal debate started on renaming the approach once again, and a need was felt to apply a single and standard brand for the approach which could, once and for all be used for GIZ’s various sectors and partners, and cover all three facets of sustainability, namely the social, economic and environmental dimensions. This debate culminated in the decision to rebrand the approach as Dialogue for Sustainability or DfS as of April 2020.

The objective of GIZ through DfS is to continue to target multiple sustainable development goals as part of the change management process at IPs. GIZ, for instance, has been working on UNSDGs 3, 5, 6, 8, 12, 13 and 15 by focusing on:

- Good health and well being
- Gender equality
- Employee retention,
- Salary/wage structure,
- Improved occupational health and safety and a conducive working environment at IPs.
- Decent work and economic growth
- Climate action
- Life on land

Figure 4.1: Sustainability Frameworks



Source: The Integrated Frameworks and Pillars of Sustainability³

³ The Integrated Frameworks and Pillars of Sustainability (By Marco Tavanti, Ph.D), 2010 (Brugha & Varvasovszky, 2000)

5. MAJOR STAKEHOLDERS

As of April 2020, GIZ was passing through the assessment phase of the DfC intervention and wanted to re-brand and further expand its scope by using DfS as the new name (especially as it sought to nurture the successful pilot and market a winning methodology through its network of Multipliers). It would be important to understand the influence and importance of different stakeholders involved in this project. The key stakeholders in this process include: GIZ itself, L&HRD, GoPb; Interest Groups such as Chambers and Business Associations; Industrial Partners; Consultants; and Multipliers.

Stakeholder Analysis to Map Relative Positioning

In order to understand the relative position of each stakeholder and their mapping on the influence and importance scale (Refer to Figure 5.1), the ‘Stakeholder Analysis’ approach has been utilized. Stakeholder Analysis is a systematic tool with clearly defined steps and applications for scanning the current and future organizational environment. Stakeholder Analysis can be used to generate knowledge about the relevant actors so as to understand their behaviours, intentions, interrelations, agendas, interests, and the influence or resources they have brought – or could bring – to bear on decision-making processes. This information can then be used to develop strategies for managing these stakeholders, to facilitate the implementation of specific decisions or organizational objectives, or to understand the policy context and assess the feasibility of the future policy decisions⁴.

5.1 GIZ PAKISTAN

GIZ initiated DfS in Pakistan’s textile and garment sector, because of the prime importance of this sector in country’s manufacturing and export industry, as well as its failure to fully capitalize on the duty free access to the lucrative European markets subsequent to grant of GSP Plus status extended to the country in 2014. According to GIZ, 15 million people (around 25% of the workforce) were employed in this sector. DfS was initiated in Punjab as there were large clusters of textile and apparel/garments in that province. The working conditions in this sector were generally characterized by the following:

- Lack of adherence to safety measures at workplaces
- Disorganized workplaces
- Low wages
- Low productivity
- Dearth of quality leadership and talent and
- A lack of dialogue between management and workers

GIZ initiated the DfS with an aim to improve communication between management and workforce for improved labour standards and economic outcomes. As earlier indicated GIZ is planning to institutionalize and expand the programme by renaming it as Dialogue for Sustainability. As designers, implementers and owners of DfS, GIZ has a major stake and therefore has a high influence on the programme. The DfS is of great importance to them and the same makes them a key stakeholder of the programme. They may be placed in the category “B” of the Importance and Influence Diagram of the Stakeholder Analysis.

5.2 INDUSTRIAL PARTNERS

Industrial partners (IPs) are important for DfS as their ownership, willingness, commitment and partnership for execution are the key factors for DfS’s successful execution during the pilot phase. By adopting DfS in

⁴ (Brugha & Varvasovszky, 2000)

their factories, IPs could experiment and show the cost effectiveness of the intervention, highlight that the factory owner's profits increased despite the:

- Cost of the investment;
- Clarify the relationship between increased productivity/revenues and labour standards/wages;
- Document a gradual increase in the Return on Investment (ROI) in DfS; and
- Show that the investment in labour standards is a viable investment not only socially but also from a business perspective.

In a nutshell, the role of IPs is crucial to demonstrate the business case of DfS. In this situation, IPs are the primary stakeholders and they may be placed in the category “A” of the Importance and Influence Diagram.

5.3 MULTIPLIERS

Despite its success, institutionalization of DfS was a major challenge facing GIZ. In 2018, GIZ decided that in order to sustain and further expand the DfS model, it would be useful to develop local training providers (called Multipliers) in Pakistan and build their capacity and capabilities accordingly. GIZ may continue to offer DfS approach for another few years for (albeit for specific micro organizations not a target for multipliers, until 2023 while the Multipliers could be used in parallel until that year), after which the Multipliers would be solely responsible for CMT workshops and their implementation in the industry.

GIZ plans to use Multipliers (external trainers) to further disseminate and utilize the DfS approach. From Multipliers, GIZ needs commitment, capability and capacity to deliver. There is a detailed process and criteria for selection of Multipliers. From a pool of 30 possible institutions in January 2019, three were selected. The selected Multipliers have been engaged since April 2019. In the first year, it is understood that the Multipliers have predominantly been involved in capacity development of their resources specifically around the concept of process consultation and aptly training their trainers as well as the sales staff.

5.3.1 GIZ's Efforts in Capacity Development of Multipliers

The first workshop organized by GIZ for the capacity building of Multipliers was in September 2019 in Lahore, around the sales pitch of DfS to prospective buyers. The second workshop was on Training of Trainer (“TOT”) (on boarding dialogue for compliance) and was delivered by Mr. Muhammad Ubaid and Mr. Raza Abbas of GIZ. Subsequently exposure visits on process consulting were organized in Germany. Lead Multipliers such as Dr Kamran Musa, Mr. Abid Sabri and Ms Robina were deemed well versed in the process model but were new to the concept of process consulting. A workshop in December 2019 was held on facilitation and presentation skills as well. In January 2020, a five-day TOT on change management was led by Dr Martina Schubert, with yet another TOT being held in February 2020 on process consulting.

In March 2020, trainings of the Multipliers along sales pitch and process consulting were completed.

We understand that subsequent to the capacity development activities, GIZ has provided its Multipliers with several leads, and as of April 2020, it is understood that three organizations were considering a formal contract. We also understand that this is an initial stage and GIZ's staff members are directly supporting Multiplier teams, and this includes accompanying sales staff of Multipliers on IP visits and discussions (in the lead up to the MoU signing stage).

5.3.2 Target Setting and KPIs for Multipliers

Success criteria or expectations from the Multipliers set forth are as follows:

- 5 successful IPs to be on-boarded by each Multiplier by December 2020.
- Tangible improvement in Productivity, Labour and Environmental KPIs (in percentage or numbers) such as employment generated, wages increased etc.
- Engagement of additional IPs.

To facilitate the Multipliers and define boundaries, it was decided that from 2021 to 2023, GIZ would offer DfS to new industry sectors only, e.g., micro-enterprises (which would traditionally not be a target for Multipliers).

In view of the foregoing discussion, the Multipliers may be placed in the primary category of the stakeholders as they have high importance but arguably relatively lesser influence on the project in the current circumstances. It is possible to place them in category “A” of the Importance and Influence Table at the moment, but they would need help in transition from category “A” to category “B” for the long term sustainability of the project.

5.4 CONSULTANTS

As industry experts, consultants have an importance in terms of helping the partner factories while implementing a specific component of the project at the grass root level, but they have relatively less influence on the design and direction of the project. Their level of importance is relatively less than IPs. In some cases, IPs were able to hire their own consultants to implement the project. Consultants could be placed in the category of the primary stakeholders, as category “A” of the Importance and Influence Table. They could change their level once they started implementing DfS on their own as Multipliers. In one such instance, Samad Apparel hired an ex-consultant of GIZ and used his services in implementing the project.

5.5 LABOUR AND HUMAN RESOURCE DEPARTMENT, GOVERNMENT OF PUNJAB

In order to improve labour standards in Pakistan’s textile industry, a natural partner was the L&HRD of GoPb. As part of this department’s agenda, it was responsible for improving working conditions in the manufacturing industry of Punjab. Its responsibilities included: labour inspection, occupational safety and health, medical care, rehabilitation, and compensation of the workforce.

In addition to working on capacity development and labour standards in the private sector enterprises, GIZ also worked with the Punjab Government to improve the organisational capacity of the L&HRD to foster the industry’s compliance with labour standards. The main focus was on improving the impact of labour inspections and strengthening cooperation and coordination between various departments on issues which could help the private sector in meeting international compliance requirements around critical issues such as occupational safety and health (OSH).

Although, GIZ consulted this department while initiating DfS in the private sector, the department had limited influence on DfS’s actual execution at IPs. Moving forward, this department could take an active role in designing and implementation of DfS. GIZ has also been involved in significantly addressing the Department’s structural issues and capacity development, in particular of its inspectors to becoming advisors rather than sticking to their traditional policing roles. At the moment, the Department could be placed in the category of a primary stakeholder or category “A” of Figure 5.3 as its role is of a facilitator (which is typical for such departments/function in developing economies).

5.6 INTEREST GROUPS SUCH AS CHAMBERS AND ASSOCIATIONS

Keeping in view the reputational and referential sampling technique used by GIZ during DfS and also based on input from IPs and interviews with the GIZ representatives, it seems that chambers of commerce and business associations in Lahore, Faisalabad and Sialkot did not play a significant role during the conceptualization, design and implementation of DfS. Although, these were important platforms for political mobilization and policy input, they seemed to lack developmental agenda and were generally represented by large firms in a specific cluster and in some cases big clans (biradari) in that industry. In the current scenario, they could be placed in the category “D” of the Importance and Influence Diagram, but again they have a potential to be leveraged with the expanded scope of the project towards sustainability. They could be considered as secondary stakeholders in the present circumstances.

In view of the foregoing discussion, the table and the diagram of Importance and Influence could be populated to develop a holistic picture of DfS’s stakeholders.

Table 5.1: Importance & Influence Table of Stakeholders – DfS Intervention of GIZ

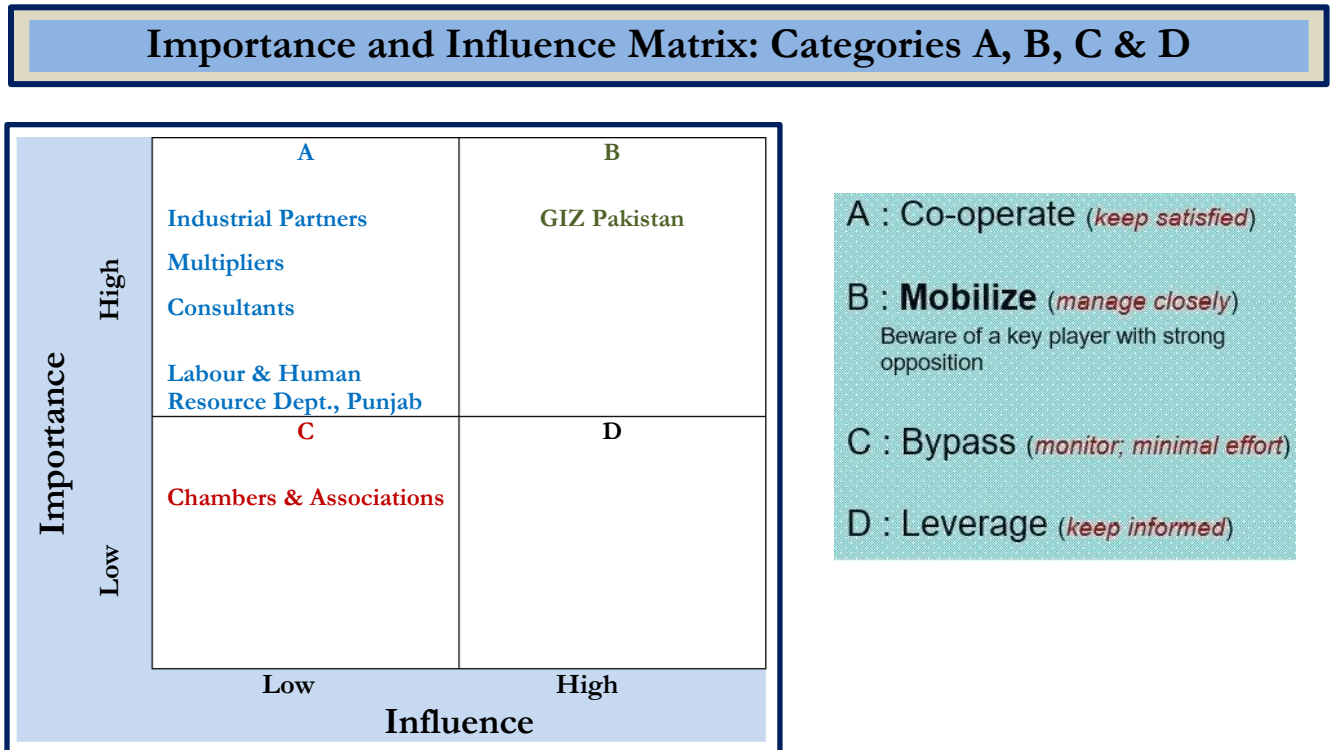
Stakeholders	Category	Interest	Level of Importance	Level of Influence
GIZ	Key	Developmental Agenda – Improving compliance to employment and labour standards; boosting productivity	5	5
Industrial Partners	Primary	More Business – Profitability; Recognition; Branding; Increased Revenue and Reduced Costs	5	2
Multipliers	Primary	Business Case – Profitability; Recognition; Branding; More Business	5	2
Consultants	Primary	Business Case – Profitability; Recognition; Branding; More Business	4	1
Labour & Human Resource Department, Punjab	Primary	Improved inspection and application of policy	3*	1
Chambers & Associations	Secondary	Influence policy and get benefits from government; improved bargaining power	2	1

*Note: It is understood that GIZ has invested considerable time and resources in the capacity building of the L&HRD, and as a result it is expected and anticipated by GIZ that L&HRD will provide an improved support for the sustainability of the programme going forwards.

Consequently, DfS’s stakeholders may be categorized to develop a diagram based on Importance and Influence Matrix⁵:

⁵ Brugha, R., & Varvasovszky, Z. (2000). Stakeholder analysis: a review. Health policy and planning, 15(3), 239-246.

Figure 5.1: Importance & Influence Matrix



6. METHODOLOGY DEPLOYED

6.1 BUSINESS CASE METHODOLOGY

Using a business case methodology, the results of the DfS approach were assessed for IPs, such as Softwood. A detailed analysis took place using quantitative and qualitative data of IP. The purpose of this analysis was to: visualise all the elements involved in achieving higher profit for IP, such as work environment index, material costs, labour costs, etc. and demonstrate the relationships between these elements, quantify these elements of the decision problem by deriving financial results and uncover the likelihood of achieving an increase in profit, by creating a probability density function.

6.2 INITIAL CONTACT WITH INDUSTRIAL PARTNER AND BUY-IN

The initial contact of GIZ Pakistan team with IPs was established either through the relevant chambers/ associations or referential/ reputational sampling. For example, after having undergone DfS, Softwood recommended the name of Samad Apparel to GIZ for potential DfS intervention. Once the contact was established through a DfS success story in the same sector/ cluster or through a reference or interest group, then the GIZ team started selling the concept as a business case to the targeted manufacturing unit in order to bring them on board.

After a formal memorandum of understanding (“MOU”), the GIZ team initiated the intervention process through an awareness creation and capacity building programme, and it was mainly done through CMT workshops.

Through experience and time, GIZ Pakistan realized the importance of using contextually relevant topics and tools to engage factories and CMT members. GIZ team started using Training Need Assessment (TNA) and feedback to understand local issues and context. Cost reduction was particularly highlighted in the needs assessment phase, i.e., tools and techniques of cost reduction as a CMT workshop topic. A few IPs were also interested in other issues such as supply chain and staff absenteeism. Such gaps were addressed through VATs, e.g. by deploying supply chain expert to the specific IP.

Topics of training modules were chosen through a process consultation approach in which the process owners (IPs) offered their ideas and suggestions. GIZ representatives served as moderators and facilitators.

6.3 CHANGE MANAGEMENT TEAMS AND THE 6 STEP APPROACH

GIZ’s CMT programme is based on 6 modules (or workshops) each of which is organized over two days. In other words, over a course of 18 months, 12 days of training workshops are offered.

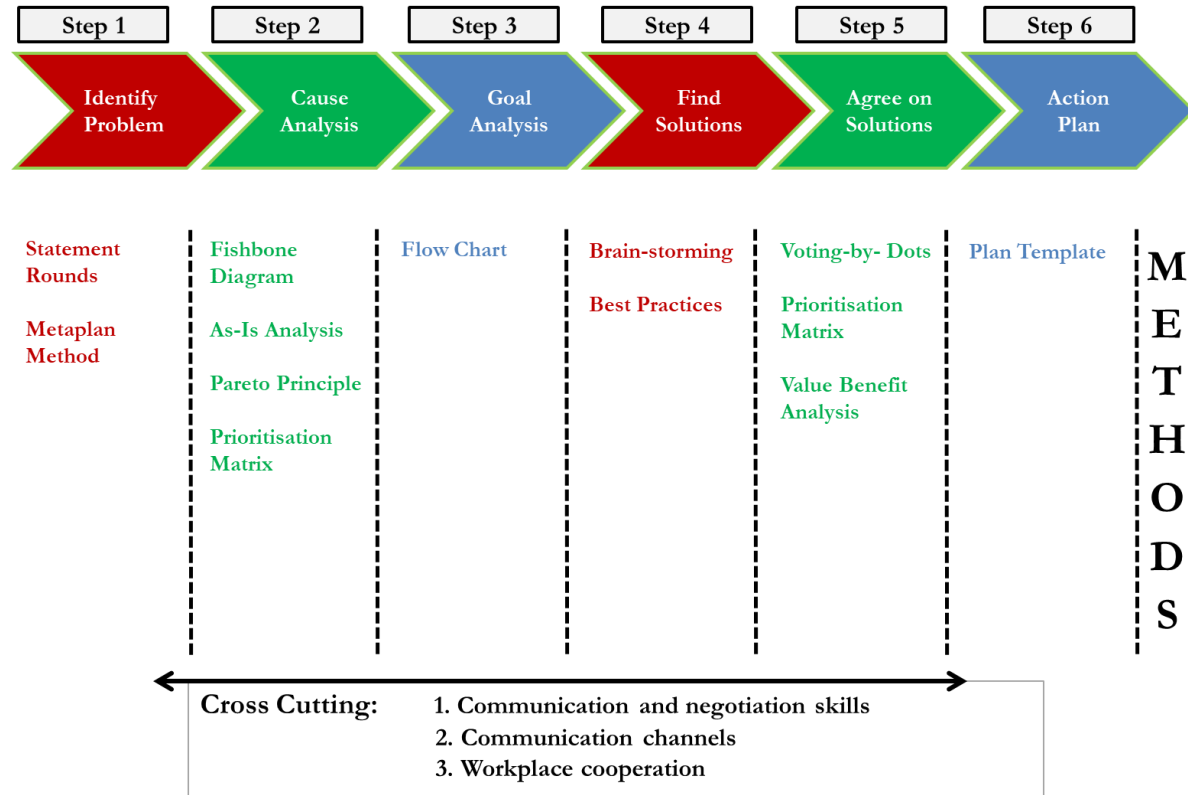
Based on the internal and external stakeholder interviews, it appears that the following topics were usually covered in CMTs:

- Introduction to DfS
- Cost of Quality
- Quality Control Management
- Occupational Health and Safety
- HR Best Practices (including absenteeism)
- Six Sigma
- Cost Reduction

In each module, action plans were developed, progress was reviewed and in this way, best practices were shared.

GIZ utilized a six step approach during these CMT workshops and a pictorial insight of the same is provided below:

Figure 6.1: Six Step Approach used in CMT workshops



It is understood that in one batch, 5 to 6 IPs (10-12 members per IP) are typically invited. Cross-IP learning of best practices and issues and approaches also takes place in such an environment.

CMT workshops were conducted using a face-to-face mode. GIZ encouraged two or more clients to club resources, which facilitated cross-learning, and knowledge sharing while also reducing costs at the same time. CMT workshops were therefore not conducted at individual IPs, and instead, GIZ held these at neutral locations such as hotels or training centres. Usually there were three types of venues utilized, i.e., off the field CMT in hotels and/or training centres and mini-CMTs and VATs being IP specific at individual IP sites.

It was also deemed crucial to develop trust and collaboration among IPs participating in CMT training. For example, in March 2020 CMT, all of the five participating IPs were from the Sialkot region, unlike the previously mixed regions cohorts. We understand that all five of these IPs were competitors in the international market. Bringing them together at a neutral venue (in this case Avari Hotel, Lahore) was a step to develop intra-sector communication and promoting a culture of cross learning. Developing trust with IP is deemed to be very important.

We understand that GIZ expects to continue with a two day training delivery dedicated for each module.

6.3.1 CMT Membership

Although CMT members are typically selected by an IP's focal person, it is understood that the CEO and the top management all have a significant role in the selection process. The focal person is the primary POC for GIZ and its team and is a nominee of the CEO. Typically, the individual is serving in a capacity of a GM or a senior manager and is a person empowered by the CEO. We also understand that GIZ's method is to work with an empowered nominee rather than the CEO who could impede progress on the DfS implementation, as the CEO may typically be distracted with managing the core operations of the business and may not be able to give in the requisite attention. This, it is believed is a crucial part of the success of GIZ with this methodology thus far, as effective change management requires decision making authority and appropriate knowledge of IP's operations.

Representation from each of the relevant departments, with the approval of the CEO/top management was ensured at the CMT level. Representation from the three organizational tiers in the CMT is usually fixed, i.e. a top management representative (usually a GM or a director), middle management representatives (usually heads of department (s) e.g. Production Head and head or senior official from Human Resource Department) as well as worker level representation (usually two workers' representatives (one male and one female if possible)). Other members would vary by department, e.g., IE, quality, maintenance, and supply chain/procurement.

6.3.2 Language of Communication in CMT Workshops

In the first batch, training material was in Urdu. Some conversations and words in Urdu were difficult to understand as no easy substitutes were available in Urdu. Since then, all training materials in use were in English while conversations were mostly in Urdu.

6.3.3 Requisite Traits of Trainers, Consultants and Implementers

For trainers, consultants and implementers, communication skills and background knowledge are considered to be requisite traits. Furthermore, for owners/implementers a focus on quick wins instead of protracted long-term steps (e.g. layout redesigning; alignment and balancing), and celebration of quick wins is to be encouraged. This for example would be to acknowledge best performers at ceremonial events and distribution of rewards and certificates.

6.3.4 Learning Outcomes and Constraints

In terms of expected learning outcomes, an enhancement in knowledge level and commitment is expected as the concept is matured, from an initial contact to attending the first CMT. In the preliminary stages, CEO or focal person who had initially been found to be generally reluctant or unsure, started trusting the concept and gave his/her buy-in (especially after attending the first CMT). It therefore means that a desire to change (upon the concept's dissemination at the top level) can be seen, and arguably, can become a key success factor for the implementation of the approach going forwards in the industrial partner.

In terms of learning constraints, motivation and learning capacity levels of participants has so far not been uniform or consistent across the various industrial partners. Some of the representatives of the industrial partners mentioned during the survey that training was fairly technical and needed to be made more interactive and therefore easier to comprehend. Other feedback indicated that the training and learning material was dry and boring. Some of the generic constraints, which were indicated included the following:

- A lack of participant commitment and retention,

- Lack of CEO's support and incentives,
- Pedagogical content and method related concerns as well as
- Trainer's own expertise.

One of the solutions which was deemed useful by participants at large was to engage external expert for half a day to enable practical learning and instruction to bring in more clarity, if need be.

6.3.5 Formalizing DfS Centred Six Training Modules for CMTs

The essence and spirit of the DfS captured in this report forms the backbone for the material on DfS which going forwards is to be reflected in the six modules to be developed and fashioned in its spirit.

With the DfS now evolving into DfS, the modules being delivered are going to be broadly structured in accordance with the three key target areas/facets of interest for GIZ through this initiative i.e. Economic, Social and Environmental. Topics covered traditionally in CMTs delivered so far include Productivity related trainings (covering topics such as Lean Management, 5S and Total Productive Maintenance,) and Quality (covering Quality Management and Cost of Quality) which fall under the Economic category, whereas topics such as Human Resource Management (including HRM and reduction of absenteeism and turnover) and OSH fall under the Social category. With the introduction of Environment as a key facet, topics such as Chemical and Water Management shall fall under this category.

6.4 MINI CMTS AND FOLLOW-UP

In addition to main CMT workshops, individual factories had their own sub-CMTs or mini-CMTs workshops which took place on a two to four-hours per week (or per month) basis in relevant departments, led by a member of the main CMT. These mini-CMT workshops sought to address department specific needs of training or improvement.

In the mini-CMT workshops, many tools were used to improve the efficiency at the shop floor. 6Ss were used as a main tool in mini-CMT workshops to improve productivity and working conditions. 6S approach is a Japanese tool starting from *Sorting* to ensure that everything left in the workplace is related to work. Then the *Order is Set* to arrange necessary items in good order for use; *Shine* and clean the workplace, work station and environment; *Safety* to have a safe workplace, work station and environment; *Standardization* to make a standard and guidelines for previous 4 S; and finally *Sustain* to make it a habit.

6.5 DATA RECORDING AND ANALYTICS

With regards to learners' assessment in the aftermath of training, DfS promotes an outcome based approach i.e. monitor KPIs on a regular basis through dashboard reporting and other tools. Within participating IPs, there is an emphasis on regular monitoring of KPIs on daily or weekly basis in terms of productivity and labour standards.

According to GIZ, reporting on KPIs around OSH in particular is now being done on an electronic platform prepared by GIZ for the Labour Department. This has been made possible after GIZ successfully helped integrate databases of six sub-departments of the Labour Department.

Figure 6.2: 6S Approach



Usually an IP after each CMT workshop develops and presents an action plan and a progress update. The approach also helps develop a competitive drive/pressure as most IPs are competitors as earlier indicated. This competitive spirit is channelled in a manner through the CMTs, which helps sharing of best practices.

The data focussed approach on KPIs (including the earlier mentioned centralized reporting on OSH) also helps regulators such as the Labour Department in conducting audits in IPs where substantial amount of injuries are reported and allows labour inspectors to keep track of IPs throughout their designated areas.

GIZ also has a strong monitoring and evaluation system to analyse participant feedback. A participant feedback form is gathered at the end of the workshop to solicit feedback and assess satisfaction with trainers and content presented. Verbal takeaways are also considered. CMT workshop reports have historically also been generated in the shape of photo documentation, for guidance and proof.

Learner’s feedback was collected on Workshop Feedback Form covering:

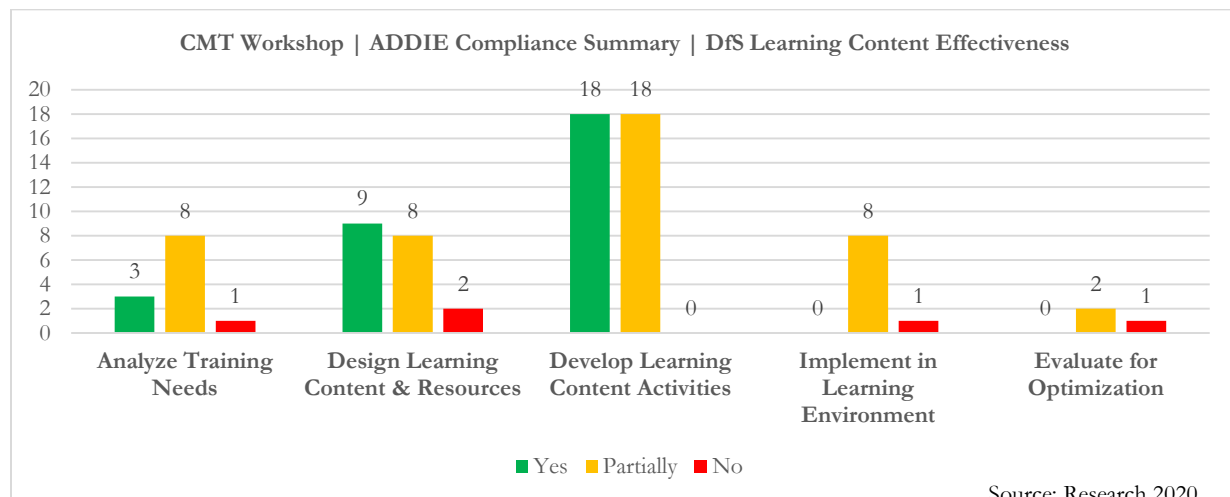
- Content delivery
- Learners satisfaction
- Formal evaluations and
- Verbal takeaways

6.6 DFS LEARNING CONTENT ASSESSMENT

Our researchers have applied ADDIE model (*one of the world’s most applied frameworks for instructional design*) on DfS CMT workshop content to assess the learning effectiveness and the impact which it will bring to the learners nominated by the industrial partners. The phases of the ADDIE model include analyze, design, develop, implement, and evaluate. These phases are sequential; and each depends upon the successful completion of the preceding phase.

ADDIE provided the team a high-level guidance to map our findings on the framework to ensure that the content was impactful and could be further strengthened to trigger the desired change.

Figure 6.3: ADDIE Model Application on Select CMT Workshop Content



Based on the above assessment, we agree that the learning content needs to be robust and strengthened upon

standardizing content both from the facilitators and learners perspectives. Hence, our scope does include creating a standard Module Structure based on best practices which needs to be utilized by Subject Matter Experts to prepare their respective workshop content in future.

Detailed assessment of DfS learning content is attached under Annexure-VIII.

6.7 EXIT AND INTERNALIZATION OF CHANGE MANAGEMENT PROCESS

Exit Strategy for GIZ

Exit strategy of GIZ Pakistan's DfS project is evident in two form:

- Development of Multipliers for an ongoing implementation of DfS, and
- Repositioning of DfS as DfS, thus expanding its scope and potential impact.

Recruitment of the Multipliers, expanding scope of DfS from textile to football, gloves and shoes sectors, re-branding the DfS to a sustainability oriented approach, and using the Industrial Partners as local benchmarks could help in the institutionalization of change management process. Development of Vision, Mission and Strategy for the next 5 – 10 years and strong monitoring, evaluation and control mechanism could be required on part of GIZ while defining their exit strategy around this project.

Exit Strategy and Challenges to the CM Process at Industrial Partner Level

Some of the industrial partners interviewed as part of this research indicated a realization that good organizations had earmarked budgets for trainings, and capacity building. However, the bigger challenge was the change of mind-set, which can require a time of two years or more before becoming sustainable, even if the systems were developed. Development of such systems in themselves typically require a sustainable effort of years. This is one key concern around internalization of the change management process.

Another bigger challenge is the need for retention of employees once they become change agents and the dynamics of the industry and the job market are such that trained employees, who have acquired unique knowledge, skills and experience, will inevitably through their greater bargaining power in the market become more expensive. There are many examples of resources that left IPs after receiving trainings from GIZ. Also upon their exit, the interest levels dropped, commitment of management also declined and the company lost the advantage acquired due to GIZ's trainings.

Succession planning right at the start of the project was also viewed as a major challenge. This was particularly noteworthy for the focal points of IPs, who changed whilst IP was passing through the process of change. It is important to have the same focal point with at least two people in pipeline who could replace him/her just in case the focal point leaves the organization.

Quality and availability of the right consultants at the right time for a specific IP have also been a challenge during the process. Once these consultants are hired by IPs, it would be handled differently as opposed to the situation when the consultants were provided by GIZ where the commercial element of paying for the consultant's advisory services would possibly attribute a greater expectation/objective (which may not be the ambit for the advisory being sought) and create that disconnect with the approach as well.

Exit strategy and long term sustainability of the DfS intervention is also dependent upon the mind-set of the owner, robustness of the systems developed, employee retention policies and application, culture in the organization, resistance to change and the stage of lifecycle of the organization. For example, medium to large

companies might take these types of projects seriously in comparison to the smaller companies, which are in the survival mode. In overall terms, the change management process may require at least 3 – 5 years of further intervention by GIZ as well as working on gathering willingness, ownership, and sustainable systems in set ups of IPs to create longer-lasting impacts through DfS change process.

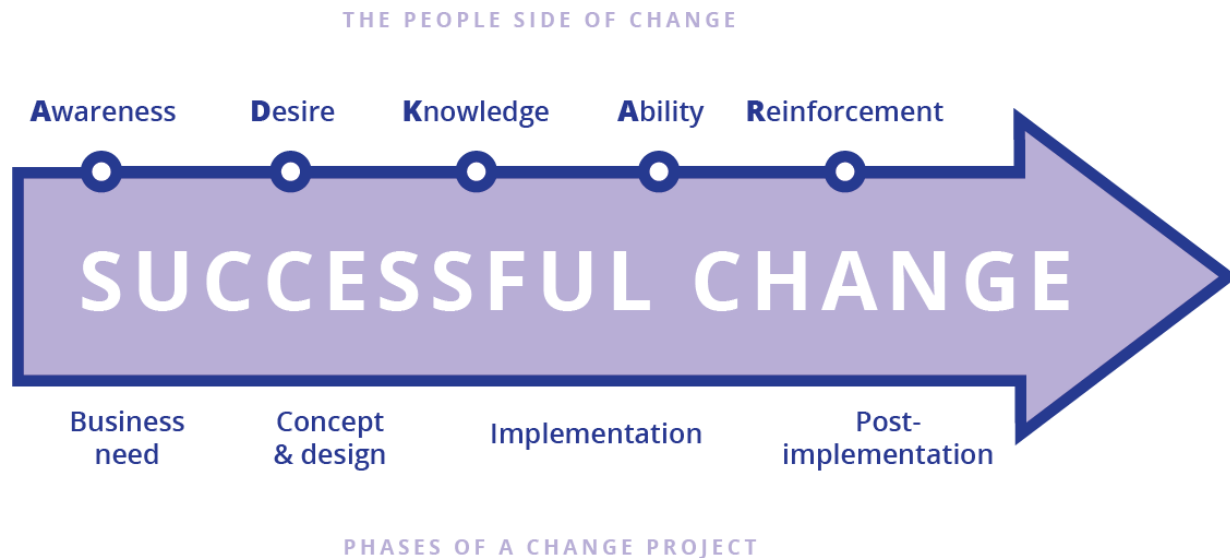
7. CASE STUDIES

With the objective of DfS's sustainability and expansion across industries, GIZ defined the garments production as all manufacturing activities involving the process of stitching such as garment stitching, football stitching, shoes stitching, and gloves stitching. Therefore, GIZ extended DfS to these industries to bring them on board and to enhance their effectiveness in terms of improved economic performance and working conditions.

7.1 DfS Programme Effectiveness and Impact Assessment | 6 Industrial Partners

The globally acclaimed research-based and results-oriented framework ADKAR (See Fig 7.1), is one which identifies the high level factors that may be utilized to help assess change management initiatives and maps the impact of change brought about through them. Accordingly, the same framework has been utilized herein with the purpose to objectively map the efficacy of the DfS Programme and to measure its impact on the IPs.

Figure 7.1: ADKAR Model



Source: PROSCI⁶

The ADKAR Model helped the team to map a successful journey through change of each Industrial Partner. Each step of the model naturally aligns to typical activities associated with change management, articulates and assesses clear DfS goals for these activities driven under the program. During the interviews with Industrial Partners, our guiding principles to assess and identify the best case studies to document are hereunder:

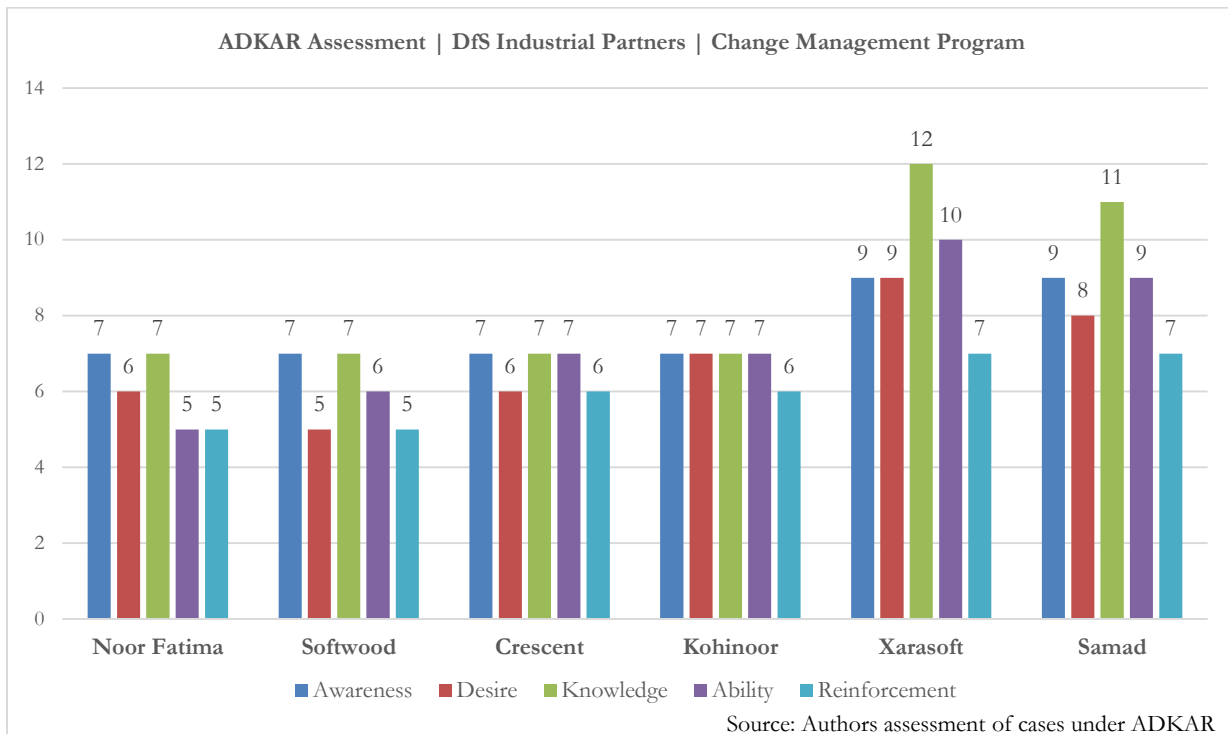
1. **Awareness** is the understanding of the business reasons which need to be changed/ addressed at the industrial partner level. Awareness is a goal or an outcome of early communications related to an organizational change which GIZ triggered upon introducing DfS.
2. **Desire** is the willingness to engage and participate in the change at the industrial partners. Desire is a goal or an outcome of sponsorship and resistance management upon considering DfS program.
3. **Knowledge** about how to change which is required at the Industrial Partners. Knowledge is a goal or an outcome of training and coaching during DfS training intervention.

⁶ Accessible at (<https://www.prosci.com/adkar/adkar-model>)

4. **Ability** is to realize or implement the change in terms of attitude and resources at the required performance level which GIZ team asked the industrial partners to deliver. Ability is a goal or an outcome of additional coaching, practice and time allocated to achieve DfS goals.
5. **Reinforcement** is the sustainability factor to ensure that change sticks after GIZ exits the industrial partner. Reinforcement is a goal or an outcome of adoption measurement, corrective actions, and recognition of successful change.

In identifying the outcomes of change management activities, the ADKAR Model provides a useful framework for change management teams in both the planning and the execution of their work.

Figure 7.2: ADKAR Assessment of Six Select Industrial Partners Interviewed



In light of the above, the following two case studies have been selected in view of the successful DfS intervention at these industrial partners with the project’s objectives customized to the local situation.

Exhibit A: Case Study Xarasoft

Exhibit B: Case Study Samad Apparel

Detailed ADKAR scorecards of all six industrial partners are provided in the appendices.

Exhibit A: Case Study Xarasoft - Tangible Benefits through Improved Productivity and Labour Standards

In 2016, GIZ Pakistan engaged Stylo Shoes as a part of DfS and wanted to bring more footwear companies on board. Accordingly, on the referral of Stylo Shoes, GIZ team contacted the Head of Quality at Xarasoft. During the initial contact (s), GIZ shared their experience of DfS's application and presented the outcomes achieved by Industrial Partners such as Crescent Textile and Samad Apparel. In a kick-off meeting, Mr. Ejaz (focal point of Crescent Textiles for the DfS Project with GIZ) was requested to share his experiences with Xarasoft and he explained how a unit in his company moved from being a loss making to a profitable one owing to DfS's implementation.

BACKGROUND

Xarasoft was registered as a company in 2014 and its office was located on the Sheikhpura Road, Lahore. In 2014, their daily production was 12,000 pairs of shoes. They mainly operated in the local market and 90-95% of their business was with local Business-to-Business (B2B) wholesalers and small retailers. In the local market, their direct competitors are Bata and Servis. Only 5-10% of their production was exported, and that too was mainly to wholesale customers in the Middle East. Xarasoft did not work directly with major shoe brands. Al Nasr was the only known brand from Qatar, sourcing from Xarasoft.

In early 2020, Xarasoft got an order from a US brand called Fun Fashion to supply 40,000 pairs of shoes but it could not be materialized due to the Covid-19 lockdown. The company also supplied small quantities of shoes to some local brands such as Borjan Shoes and Stylo Shoes.

Some of their major departments included, stores, IE, planning, production, quality, human resource and accounts and taxation.

As Xarasoft mainly worked in credit based wholesale markets, cash flow was a major challenge for them. That's why they were eager to target export market and wanted to allocate 20% of their production to exports. Through this approach, they expected to resolve their cash flow issues as the exports were generally done on cash basis.

PROCESS OF CHANGE IN XARASOFT

Through initial interactions, GIZ was able to generate interest of the company's top leadership in DfS. Xarasoft's CEO attended the first CMT workshop as one of the participants. Eight to ten people representing key departments of the company attended this CMT workshop. They were expected to make action plans in each module and the focal person was required to implement those plans and present a progress review in the subsequent module. Xarasoft team was eager to identify gaps in their industry. Therefore, the team regularly nominated a focal person against each action item and followed the timelines.

The Xarasoft CMT members also developed mini-CMTs in the factory while executing DfS not only at the managerial level but also at the worker level. For example, the quality department conducted a root cause analysis of the rejected pieces on the shop floor. In this way, they were able to refine and execute an action plan based on systematic analysis, and the message from the top to middle and the lower management was transmitted through a dialogic platform of mini-CMTs.

After attending CMT workshops arranged by GIZ, the Xarasoft team realized the importance of IE and planning departments. Similarly, a quality assurance department was developed after attending a CMT on Cost of Quality. Through these interventions, the company was able to save PKR12 million in a period of 5

to 6 months (in the last phase of the CMT).

GIZ's LSP intervention in Xarasoft was a two year programme, which started in January 2017 and ended in December 2018. Xarasoft also engaged in GIZ's other projects such as:

- Vision Zero,
- Sustainable Pakistan, and;
- Community of Practice (COP).

Notably, productivity and labour standards improvements were connected through the DfS intervention. Thus, DfS was seen as an exercise beneficial to both management and labour at the same time through a structured and dialogic process. GIZ's approach was to focus on productivity, gain benefits from improved productivity and then encourage the company to invest some of those benefits on labour standards and working conditions.

BENEFITS THROUGH DFS AND CMT TRAININGS

Before involvement in DfS, Xarasoft had a batch of 60 workers in a specific department, which was reduced to 40 workers after improved productivity due to CMTs. Similarly, a production line that previously produced 600 pieces per day managed to increase production to 800 pieces per day after the requisite CMT trainings. Incentives were offered to acknowledge such improvements. For example, Umrah tickets were offered to employees as a reward towards their performance improvement.

On the intangible side, pictures of high performing employees were displayed on the factory floor for their recognition as employee of the month. The company also organized sports activities and competitions for its employees on a regular basis. This had a positive effect on workers' health and wellbeing. All people could participate in these games. There was a wall allocated for the "Champions of Xarasoft", which was specially developed and used for this purpose.

CONNECTING RESULTS WITH KPIS

An amount of PKR 70,000 to 80,000 was distributed to the employees of the month based on employees' performance evaluation. While looking at the departmental performance, supervisors were awarded PKR 3000 per person and workers were given PKR 2000 per person. The cash prize winners also received trophies and shields.

KPIs were calculated for a specific purpose in order to gauge the performance. The first KPI was based on production target achievement, whereas the second one was based on reducing the rejection rate. The benchmarks and assessments were done by the quality department. Achieving 5S was another KPI, which was monitored by the Human Resource ("HR") and Admin department. Ensuring progress on KPIs was a responsibility of each Head of Department (HOD), thereby ensuring that each KPI was being handled by the top management who had its own data sources. Mini-CMTs at the departmental level were there to support the whole process and communicate

Figure A.1: Ergonomic Chairs used by workers in Xarasoft



at all levels.

To improve workers’ productivity, ergonomic chairs were provided to workers and a ventilation system was installed to improve airflow and ventilation. . After such changes, the workers felt relaxed and productivity witnessed an improvement.

To enable workers’ to have a voice and provide feedback, the company installed a number of suggestion boxes. There was a best suggestion reward of PKR 1000 given out on a monthly basis. Suggestions were analysed from receipt to implementation to keep an active track of the cycle, and this was done on a regular basis.

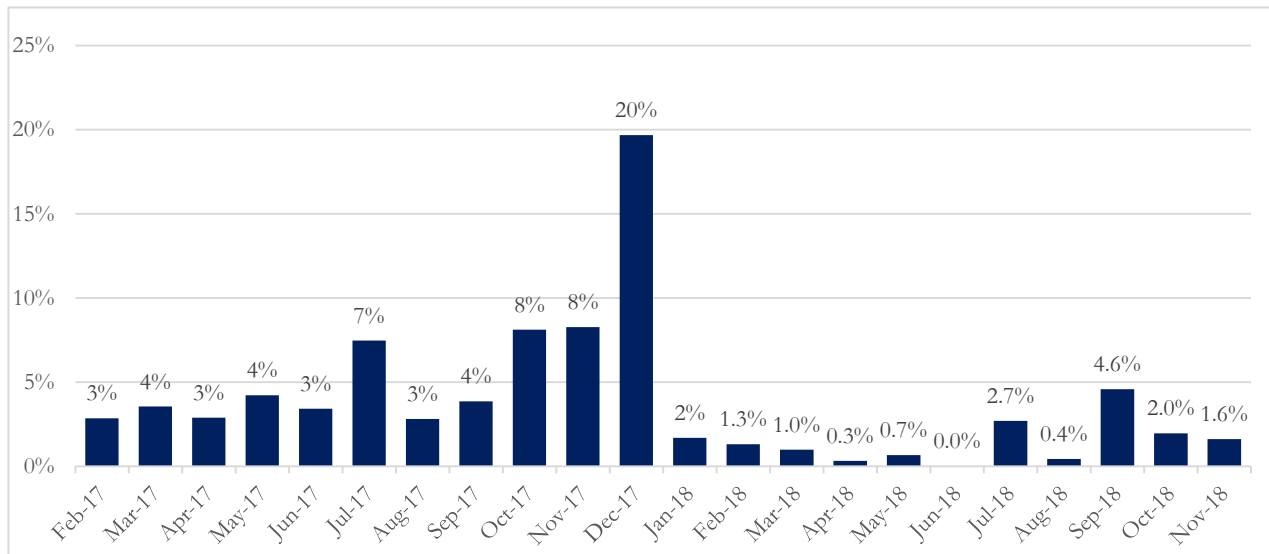
The company also appointed and trained workers for administering first aid and fire-fighting. On completion of training, these workers were given colour coded cards (green for first-aid and red for fire-fighting) for identification and their pictures were placed with first aid boxes or fire extinguishers.

Figure A.2: Employee Suggestion Board in Xarasoft



Through DfS interventions, the company was able to address issues such as employee turnover and absenteeism.

Figure A.3: Employee Turnover (Overall) Feb 2017 to Oct 2018



Employee recognition measures discussed above (including the champions wall) had a good impact. According to Xarasoft’s representative interviewed by the authors, it is noted that several workers were seen to be taking picture of their own pictures pasted on the wall, and these pictures were then in-turn pasted close to their own working areas. The non-monetary impact of employee recognition was therefore significant, and was complemented by the monetary benefits. The focal person at Xarasoft claimed that a major portion of their success in the last few years could be attributed to the provision of both non-monetary and monetary incentives offered as part of contributing effectively to the change management process.

HANDLING OF MINI-CMT WORKSHOPS

Mini-CMT workshops were carried out on a weekly basis. Members of the main CMT also participated in the mini-CMT workshops as they sought to meet their targets through these CMT workshops. IE department was tasked to ensure the regular interaction and sustainability of these CMTs/mini-CMTs and the members used to meet every week at least for an hour on a pre-defined day, such as every Saturday. The objective was to review last week's performance and set targets for the next week. It was important to note that everything revolved around the dialogue at all levels through a two-way interaction during the process.

Figure A.4: Workers Council Session in Xarasoft



Membership in CMT was on a voluntary basis. It is understood that Xarasoft did not influence anyone to be part of the team, and reported that individuals volunteered themselves to be part of the same. Main CMT members evaluated the members of the mini-CMTs and also utilized the worker council forum to assess employees. This worker council was also created after the involvement of Xarasoft with GIZ's DfS initiative. There were monthly meetings of this council. Employee representatives were also there, one male and one female member where possible. Members from each department were part of this council, and the council had 10 members in total. If workers' issues were not reaching the top level, then the council helped in addressing this issue.

The work council's composition was as follows: two members from management, one male worker, one female worker and six members from different departments. Their meetings were held on a monthly basis

The company paid special attention to workers' capacity development through internal training standard operating procedures ("SOPs") and also by maintaining a skills matrix. SOPs for internal trainers were made and meetings were held on monthly basis. Training requests were reviewed, and accordingly training schedule was announced. There was also an opportunity for open enrolment for anyone interested to join the training.

Figure A.5: Internal Training of workers in Xarasoft – Trainer Panel

Xarasoft		XaraSoft (Pvt) Limited			
		Internal Trainer Panel List			
Sr. No.	Trainer Name	Experience (In Years)	Qualification	Skills/ Expertise	Position In Company
1.	Ali Fawad	5 years	MBA (HRM)+ CHRM	Human Resource and Administration	AM HR & Admin
2.	Saleh Mehmood	2 years	MBA/HRM	Human Resource and Administration	Sr. HR Officer
3.	Nadeem Ali	10 Years	B.Tech (Mech)	Quality Management Systems	AM HR & Admin
4.	Muhammad Iftikhar	10 Years	B.Com (Supply Chain) Cont	Supply Chain	In-charge Production
5.	Vaneza Shaukat	1 Year	BSC (Industrial Engineering), MSC (Mechanical Engineering) Cont	Lean & Industrial Engineering Tools	Industrial Engineer
6.	Irum Aftab	2 Years	BSC (Industrial Engineering), MSC (Industrial Engineering) Cont	Lean & Industrial Engineering Tools	PPC Specialist

Prepared by: _____ Reviewed by: _____ Approved by: _____

In terms of other benefits, there was workers provident fund which was 9% of basic salary while a similar contribution was made by the company. Other benefits were as follows:

Figure A.6: Skill Matrix Development in Xarasoft

				Skill Matrix (Model Line)									
				Stitching-1									
				Nov-18									
				Areas of Work									
Sr. #	Code	Name	Position Title	DOJ	Marking	Upper Cleaning & Thread Trimming	Pasting	Fitting Folding	Simple Stitching	Binding & Folding	All-Rounder	Reporting	Total
		Cannot Perform Task											
		Familiar With Elements of Job											
		Can Perform Task With Help											
		Can Perform Solo											
		Can Teach Other to Process											
1	728	Mozam Haider	Supervisor	20-10-16									0
2	414	Tariq Mahmood	Fitter	20-08-16	4	4	4	4	4	1	4		25
3	416	Muhammad Inam Ul Allah	Stitcher	22-08-16	4	4	4	4	1	1	2		20
4	428	Muhammad Ismail	All Rounder	20-08-16	4	4	4	3	2	1	2		20
5	511	Arslan	Stitcher	23-08-16	4	4	4	4	4	1	3		24
6	527	Bilal Ahmed	Stitching	19-09-16	4	4	4	4	4	1	3		24
7	555	Muhammad Shahid	Fitter Folder	19-09-16	4	3	3	3	1	1	3		18
8	682	Tariq Mehmood	All Rounder	05-10-16	4	4	4	4	5	3	3		27
9	701	Muhammad Ramzan	Fitter Folder	05-10-16	4	4	4	4	1	1	2		20
10	736	Masaweer Hussain	All Rounder	05-10-16	4	4	4	4	3	2	2		23
11	764	Sadam	All Rounder	16-10-16	4	4	4	4	5	1	3		25
12	768	Iqbal	Fitter	16-10-16	4	4	4	4	1	1	2		20
13	855	Adnan Ali	Stitcher	05-12-16	4	4	4	4	5	2	2		25
14	859	M. Zubair	Stitcher	13-12-16	4	4	4	4	5	3	2		26
15	886	Shahid Ali	Fitter	04-01-17	4	4	4	4	1	1	2		20
16	896	Ijaz	Fitter	10-01-17	5	5	5	5	5	5	5		35
17	942	Sohail Zafar	Fitter	07-02-17	4	4	3	1	1	1	2		16
18	944	Saddam Hussain	Fitter	07-02-17	4	5	4	4	3	1	3		24
19	954	Amir Saleem	Sticher	04-02-17	4	5	1	1	1	1	1		14
20	962	M. Khalid	Stitcher	13-02-17	4	5	4	1	4	2	2		22
21	992	M.Faiz ul rasool	Stitcher	01-03-17	5	5	5	5	5	5	5		35
22	998	Ijaz Ali	Helper	15-03-17	5	5	5	5	5	5	5		35

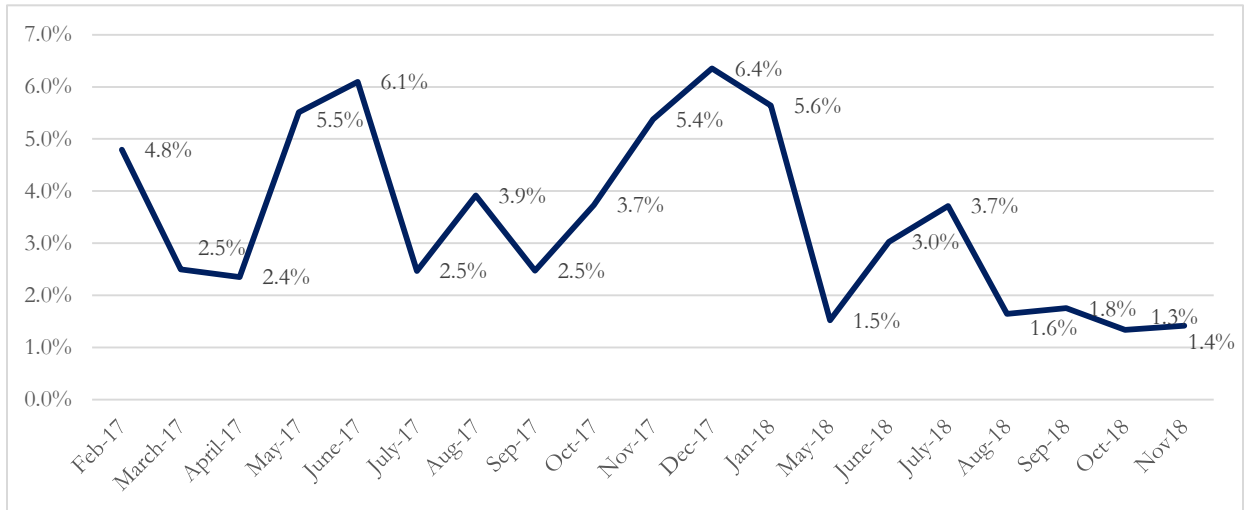
- PESSI (Punjab Employees Social Security Institution): 464% more employees Registered in this scheme
- EOBI: 356% more employees registered in this scheme
- Employee of the Month: Top performers of factory (25 employees) each month
- Group Life Insurance: All employees
- Annual Leaves: 14 days' annual leave encashment for all employees
- Bonus: Included workers in this scheme (One bonus per annum on gross salary)
- Ramadan Ration: Food ration support was given to workers during the Islamic fasting month of Ramadan
- OSH Measures: Fire extinguishers, first aid boxes, and relevant teams

To improve quality at work, the following initiatives were implemented.

- Strengthen inline inspection through traffic light system.
- Generate weekly reports and discuss with concerned departments.
- Generate Quality Defect Report (QDR) on critical problems.
- Training & awareness to operator and checkers as well.

Attention to quality had a significant impact, for example, in terms of rework reduction.

Figure A.7: Percentage of Rework at Xarasoft: Feb 2017 to Nov 2018



Moreover, a traffic light system was introduced to improve quality. Traffic light system is a random inspection method and a visual communication tool. Line supervisor and quality inspector regularly visited stitching line and checked issues related to quality and maintenance. The workstation containing quality or maintenance issues were highlighted through traffic light system.

- Red – More Defects
- Yellow – Few Defects
- Green – Zero Defects
- Blue – Maintenance issue

Figure A.8: Marked Workstations Highlighting Quality Output



Quality control (“QC”) tables were modified for easy identification of top three defects. QC Inspector would

hand over the rework to line supervisor on the completion of one Plan. It took less time to record data and also highlighted the defect that had an increasing trend. As a result of these interventions, customers' complaints reduced drastically. This also had a positive effect on production and line efficiency.

Figure A.9: QC Table post modification at Xarasoft



Figure A.10: Customer Complaints at Xarasoft

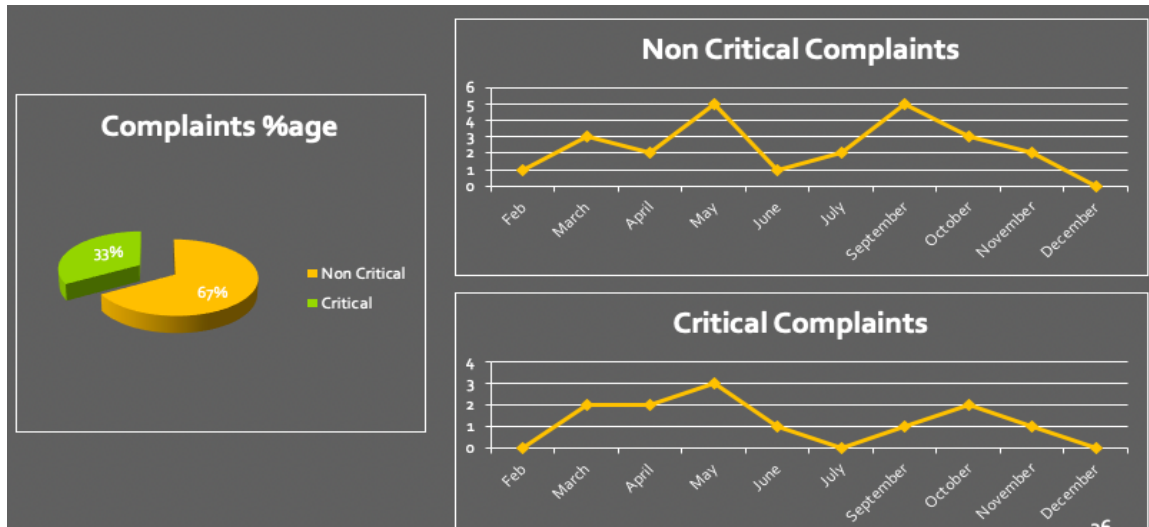


Figure A.11: Line Efficiency at XaraSoft

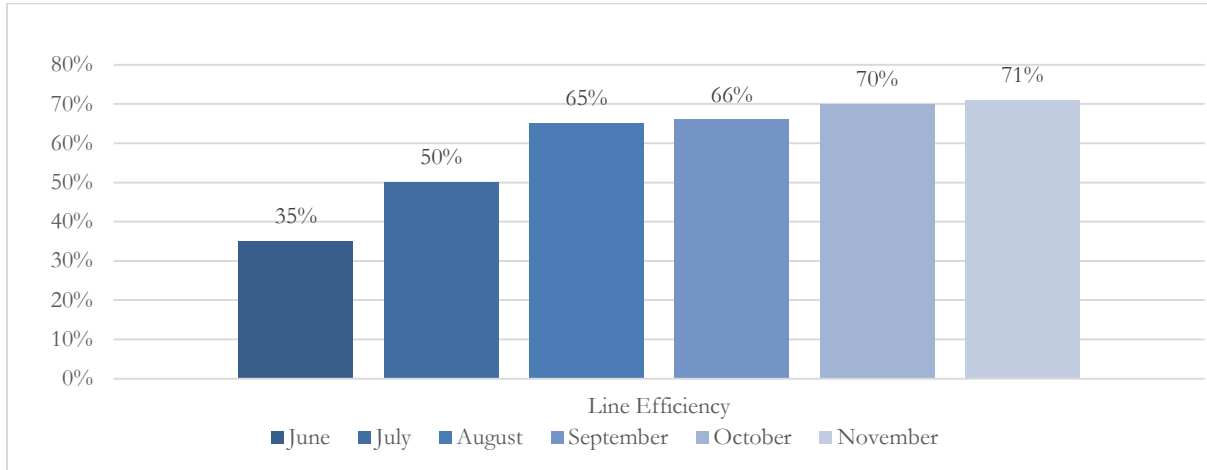
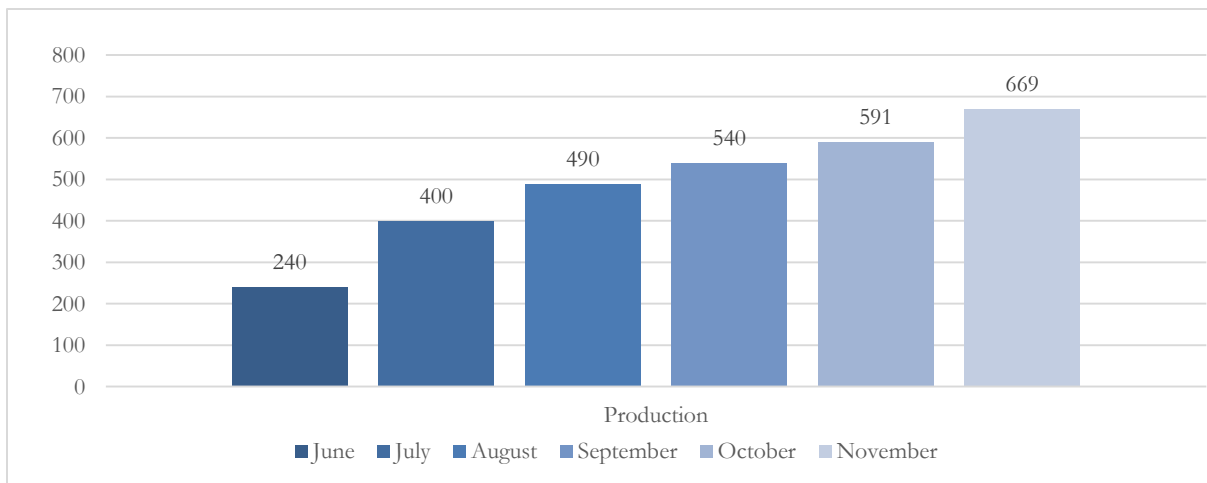


Figure A.12: Average Production per Day



CHALLENGES ASSOCIATED WITH THE PROJECT

A key challenge in the way of DfS implementation at Xarasoft was the resistance to change, which was inevitable once the management tried to improve the layout or made any changes in the workflow. In case of Xarasoft, there was an initial friction between the IE department and other departments. The use of incentives and proper guidance helped in minimizing such resistance. For example, the company started sharing 25% of the additional benefits achieved through any change or improvement possible through DfS implementation. Success of the DfS project depended on the ownership of all the departments but a major credit could be given to IE for productivity and HR for improving labour standards.

Some of the challenges were related to the:

- The sub-optimal utilization of the consultants provided by GIZ. Sometimes, the company needed them to guide people at the grass root level at IP and this was dependent upon the consultant's individual capacity, expertise and communication skills.
- Language of instruction used in the training programs. Quite a few supervisors and most workers did

not understand English and the material used in CMT workshop slides and other documents was in English. It was required to convert and explain things in Urdu or Punjabi in order to get maximum benefit from the intervention and to work towards the sustainability of the project when GIZ completed its intervention.

- Management of employee retention issues, which is one of the most critical challenges especially when the capacity of the workers was built and there was a mismatch between the rewards and incentives provided by the company against the hard work and achievements, hence, the perceived positioning of the employees in their own mind leads to employees separation.

Exhibit B: Case Study Samad Apparel – Lean Management and Problem Solving – Role of DfS and OD

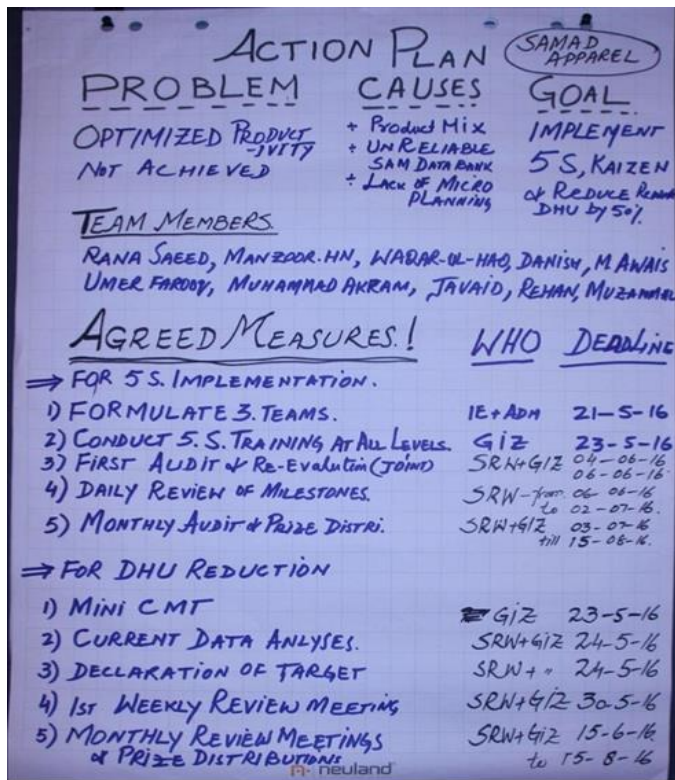
GIZ Pakistan contacted Samad Apparel (or “Samad”) through a referral from Softwood, a denim manufacturing unit included in the first batch of DfS. We understand that Samad is a division of Samad Rubber Works Pvt. Ltd. Softwood recommended Samad for inclusion in the second batch of DfS, and this intervention began in 2016.

Samad joined DfS with an objective to improve productivity and achieve a strategic alignment of workers with the organizational vision, whilst resolving grass root level problems. Samad’s management was keen to join GIZ and learn about lean management and 6S framework. They also wanted to get benefit from the CMT training programs and were willing to acquire consultants for DfS’s application in its operations. After its discussions around DfS with Softwood, Samad’s management was confident that CMT trainings could be helpful in improving its productivity and working conditions in their factory.

Samad’s main CMT comprised 14 people including shop floor workers, top management, middle management and representatives of different departments. Mr. Manzoor, GM of Samad, was appointed as the key focal point for DfS. The six step methodology (See Section 6c) revolved around problem identification and root cause analysis through to action planning. The action plan would provide a guideline for the next three months. In the successive CMT workshops, they used to review progress of the previous plans and developed another action plan for the next four months. They were involved in the six CMT workshops from early 2016 to mid-2017.

INITIAL CHALLENGES AND PERCEPTIONS

Figure.B.1: Action plan developed in the first CMT Workshop



In the first 6 months of CMT workshops, Samad’s management could not familiarize itself with the concept of DfS in its true sense and what they were trying to achieve from it. Nominated CMT members attended the workshops, learnt new concepts and enjoyed the process, however when they tried to apply those concepts within their system, they found it difficult to implement.

Samad thus acquired and benefited from the services of GIZ consultants to implement 6S framework (also referred to as Value Added Trainings or VATs as earlier indicated).

Meanwhile, another project on water efficiency was started at GIZ, and Samad’s team also joined that project to get benefits on chemical and water management through this intervention. Samad Apparel’s management kept on attending the CMT workshops while also getting benefits from their own and GIZ provided consultants. That is where GIZ hired

a LUMS faculty member to help Samad on lean management implementation. Ms. Romina Kochias (Project Manager of GIZ in Pakistan) provided support to Samad by arranging the requisite consultants and provision of the sought trainings. In doing so, GIZ therefore played a critical role in the company’s capacity development on chemical management and water efficiency as well. As a result Samad was able to reduce water consumption by about 40% due to this DfS intervention.

Internal consultants helped in improving productivity in different areas. The organization developed model lines using lean management and made some changes in marketing accordingly. While doing this, the company realized that lean management was not something which could be done as a standalone exercise; it was required to be done along the whole value chain. At that time when GIZ intervened once again and arranged an exposure visit for Samad’s team to Sri Lanka, a study tour where they learnt to strengthen/develop capacity of their human resources if they wanted to achieve commercial success going forward. After coming back from the foreign visit, Samad’s team set-up its own HR department.

In terms of improving productivity and working conditions, the following steps were taken by the company to facilitate 6S and Kaizen.

- 6S policy and boards were displayed in every department.
- 6S audit team performed audits as per action plan.
- 6S celebration mega event was conducted as per action plan.
- Kaizen policy and boards are displayed in every department.
- Kaizen evaluation team was created.
- Best Kaizen was awarded in 6S mega event.

INTERNAL GAPS AND CHALLENGES AT SAMAD APPAREL

In the opinion of the focal point⁷ for Samad, there were two major challenges facing the garment industry in Pakistan.

Lack of Transparency

Firstly, there was a lack of transparency within the factories and their departments. The focal point observed that employees working in the production or marketing departments often withheld crucial information and did not provide the right input at the right time and did not even challenge the results, thereby in essence sabotaging the organization’s operations.

Lack of Process Excellence

Secondly, he felt that there was a lack of SOPs where everyone was using their own way of operating in this sector. In other words, there was a lack of process excellence in the factories operating in the garment sector.

In order to showcase process excellence and create an internal benchmark within the garment cluster, GIZ

Figure B.2: Kaizen policy board in one of Samad’s department



⁷ We understand that Mr. Manzoor Nadeem (focal point of Samad Apparel) had a background of the rubber industry, and did not have prior sectoral experience of the textile and garments.

arranged a local exposure visit for Samad, Mr. Manzoor was called to Softwood and he was provided insights into the:

- Stitching concepts
- Visual control
- Process efficiency
- Live data on visual control
- Attendance and;
- Transparency

This visit was successful for GIZ, as it helped develop and strengthen their credibility in the eyes of the Samad team, and a buy-in around the DfS initiative was achieved.

Being a part of the second batch of DfS, Samad was involved with GIZ, when according to Samad's representative, the local GIZ team was also passing through its learning curve. Of particular note was when GIZ introduced the concept of business development in the program. It was observed that when the workers and the front line force were on-board and the workers were trained then the results could be improved.

Initially, the absorption of concepts was difficult for almost all the stakeholders. In real terms, culture of resistance to change was against adopting new concepts such as DfS. Supervisors and the workers at the shop floor such as 'sewers' used to mock when asked to implement new strategies. Even the senior management was also against this change. For example, it has been learnt that a General Manager of a particular department left the meeting when the concept of DfS was being introduced. Later on, when a model line was developed and workers in that line were able to reduce the lead time by 80%, travelling by 90% and work in progress by 85%, then realizing the importance and workability of the concept the GM was on-board with DfS.

Even the top management was not aligned during the initial phase of DfS and it was another challenge to convince them to move forward in this direction. After the initial benefits and their manifestations through the functions, it was possible to bring them on-board. GIZ also helped in convincing the top and senior management of Samad to take the ownership of the concept.

When Samad's management wanted to transform their manufacturing unit based on the application of DfS at different levels, the whole supply chain was not ready for this change. On top of that, the application of new concepts required handholding by the consultants at the shop floor level but there was a lack of quality consultants available and GIZ was trying hard to work on it. Ms Romina (the project manager of GIZ) played that role and worked hard to provide the quality consultants to alleviate the situation.

LIMITATIONS DURING IMPLEMENTATION OF DfS

The biggest limitation was that some people in the factory could not absorb and/or implement the idea of DfS. Bringing all stakeholders on board required an engagement of at least one year, provided the appropriate results were added and monitored on monthly basis. Furthermore, continuous improvements required knowledge of local context and ground realities. Even the tools and techniques were required to be aligned with the company and the structure they were following.

Samad hired their own internal audit consultant, who studied their consumption of fabric process and analysed it. Subsequently he carried out data analysis and aligned the relevant team.

According to Mr Manzoor, it was important to understand the mind-set of the people involved in the project.

He was of the view that it was important to focus only on the textile sector for approximately five to six years before involving other clusters as the change required certain time for consolidation before it becomes sustainable. Diversifying to other clusters such as shoes, gloves and leather jackets by GIZ might dilute the intervention in the long run.

MAJOR STEPS TO IMPLEMENT DFS

- Developing Main CMT
- Arrangements of quarterly training sessions
- CMT's strong role in the factory to implement 5S in the factory
- Quality traffic light system introduced and implemented
- Hiring and engaging consultants to aggressively work on 6S

METHODOLOGY TO IMPLEMENT DFS

The Samad team participated in each CMT workshop as a part of DfS initiative under the LSP. Different topics were discussed such as: cost of quality, lean manufacturing, dialogue for compliance, and implementation issues. Some international experts were involved, with strong backgrounds or industrial experiences. Some of the related tools for trainings included lean management, 6S, traffic light system, cost-structure method and so on. Participants were required to share what they implemented in the previous three months and what they were able to achieve. For example, in one of the CMT trainings, Samad shared their project on “consumption fabric,” how they improved their consumption and started saving X amount from that project. Action plans in each CMT workshop were a detailed activity but implementation was the most difficult part. Implementation of new concepts required time and strong ownership of the senior management. One had to work on the soft side of the project such as changing the organisational culture through incentive and reward systems. Once people started looking at the benefits not only for the organization but also for them, it became a sustainable system. Mini-CMTs in the factory played a key role as the actual implementation and results were connected to the shop-floor.

ORGANIZATIONAL DEVELOPMENT (OD) AND DFS

According to Mr Manzoor, DfS implementation in a company was related to the state of organizational development (OD) in that company, which required willingness and ownership of the top management. There was also a need to bring an OD consultant in a factory to implement change management using DfS as a tool to improve performance.

It was crucial that performance management and reward systems were aligned with strategic objectives of the company and the DfS. While working on personal development, exposure visits, sharing of best practices, and referring to local and international benchmarks could play a key role in changing the organizational culture. The visit to Sri Lanka arranged by GIZ helped Samad's management realize the importance of establishing an HR department in their organization. They hired an HR consultant and management trainees to establish this new department. Without having this department internally, it was not possible to implement lean management. On the issue of local benchmarking and sharing of best practices, Samad representatives (main CMT team members) extensively benchmarked Interloop Apparel Pvt Limited (Interloop). It was observed by Samad during the benchmarking phase that Interloop had strong internal policies and a culture building mechanism. They had nurtured 1000 management trainee officers (MTOs) and had been able to retain 80% of them. They were able to successfully indicate a clear career path to their MTOs and allowed them a provision to leave the organization after one year. Samad realized that the intervention by Interloop was more organized and followed a structured process.

ACHIEVEMENTS AND THE PROCESS OF CHANGE THROUGH DFS AND OD

In the initial phase of DfS, Samad started working on developing its organizational culture. Their consultant started building a soft infrastructure by engaging people at different levels using the Japanese concept of 'Kaizen' or Change for the Better. The concept was built around continuous improvement and workers at the grass root level were fully involved in this initiative.

Implementation of 6S was the first achievement, and a change was visible in the whole factory. Workers and departments were recognized through this process. For example, there was a strong competition amongst different departments on cleanliness and they were putting in an extra effort to achieve top position at the time of evaluation (set at one year). In 2018, Samad held a competition and the difference between the winning department and the runners up was only 0.5 marks. The management, therefore, decided to acknowledge both departments as joint winners. It was considered as a big achievement that there had been an organization wide acceptance of the concept of continuous improvement.

Another initiative was built around model lines and female empowerment. The females involved in the project started contributing to the 6S not only in the factories but also at their homes and in their kitchens. That was how 60-70 females in the factory started thinking and contributing differently, signifying a major change in the culture of the organization.

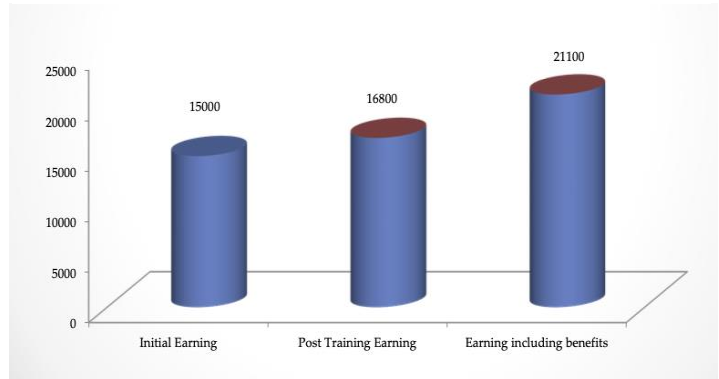
There was a major shift in the belief system of middle management at Samad during and after the application of DfS. There was a visible change in their attitudes as they started looking after workers, avoided abuse, and adopted a different and a positive approach towards managing their people. This therefore not only helped in aligning the middle management with the top management's vision for the organization but also enabled them to play a critical role in bridging the gap in thinking between the top and lower management levels.

Sustainability of an intervention demanded ownership and willingness to take initiatives through intrinsic motivation. In case of Samad, top management started investing on departments, encouraging people to take initiatives to change and improve the processes. For example, the finishing department claimed to have developed a successful model line, which was done through the adaptation of lean management system, and the employees of that department designed the whole program in their own way. Management in Samad provided them support and allowed them to test a new way of doing things. That department collected its own funds to celebrate and show case its achievements at an internal event. At the said event, workers were given the platform to share their learnings, performance and their future plans to their teams. Additionally, the CEO too was invited to speak at such events. In order to celebrate their achievement, it has been learnt that the CEO awarded the department four times the money they spent on this event, and in doing so this was an interesting enabler to manifest change in the organization.

Figure B.3: A best worker award ceremony at Samad



Figure B.4: Transformation from piece wage to salary for female workforce



Standardization of processes and human capital also had a healthy effect on female empowerment and transformation from piece wage to salary based employment.

TANGIBLE RESULTS

- Productivity, chemical management and water efficiency improved
- Model lines capacity improved by 20%
- Direct cost reduced by 25%
- Work in process reduced by 80%.
- Traveling reduced by 69%
- Fault ratio (cuts, stains, etc.) within departments reduced by 7-8%
- Rejection ratio in model lines came down to 1-2%
- Initial clipper cuts used to reject 8000 garments, it was only 700 from the model lines
- There were some improvements in washing and stitching departments due to the above mentioned initiatives (difficult to quantify some indicators)
- Impact of reduced chemical consumption was as follows: Production recipes were optimized by controlling main performance parameters like pH, liquor ratio; almost 16% chemical consumption was reduced in production, thus enabling a saving of PKR 6 million annually.
- There was also a visible reduction of faults in production, e.g., re-workable, non-re-workable faults and reduction of internal failure cost.

Table B.1: Financial impact of better chemical utilization

	Before	After	Financial Impact (PKR)
Rejection Percentage	2%	1%	18 Million
Total Faults Percentage	15%	10%	Above effect
Rework-able Faults %	6%	4%	1 Million
Non Rework-able Faults %	9%	6%	Under Quality
Reduction in chemical consumption (16%)			6 Million
Grand Total			25 Million

Table B.2: Financial impact of reduction in leftover fabric

	Quantity		Financial Impact (PKR)
	Before	After	
Leftover Fabric	4% of fabric purchase	2% of fabric purchased	Saving 7 million
Average Consumption per Garment	1.2	1.17	Saving 16 million
Garment Rejected	2%	1%	Saving 18 million
Grand Total			41 million

8. WAY FORWARD

This Report is a documentation of the work carried out by GIZ's LSP team from the conceptualization of the DfS framework, its achievements, the challenges faced during the process and its eventual evolution into DfS. DfS has managed to achieve noteworthy results through its application in select private sector Industrial Partners. This initial success has been acknowledged by the BMZ, and resultantly, LSP is now emphasizing to institutionalize the impacts of this approach at a broader level. Towards this purpose, LSP is developing the capacities of three local consulting and training partner organizations to deliver commercial services to the private sector. These organizations, known as "Multipliers" will play the role similar to GIZ, using the DfS approach. Findings presented herein can facilitate GIZ with its plan to commercially disseminate the approach using the selected Multipliers. This way forward section is organized into three distinct steps as follows:

1. Immediate next steps towards developing the six standardized DfS-based Formal Modules and DfS Brand Development
2. DfS Report based recommendations to help improve GIZ's intervention going forward
3. General recommendations to help disseminate the DfS concept in the local market and develop a local system around it to ensure continuity and traction

8.1 IMMEDIATE NEXT STEPS

The immediate next steps following the completion of this report include the following:

- Development of a standard 'Module Structure' and incorporating the key findings of this Report around the concept and practical application of DfS. This Module Structure shall be used by Subject Matter Experts ("SMEs") to develop standardized modules related to the following relevant priority areas:
 - Social Batch: Human Resources Module and Occupational Safety & Health Module
 - Economic Batch: Quality Module and Productivity Module
 - Environment Batch: Chemical Management Module and Waste Water Management Module
- Development of DfS Branding material by the project's branding team⁸, this includes documenting successful cases as video testimonials for marketing purposes and creating DfS facilitation material based on findings of this Report. Deliverables to include (but not limited to):
 - DfS Logo
 - Flashcards
 - Flipbook
 - Posters
 - DfS Presentation
 - Module Presentations for all six modules

⁸ MartiniShot Productions

8.2 WAY FORWARD FROM DFS RESEARCH REPORT

8.2.1 Development of Vision, Mission and Value Statement

In order to build and sustain DfS project in the long run, it is important for GIZ to develop Vision, Mission and Value statements. GIZ may consider the option of sharing and transferring ownership of these statements and interventions to all the stakeholders around this project.

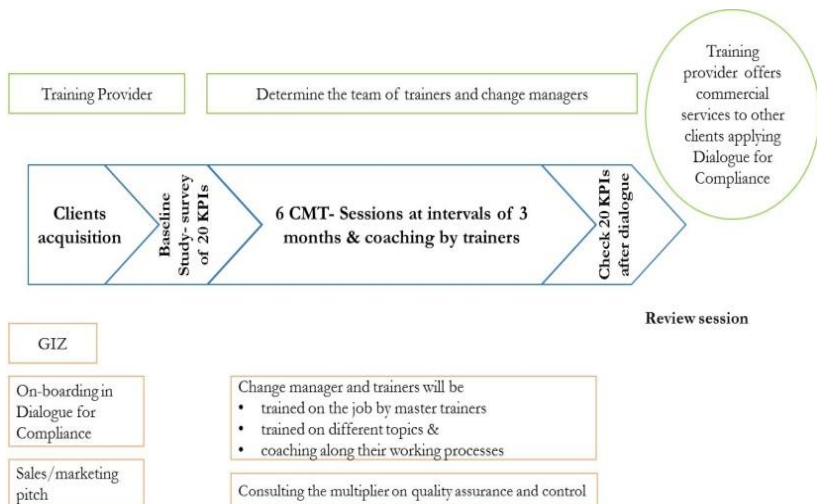
8.2.2 Development of Strategic Roadmap

Furthermore, a five-year strategic plan and/or roadmap will be useful as GIZ repositions and rebrands its approach from DfS to DfS, and extends its footprint beyond Punjab, Pakistan.

8.2.3 Dissemination through Multipliers

Although GIZ has already engaged three Multipliers to institutionalize the DfS model, it is important to move this stakeholder from the primary category to the key category by increasing their influence and stakes in the project. Some of the ways to do the same include further investment and continued commitment by GIZ in the project, adding more value to the industry partners, providing powerful trainings relevant to the stakeholders, coaching companies at the grass root level and creating a win-win for them and the industry partners. This requires, willingness, investment, own capacity (acquired or built) and full commitment to the cause of national contribution, in some cases, beyond commercial objectives only.

Figure 8.1: Institutionalizing DfS approach



8.2.3 Mobilization of Labour & Human Resource Department and Interest Groups

L&HRD and interest groups (such as chambers of commerce and associations) are important for this project but they are not influencing through relevant policy to improve the implementation and outreach of the project, which is important for scalability (especially across sectors) and long term sustainability of the project. Some of the key interest groups in this sector include:

- Pakistan Readymade Garments Manufacturers & Exporters Association
- Pakistan Textile Exporters Association
- Pakistan Hosiery Manufacturers & Exporters Association
- Pakistan Leather Garments Manufacturers & Exporters
- Pakistan Sports Goods Manufacturers and Exporters Association
- Federation of Pakistan Chambers of Commerce & Industry
- Lahore Chambers of Commerce and Industry

- Faisalabad Chambers of Commerce and Industry
- Sialkot Chambers of Commerce and Industry

GIZ can potentially work towards getting a more extensive buy-in at these platforms to help make a more powerful impact.

8.2.4 Connecting with Relevant Federal Ministries to get policy support

It has been observed that trade policy initiatives and industrial policies are required to be aligned for the improved labour standards and productivity at the grass root level. The ownership at the federal and provincial levels will help in implementing the DfS in the major industrial clusters of SMEs and large enterprises keeping in view the 3.2 million SMEs and large industrial establishments in Pakistan.

8.2.5 Rebranding of DfS as DfS – Long Term Sustainability

It is important to build the foundation of DfS on DfS and rebrand the model not only in eyes of the existing Industrial Partners but also for the potential manufacturing units through Multipliers and consultants. DfS has to be promoted well through traditional and non-traditional platforms such as blogs, Facebook, LinkedIn, Instagram, Snapchat, etc.

8.2.6 Promotion of DfS

A strong promotion strategy and execution can go a long way in promulgating the DfS going forwards. Accordingly, it is suggested that GIZ documents all successful case studies and makes them available online over the program's website, and identifies partners for showing their commitment to the project as well as their progress and achievements based on a DfS Ranking System.

GIZ may also like to consider launching industry specific competitions to create a competitive environment around expediting the implementation of change management programs. As has been observed from the case studies above, a healthy competition drives innovation and problem solving. Events and seminars may be organized and awards given to high achievers. Recognition and endorsements of the same can help organize the industry around the DfS and help make it a high impact engagement. Having the GIZ name can also potentially help with expanding business opportunities with European and other international buyers.

8.3 OTHER GENERAL RECOMMENDATIONS

8.3.1 DfS Program Governance

It is suggested that a pool of highly accomplished professionals/ entrepreneurs/ businessmen should be considered for creating an independent advisory board which from time to time can be engaged to secure their expert opinion. Such initiative at times also could help GIZ/ DfS penetrate major industry players and other sectors, if need be. Ideally, members of this advisory board need to be *'Movers and Shakers'* in Pakistan (including the bodies such as Chambers of Commerce and Industry Associations).

8.3.2 Digital DfS

GIZ may like to consider launching an IP performance dashboard over cloud based system supported by an application (app) over mobile devices to capture and monitor the performance of Industrial Partners to support and realign to their critical path as part of change management programs. The system should have the capabilities to register tasks, conflicts, issues, progress, meetings, discussions, checklists, work requests,

documents, resources, prioritization, decision making, team roles, risk management, financial and non-financial indicators.

8.3.3 DfS Framework for Culture of Excellence

It may be worthwhile for GIZ to register its DfS Excellence Framework as a recognized change management framework to guide Industrial Partners in gauging their success on the path towards transformation, helping them understand the gaps and possible solutions available, and empowering them to progress and significantly improve their organization's performance.

The DfS Excellence Model would be seen as a practical, non-prescriptive framework that enables Industrial Partners to:

- Assess where they are on the path to excellence; helping them to understand their key strengths and potential gaps in relation to their stated Vision and Mission.
- Provide a common vocabulary and way of thinking about the Industrial Partners that facilitates the effective communication of ideas, both within and outside the organisation.
- Integrate existing and planned initiatives, removing duplication and identifying gaps.
- Provide a basic structure for the organisation's management system.
- Allow them to monitor their own progress against industry peers.

Industrial Partners having implemented the Excellence Model would find it to be an easier sell to international buyers.

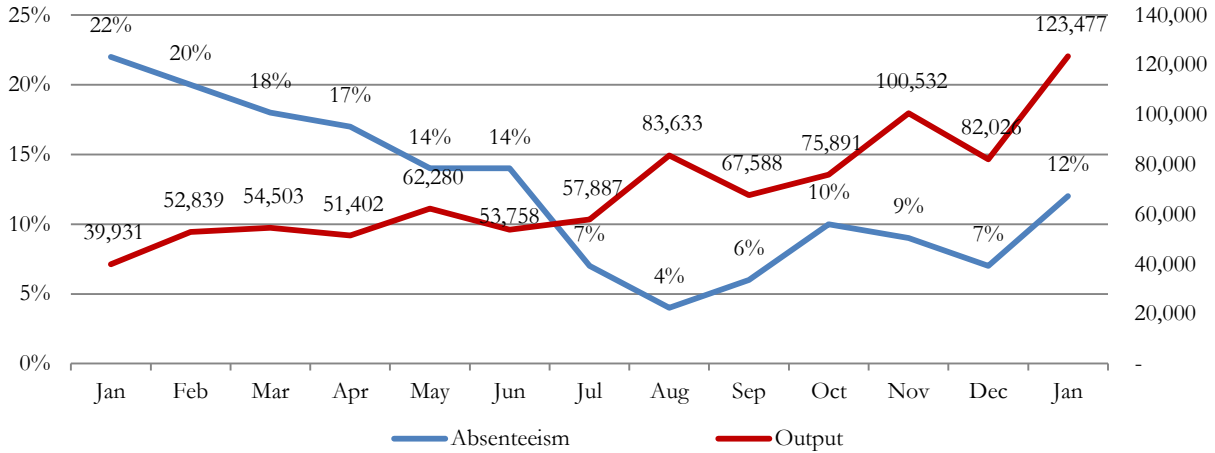
GIZ may also consider certification programs for management consultants/trainers to prepare and endorse change agents who could help industrial partners trigger the requisite change management initiatives under DfS. This would allow GIZ to develop a pool of quality trainers and consultants, which could be available to the industry at large and help it go through and potentially internalize the change process.

8.3.4 DfS Marketplace

Building on the need for quality consultants/trainers/coaches in Pakistan and also addressing a need for a credible platform for Industrial Partners to put forward their need to hire a quality consultant, it is suggested that GIZ sponsors and runs a marketplace. This market place would allow Industrial Partners and consultants to connect with each other. Such an approach can help expedite program delivery at Industrial Partners.

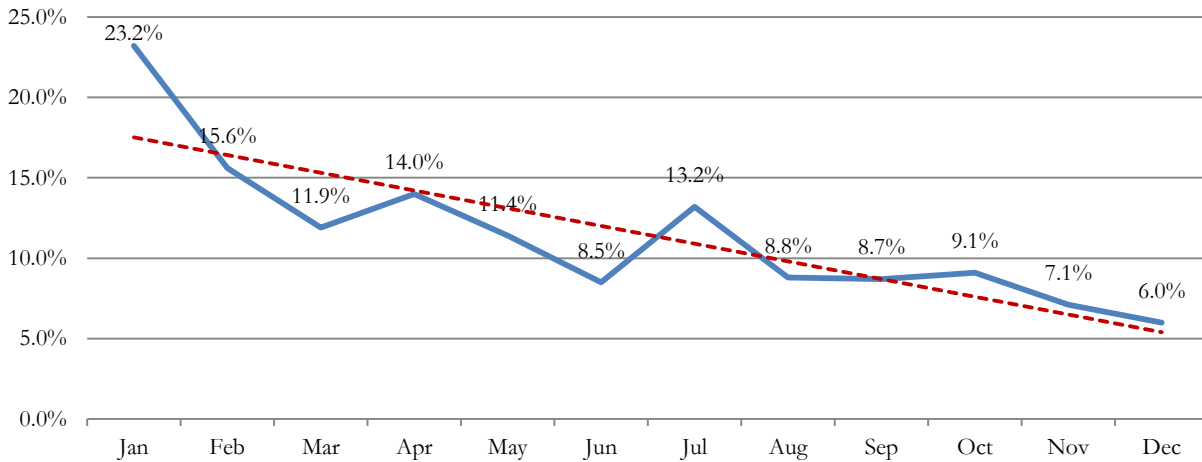
Annexure – I: Achievements in 2014 – 2015

Absenteeism Vs Production Output



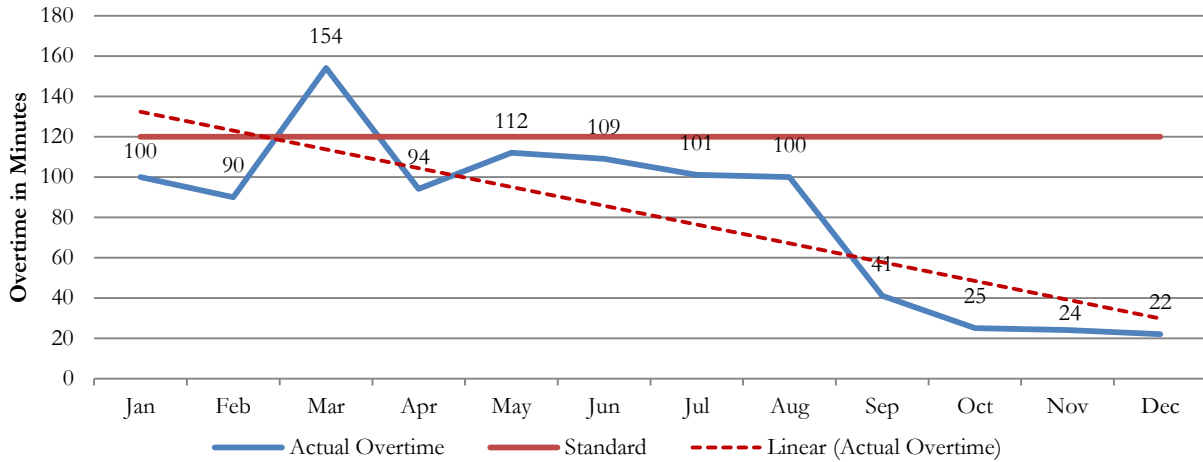
Absenteeism fell from 22% to 12% in one year and productivity was up nearly 300% over the same period.

Workers Turnover



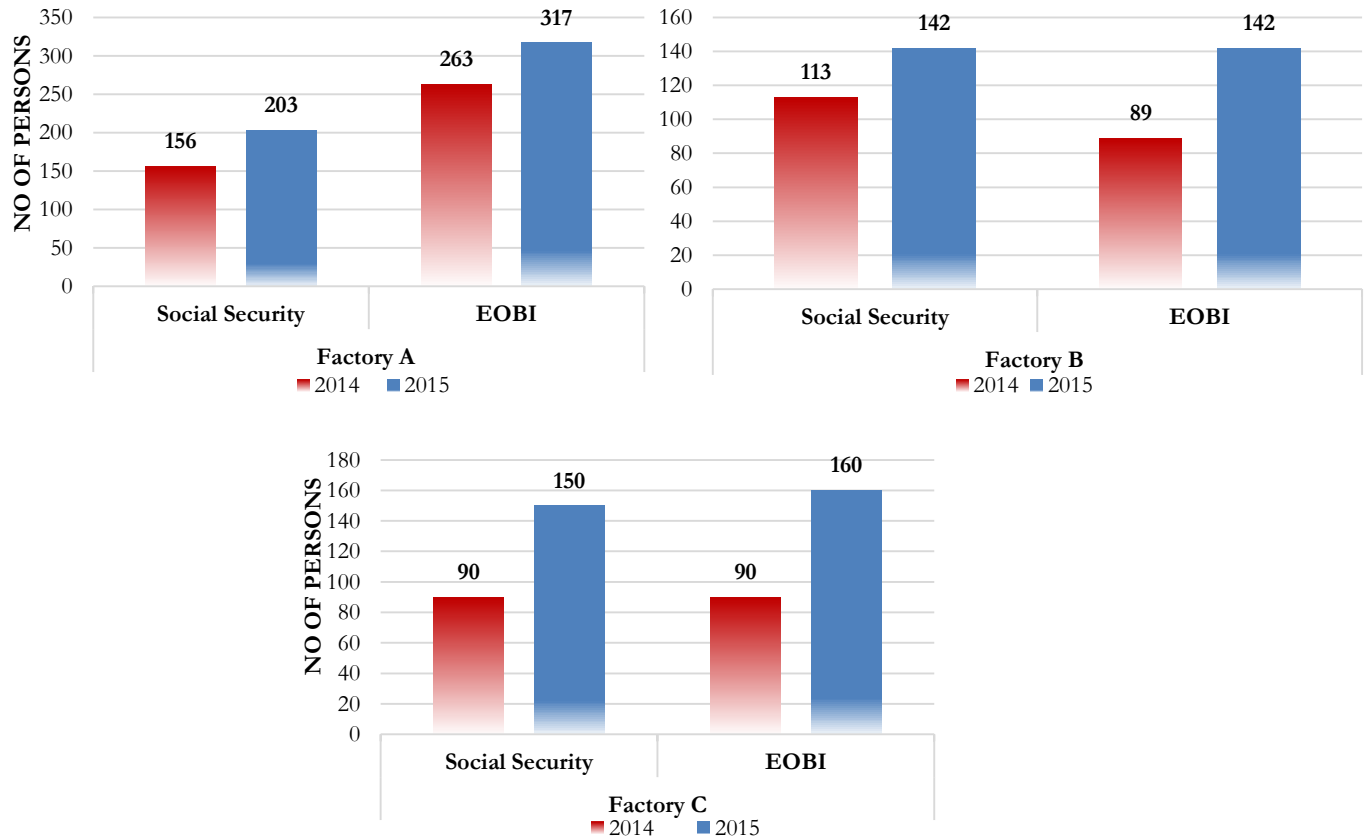
Workers' turnover reduced from 23.2% to 6% in that year.

Overtime



Overtime reduced from 100 minutes per day to 22 minutes per day.

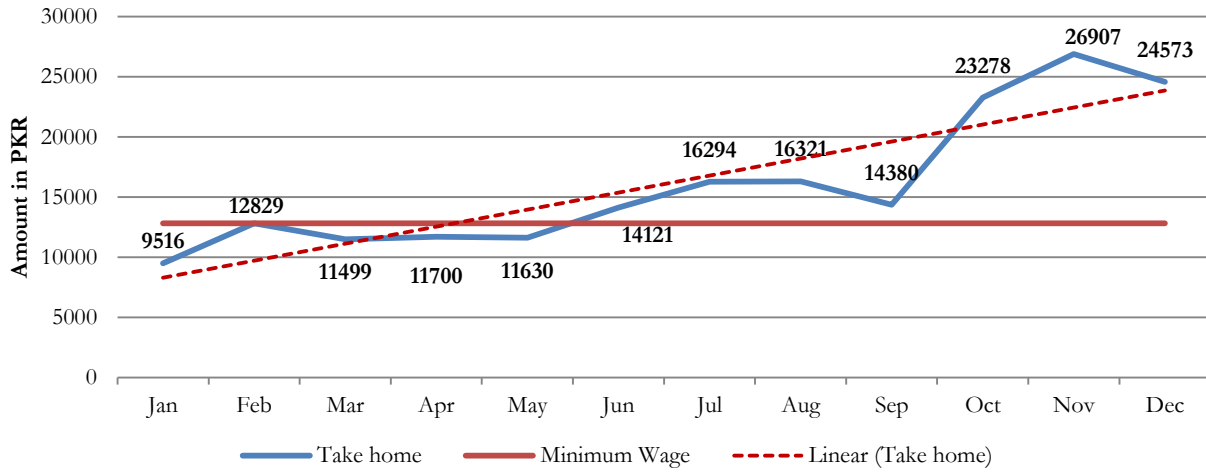
Improvement in Social Security & EOBI



Number of persons benefiting from social security and EOBI improved in the three selected factories in

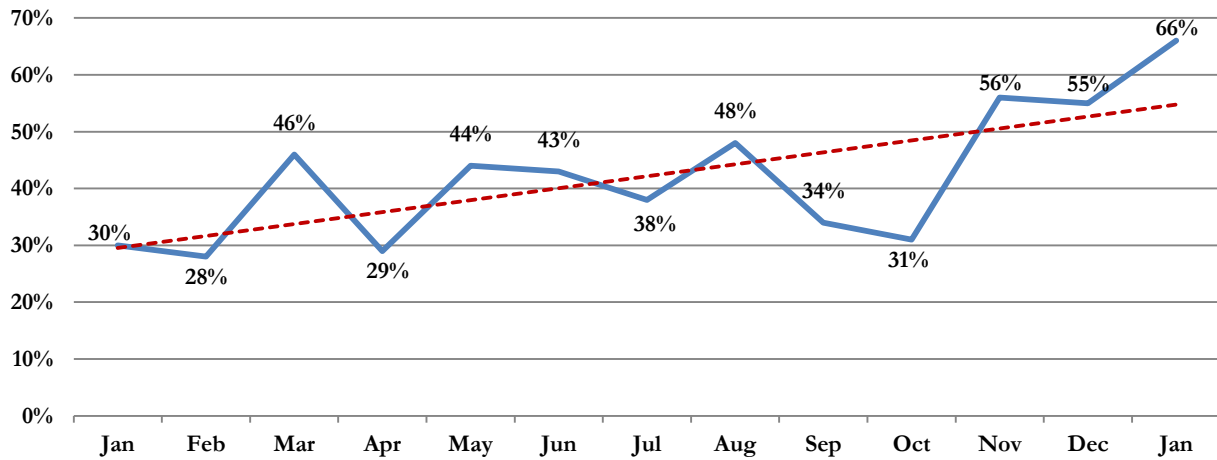
2014-2015.

Wages



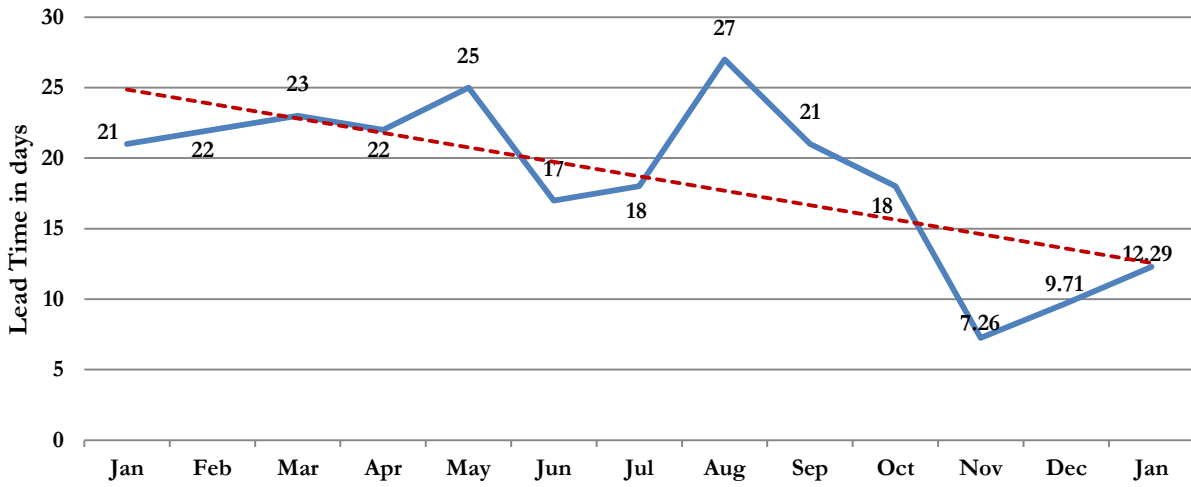
Wage levels increased from PKR 9,516 to PKR 24,573 from Jan to Dec in the targeted factories whereas the average wage was around PKR 14,000 in this year.

Efficiency



The overall production efficiency increased from 30% to 66% in the selected factories in 2014-15.

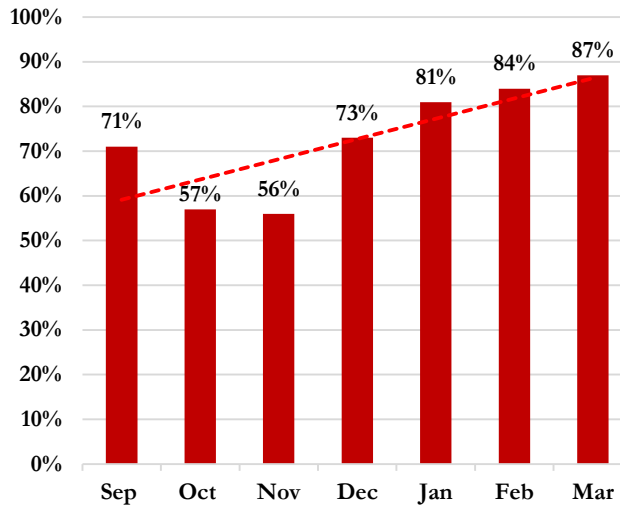
Lead Time



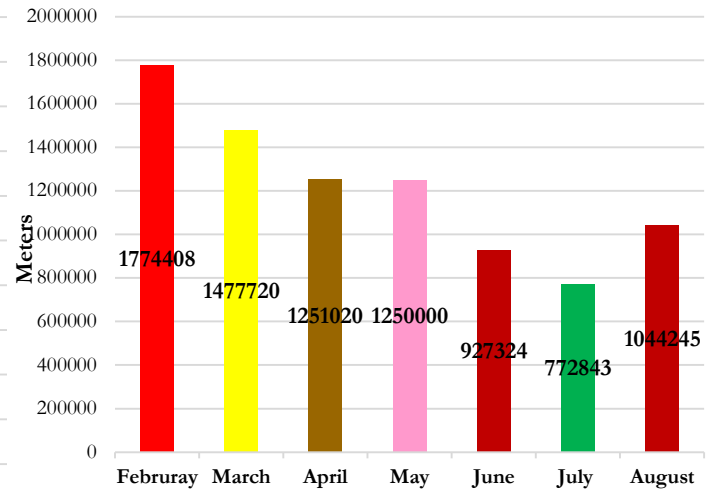
Lead time was decreased from 21 days to 12.29 days.

Annexure – II: Achievements in 2017

Efficiency



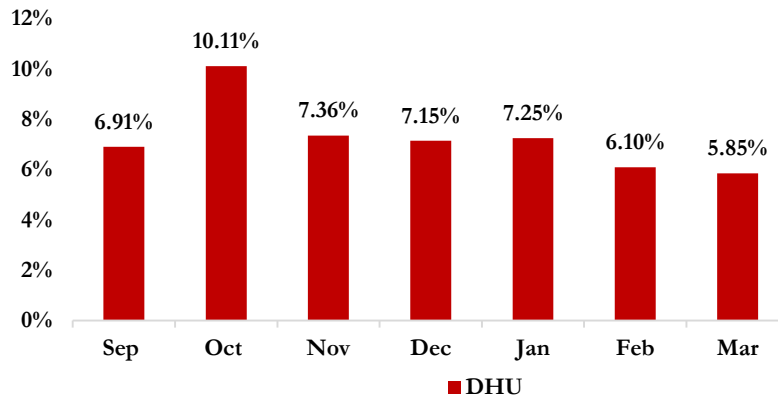
Work In Process (WIP)



The efficiency of the factories increased from 71% to 87% in this time period.

Work in process was decreased from 1.775 million meters of fabric to 1.05 million meters.

Defect rate reduction



Defect rate reduced from 6.91% to 5.85% in these six months.

Direct financial Benefits due to productivity Enhancement

Sr#	Description of Work	Savings PKR/Month
1	By increasing of 11.9 in OEE	6.9 Million
2	Lean Working by skipping 200 K meter stretching	1.00 Million
3	By skipping 150 K meater Heat Setting	0.75 Million
4	Utility cost saving PKR 4 per meter	12.00 Million
Total		20.65 Million/month

Sr#	Description of Work	One Time Savings
5	Bringing WIP significantly down	PKR 109.52 million
6	Sale of expired (500 Kg) chemicals	PKR 0.50 million
7	Used of near expired chemicals (2570 Kg) in production on priority basis	PKR 0.385 million
8	Sale/use of long stuck finished fabric (78000 meters)	PKR 11.7 million

Direct financial benefits due to improved OEE and productivity enhancement were around PKR 6.9 million per month.

Financial Impact of better Chemical Utilization

	Before	After	Financial Impact
Rejection Percentage	2%	1%	18 Million
Total Percentage Faults	15%	10%	Above effect
Reworkable Faults %	6%	4%	01 Million
Non Reworkable Faults %	9%	6%	Under Quality
Reduction in chemical consumption (16%)			6 Million
Grand Total (in PKR)			25 Million

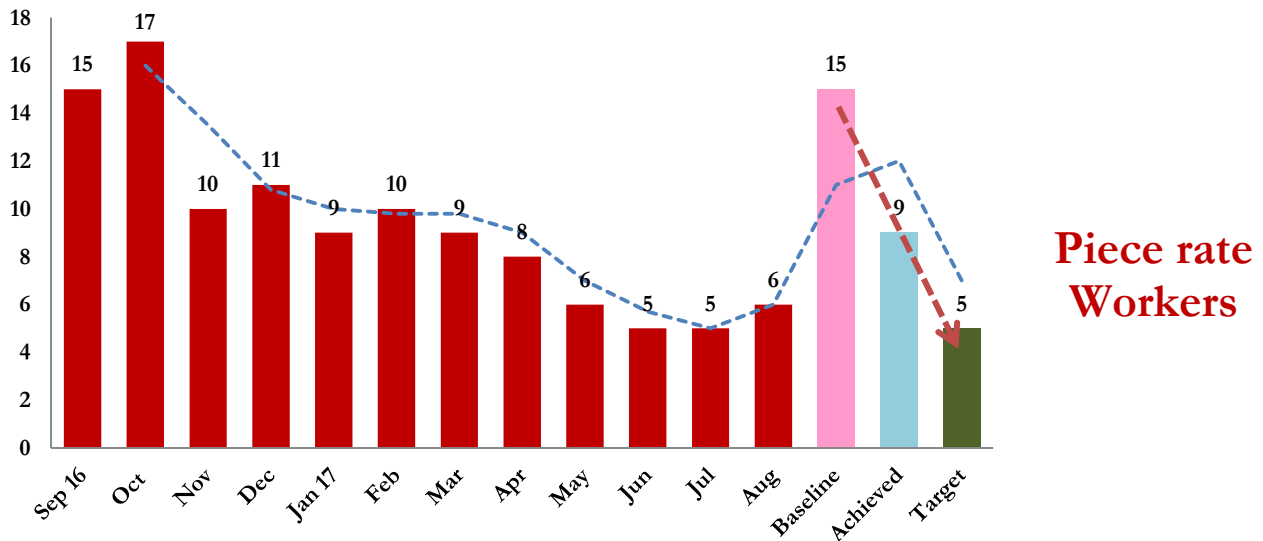
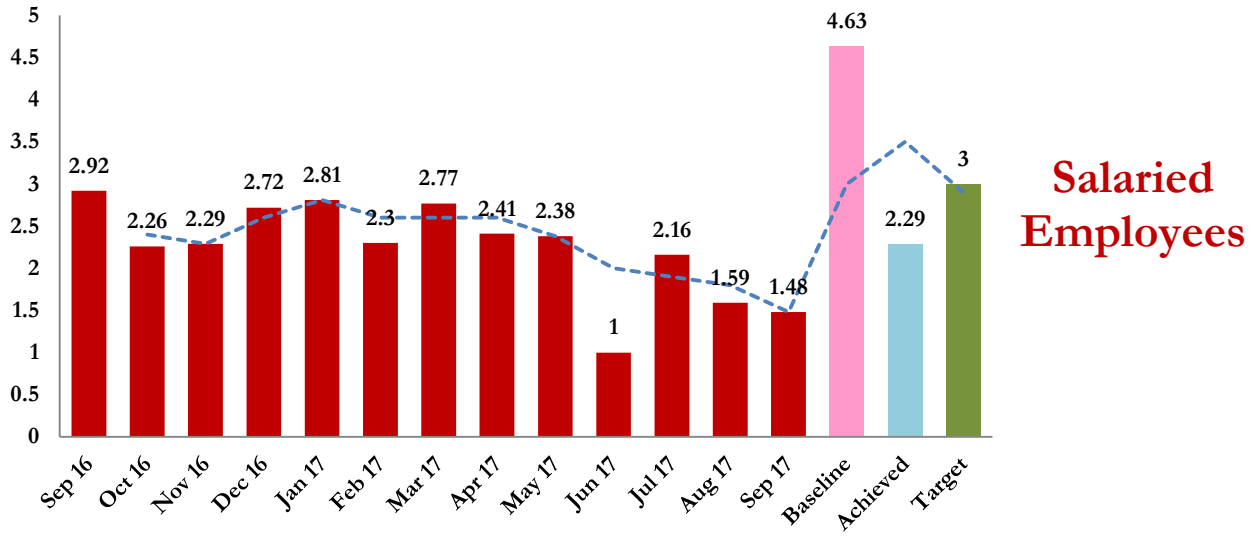
Financial Impact of Reduction in leftover Fabric

	Qty		Financial Impact
	Before	After	
Leftover Fabric	4% of fabric purchased	2% of fabric purchased	Saving 7 Million
Average Consumption per Garment	1.2	1.17	Saving 16 Million
Garment Rejected	2%	1%	Saving 18 Million
Grand Total (in PKR)			41 Million

There was a saving of PKR 6 million due to improved utilization of chemical in the factory.

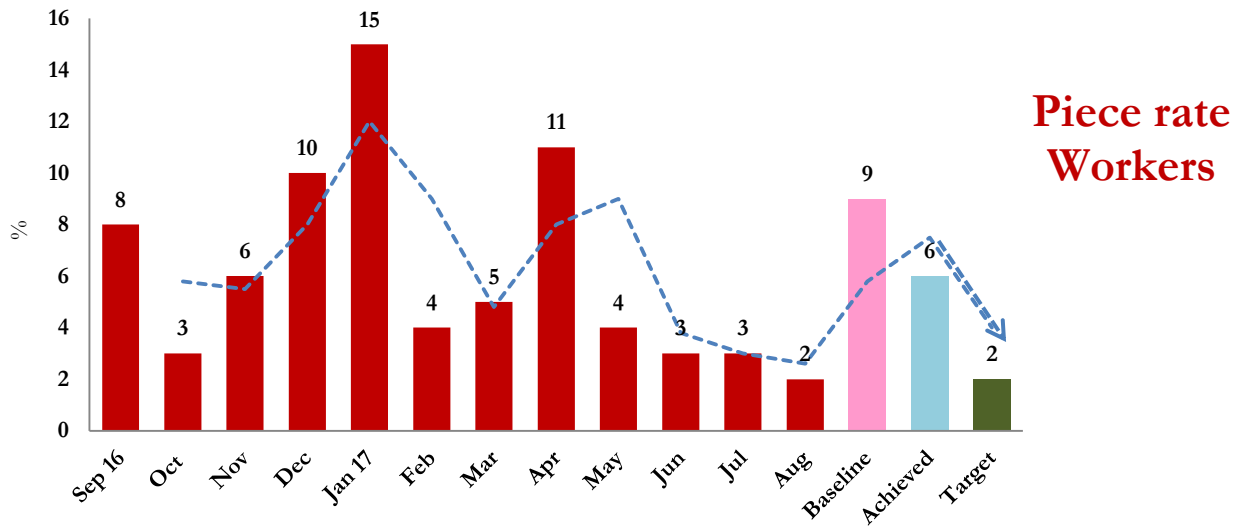
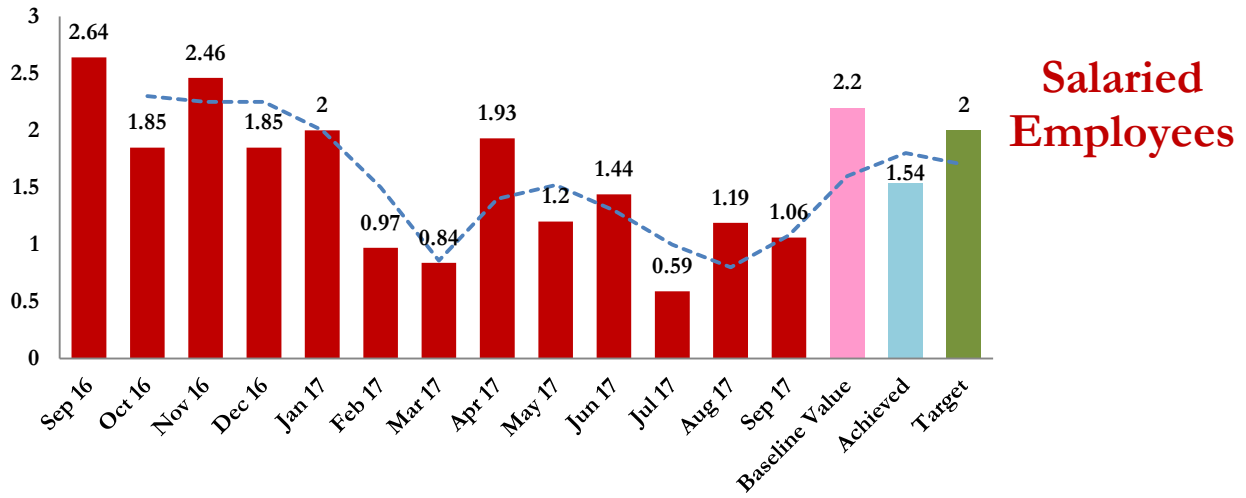
There was an overall benefit of PKR 41 million due the reduction in the leftover fabrics in the factories.

Reduction in Absenteeism



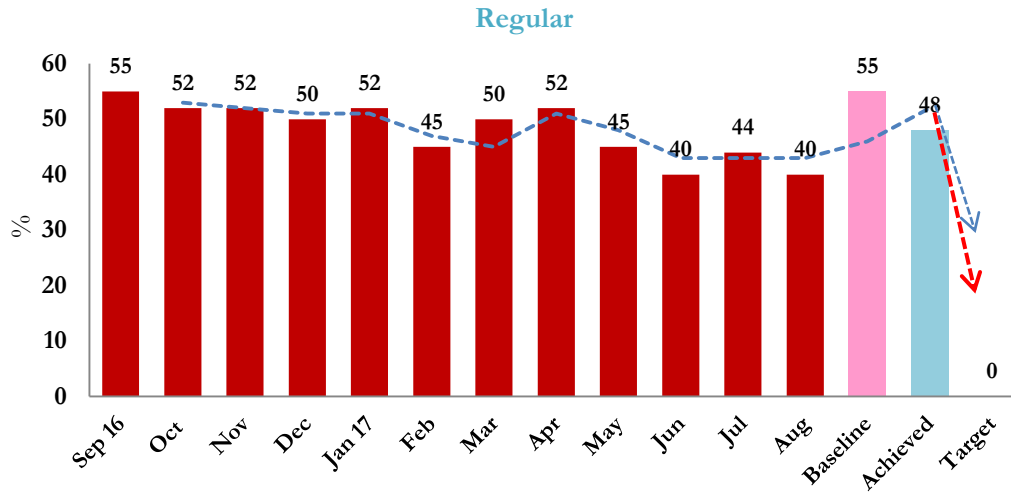
On the Labour Standards side, there was a decrease in the absenteeism in the salaried and the piece rate workers. In the salaried workers, it was decreased from 2.92% to 2.29% whereas in the piece rate workers, the absenteeism reduced from 15% to 9% in this period.

Reduction in Workers Turnover (%)



Turnover of the workers reduced from 2.64% to 1.54% in the salaried employees whereas it was reduced from 8% to 6% in the piece rate employees.

Reduction in Overtime



Overtime was reduced from 55 hours to 48 hours from Sep 2016 to Aug 2017.

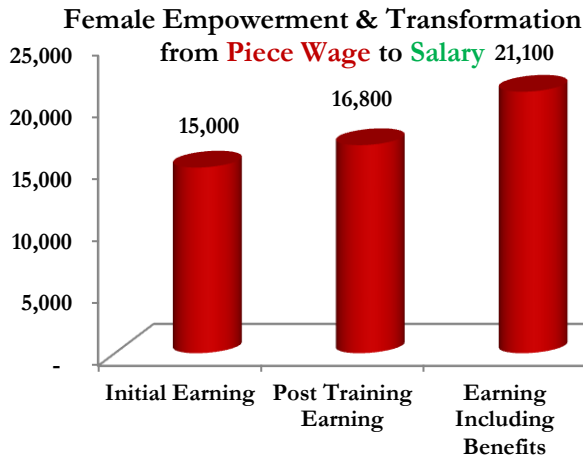
Impact on Salaries due to Incentives (Salary structure)

At the time of Start GIZ Project Workers Earning							
Designation	Avg. Salary (PKR)	Proportionate Incentives (PKR)	Canteen Meal (PKR)	Leave Encashment (PKR)	Monthly Earnings (PKR)	Avg. Yearly Earnings (PKR)	Avg. Monthly Earnings (PKR)
Technologist	22,300	0	0	0	22,300	267,600	22,300
Asst. Technologist	17,150	0	0	0	17,150	205,800	17,150
Q.A Inspector	17,000	0	0	0	17,000	204,000	17,000
Technician	23,250	0	0	0	23,250	279,000	23,250
Asst. Technician	22,000	0	0	0	22,000	264,000	22,000
Helper	14,000	0	0	0	14,000	168,000	14,000

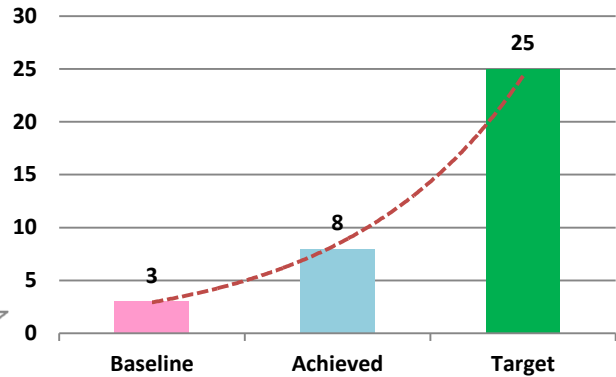
At the time of End GIZ Project Workers Earning							
Designation	Avg. Salary (PKR)	Proportionate Incentives 10% to 30% of Gross Salary (PKR)	Free Canteen Meal (PKR)	Monthly Earnings (PKR)	Leave Encashment Yearly (PKR)	Avg. Yearly Earnings (PKR)	Avg. Monthly Earnings (PKR)
Technologist	24,500	4,900	1,000	30,400	11,433	376,233	31,353
Asst. Technologist	18,700	3,740	1,000	23,440	8,727	290,007	24,167
Q.A Inspector	19,000	3,800	1,000	23,800	8,867	294,467	24,539
Technician	26,500	5,300	1,000	32,800	12,367	405,967	33,831
Asst. Technician	24,550	4,910	1,000	30,460	11,457	376,977	31,415
Helper	15,000	3,000	1,000	19,000	7,000	235,000	19,583

There is a significant increase in workers' earnings at the end of GIZ's intervention in the selected factories. For example, monthly salaries of a helper increased from PKR 14,000 to PKR 19,583.

Increase in wages of Females (PKR)



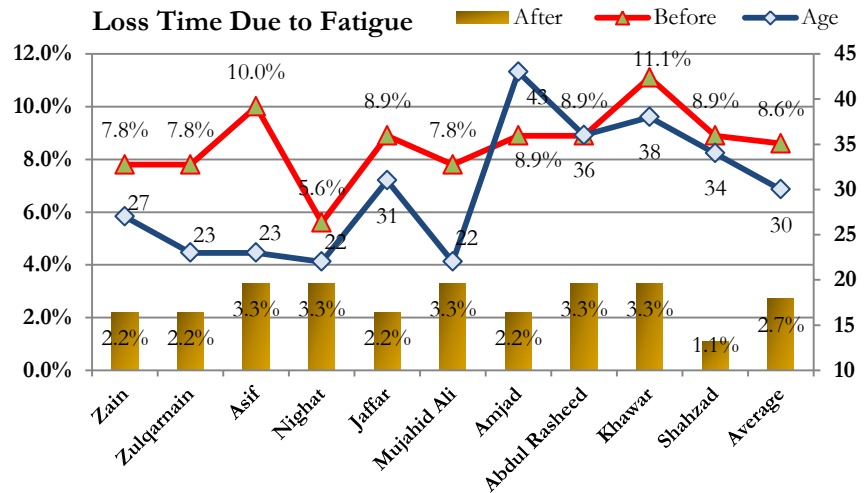
Gender Balance in Model Areas



Employment status of the female workers changed from piece rate to salaried employees and the salary of the female workers also increased from PKR 15,000 to PKR 21,100 after the intervention of the GIZ in the Industrial Partner factories.

If we look at the aspect of gender balance, especially in the model areas of the factories where the intervention was taking place, the number of female employees increased from 3 to 8 as an outcome.

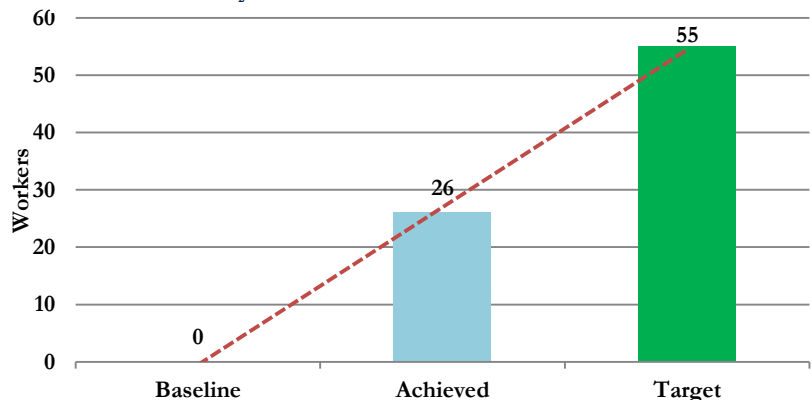
Fatigue Analysis Before and After Ergonomics Chairs



Industrial partner factories worked on the fatigue analysis of the employees with the help of GIZ and realised the importance of providing ergonomic chairs to the employees in the model lines of the production floor. While analysing, it was observed that the loss time due to fatigue was reduced from 11.1% to 3.3% in the best case scenarios.

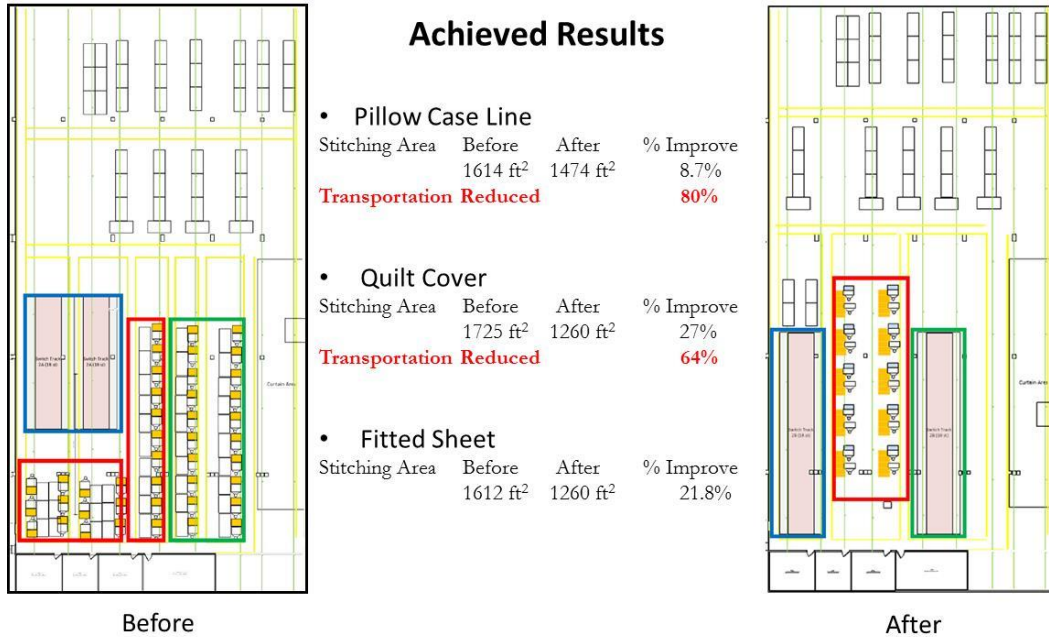
On Social Security and EOBI, the number of employees involved increase from 0 to 26 out of the total number of 55 on a specific production floor.

Social Security & EOBI



Annexure – III: Additional achievements in 2019

Layout Improvements



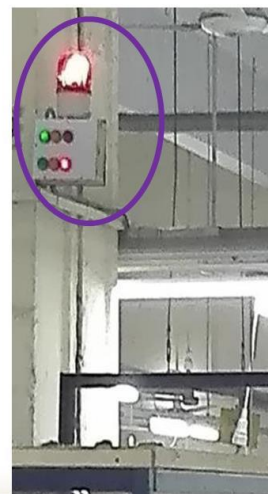
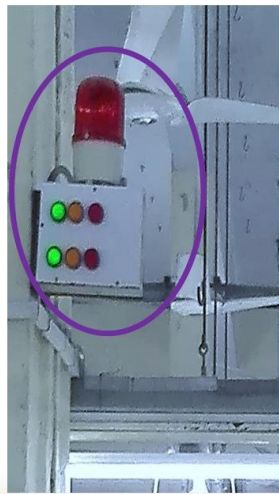
Due to the improved layout, transportation was reduced by 80% and 64% from two lines respectively whereas the stitching area was reduced by 21.8%.

Traffic Light System

Going well

Under Observations

Work Station stopped



Traffic Light System was introduced to know the situation of a workstation. It was helpful in improving the efficiency of the work stations.

Women Focused Training Centre



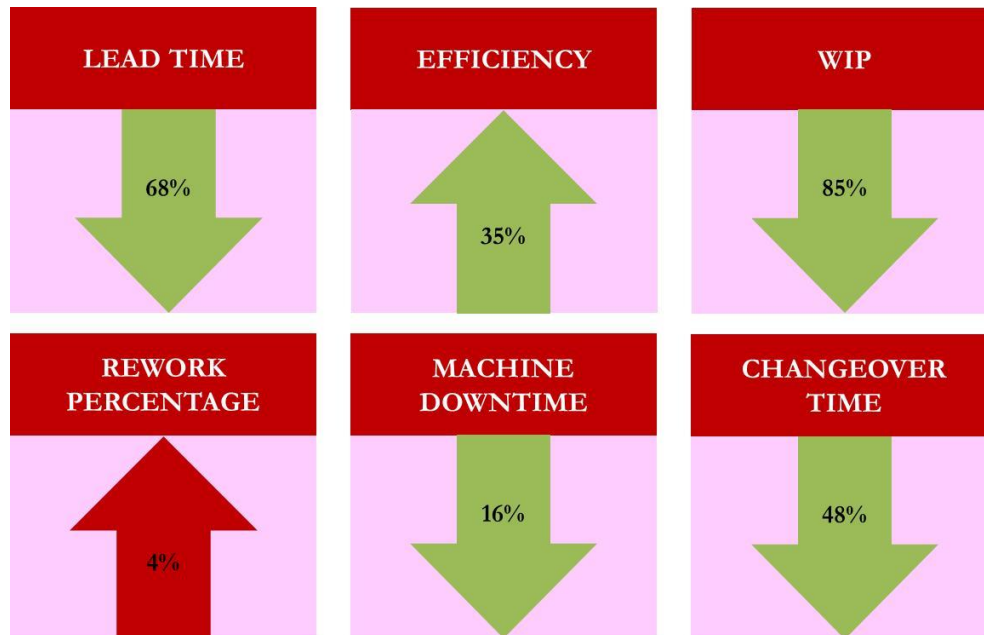
Women focused training with the coordination of PSDF, to increase females in production lines.

PSDF Funded – Monthly Stipend: PKR 15,000

CTM Funded – Monthly Stipend: PKR 5,000 (PKR 3,500 paying by self)

Women focussed training centre was established to improve the knowledge and skills of the female workers – leading to the improved bargaining power of the females in the workforce.

Achievements in Productivity



Productivity was enhanced through reduced lead time and work in process, improved efficiency, reduced rework, machine downtime and changeover time.

Direct financial benefits due to productivity enhancement were around PKR 10.13 million.

Direct financial Benefits due to productivity enhancement

Project	Details	Savings
Line 1	Productivity enhancement (120 pairs/day)	1,728,000
	Resource saving	693,000
SP Line	Productivity enhancement (25 BOM Price)	900,000
PU 1	Resource saving	2,700,000
	Material saving	288,000
	Electricity saving	300,000
	B-Pair	864,000
PU 2	Resource saving	1,350,000
	Material saving	288,000
	Electricity saving	300,000
PVC Plant	Production enhancement (BOM Price)	720,000
Grand Total		10,131,000

Financial Impact of reducing rejects

**Fabric Controlling Rejection Rate increased
by 2.2% to 14,414 Mtr/month**

Avg. Dyed Fabric Rate per meter = PKR 45

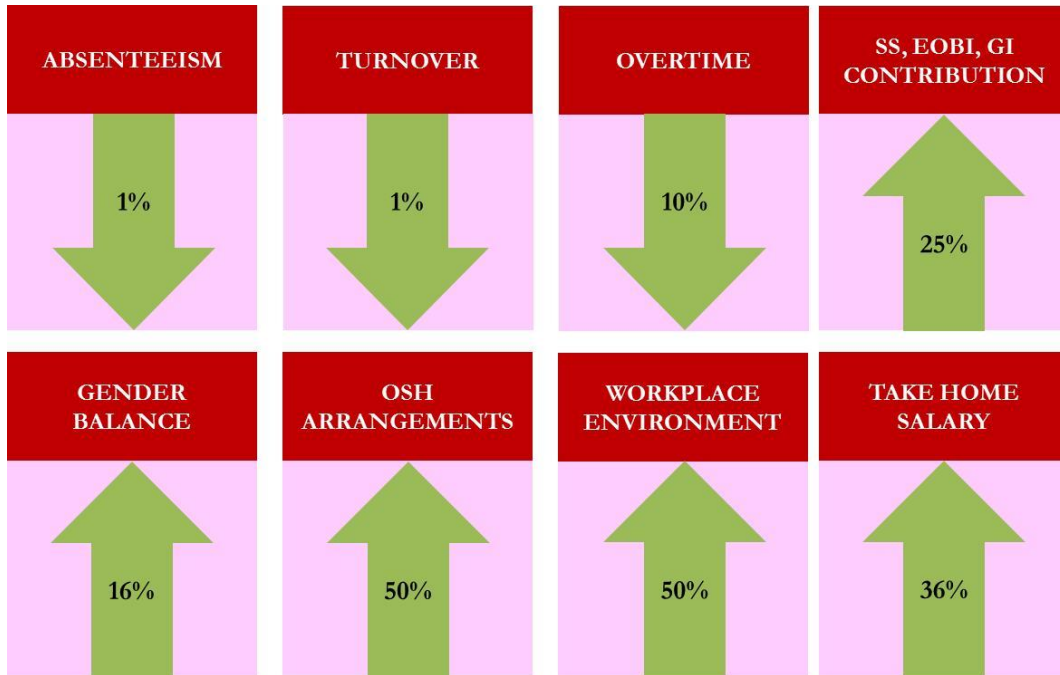
Saving Amount/month = 14,414x45

PKR 648,630

Total Saving/annum = PKR 7,783,560

Total saving from the reduced rejects were around PKR 7.784 million.

Labour Standards achievements



Labour Standards were improved through reduced absenteeism, employee turnover and overtime. Contribution to social security and EOBI was increased by 25%. There was an improved gender balance and occupational health & safety in the selected factories. Not only the take home salary was increased by 36% but also the workplace environment was improved by 50%.

Annexure - IV: List of Interviewees

1. Mr. Noor Khan, Component Head (Public Sector Development) at GIZ
2. Mr. Raza Abbas, Organisation Advisor at GIZ
3. Mr. Muhammad Ubaid, Component Head (Private Sector Development) at GIZ
4. Mr. Ejaz Chughtai (formerly Compliance Head at Crescent Textiles and a GIZ Consultant)
5. Mr. Manzoor Nadeem, GM (Samad Apparel)
6. Mr. Ali Fawad, Manager HR (Xarasoft)
7. Ms. Mumtaz Zia, Admin & HR Head + Mr. Danial & Mr. Khalid (Kohinoor)
8. Mr. Zafar, QA Head and Mr. Ejaz, Compliance Head (Noor Fatima)
9. Ms. Ayesha, HR Officer/Ms. Maira, HR Head (Softwood)

Annexure - V: Questionnaires for GIZ Team

Semi-Structured Questions for GIZ team

About GIZ

Please share the background and objectives of GIZ.

What is the mandate of GIZ Pakistan?

The Why Aspects

1. Tell us about DfS? How and why did this all start? What was/is the objective?
2. What exactly did GIZ want to achieve through DfS and CMT workshops?

Achievements

3. What has been achieved thus far? Locally and Internationally?
4. What has not been achieved thus far? Locally and Internationally?

Challenges

5. What key challenges did you face in this endeavour? In and outside Pakistan
6. How did you address such challenges? In and outside Pakistan

DfS Training

7. What exactly is your aim of designing training modules for DfS? What do you want to achieve?
8. Based on your assessment, how long (e.g. how many weeks or days) should be this training program? How many topics or courses (and which ones) should be covered? What should be the duration of each course or topic?
9. Who will be the participants of such training program? How will they be selected?
10. How will the quality of training, trainers and trainees be ensured?
11. How did you identify the Multipliers? What parameters do you use to judge their capacity to take the concept of DfS forward?
12. What is in it for the Multipliers and how will the DfS training program will be sustained in future? Who will pay for these trainings and change management interventions?

Sustainability and Future

13. How do you anticipate or plan to sustain this initiative or program?
14. Are you planning or hoping to expand this concept to other sectors, regions or SME clusters in Pakistan?
15. Are you also planning to involve relevant public sectors in the program? If yes, which ones and what is going to be their role, ownership and willingness to sustain the DfS initiative?
16. Are you also considering to help SMEs in sustaining the CMT and mini-CMT Teams?
17. Once the capacity is developed, how to retain those employees in the organization under-consideration?

18. What did you learn from the failure stories during the process?
19. What success criteria do you specify for yourself and consultants in this exercise?
20. What is the exit strategy of GIZ for this program and what are the timelines attached to the future of the DfS and CMT projects?

Annexure – VI: DfS Research Questionnaire for Industry Partners

ADKAR Questionnaire for DfS Research

1. Introduction

1.1 Factory's name and address:

1.2 Logistical info

1.2.1 Contact person, phone number, email and physical address (to coordinate our visit of each selected factory):

1.2.2 Who is/was the focal person for GIZ Dialogue for Compliance (DfS) and Change Management (CM) at the factory?

1.3 Question for Permission:

1.3.1 Do you allow us to video or audio capture this interview?

1.4 Introductory Questions

1.4.1 Tell us about yourself and your association with this factory?

1.4.2 Tell us about the history of this factory?

1.4.3 What are the factory's main products and services?

1.4.4 Can you share the factory's strategy (markets), size, and organogram?

1.4.5 What are the strategic challenges (in terms of supply and demand) facing this factory?

2. Identified business needs

2.1 DfS Initiation

2.1.1 Tell us the whole story of this factory's and your interaction with GIZ? How did this all start? When did it start?

2.1.2 What was the trigger? Why did you join GIZ's DfS and CMT programs? What exactly were the initial objectives or the problems that you sought or expected to address?

2.1.3 If not through GIZ DfS or change management, what other choices or alternatives did you have in order to address these problems?

3. Defined objectives

3.1 What steps or stages did the GIZ dialogue for compliance and change management involve?

3.2 What do you think about the dialogue between management and workers to improve labour standards and its impact on employee productivity? What is good about it? What are its limitations?

3.3 What was GIZ's initial idea about the dialogue between management and workers to improve labour standards (e.g. working conditions, overtime consistency, minimum wages, hygiene, OHS etc.) and its impact on employee turnover, absenteeism and productivity?

3.4 What kind of training (awareness sessions, meetings etc.) was provided by GIZ or other stakeholders to you and other employees at your factory facilitate such a dialogue?

3.5 DfS Key Stages and Evolution

3.5.1 What key stages were involved in DfS and CM at your factory from start until today?

3.5.2 What was the scope and timeline of activities? Designed solutions

3.6 What were the initial challenges in understanding or initializing this dialogue? How were those challenges addressed?

3.7 Which departments (e.g. HR, production, engineering, quality, etc.) were most frequently involved in this dialogue and met regularly to exchange views on issues of labour and social standards and productivity?

4. Developed new processes and systems

4.1 DfS Impact

- 4.1.1 Did the dialogue result in any improvements in the working and living conditions of the workers? Illustrate.
- 4.1.2 Did the dialogue result in any improvements in business goals and outputs? Illustrate.
- 4.1.3 What kind of forums (structure, format, composition, meeting frequency, structure or hierarchy) were provided to facilitate a structured dialogue and co-working between the management and workers to jointly develop and implement solutions to challenges, (e.g., address employee turnover, health and safety, overtime), to determine their causes and to find solutions?
- 4.1.4 How were openness and voluntariness ensured in this dialogue?
- 4.1.5 Any example of jointly developed and implemented concrete solution strategies to improve the overall situation?
- 4.1.6 How was the awareness raised for the importance and economic advantages of improved working and production conditions (e.g. through the reduction of default rates, improvement of work processes and work environment, etc.)?
- 4.1.7 What was the role of industry associations, government departments, trade unions and other stakeholders in this program?
- 4.1.8 What benefits to the company were achieved? (Empirical evidence, both qualitative and quantitative, e.g. improvements in key processes, outputs, etc.)
- 4.1.9 What benefits to the workers were achieved? (Empirical evidence, both qualitative and quantitative)
- 4.1.10 What did you want to achieve but could not? Why you were not able to achieve it?
- 4.1.11 If you were to do the whole thing again, what would you do differently?

5. Implemented solution

5.1 Training

- 5.1.1 In your view, is there a need for a structured training system to continue to promote and enable such a dialogue for social compliance and its business case? Why?
- 5.1.2 What should be covered in such a training?
- 5.1.3 Who should attend this training?
- 5.1.4 What kind of learning methods should be used? What language of instruction will be effective?
- 5.1.5 Based on your assessment, how long (e.g. how many weeks or days) should be this training program?
- 5.1.6 How many topics or courses (and which ones) should be covered?
- 5.1.7 What should be the duration of each course or topic?
- 5.1.8 What types of learning constraints generally exist? How can we address those constraints?
- 5.1.9 Will you be willing to pay for this training? How much?

Post Implementation | Sustainability

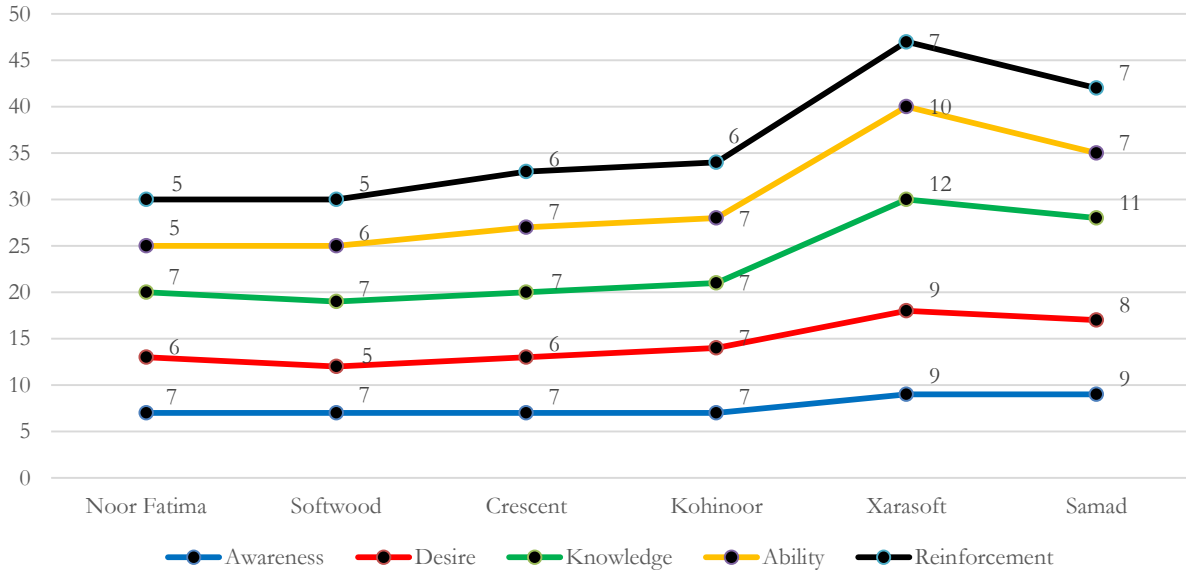
- 5.2 Whatever you have achieved through DfS and CM so far, do you think it is sustainable? If yes, how and if not, why?
- 5.3 In your opinion, what should be done to have a sustainable change management in your organization? How to develop and retain change drivers in your organization?
- 5.4 Are metrics in place to assess the ongoing effectiveness of the change?
- 5.5 Did the team develop the ability to execute the new behaviours required for the change?
- 5.6 Does your team know what success looks like?
- 5.7 Does your team feel hopeful about the future?
- 5.8 Does your team know that management is aligned with the change efforts?

Annexure – VII: PROSCI® ADKAR Change Management/ Impact Assessment of Industrial Partners

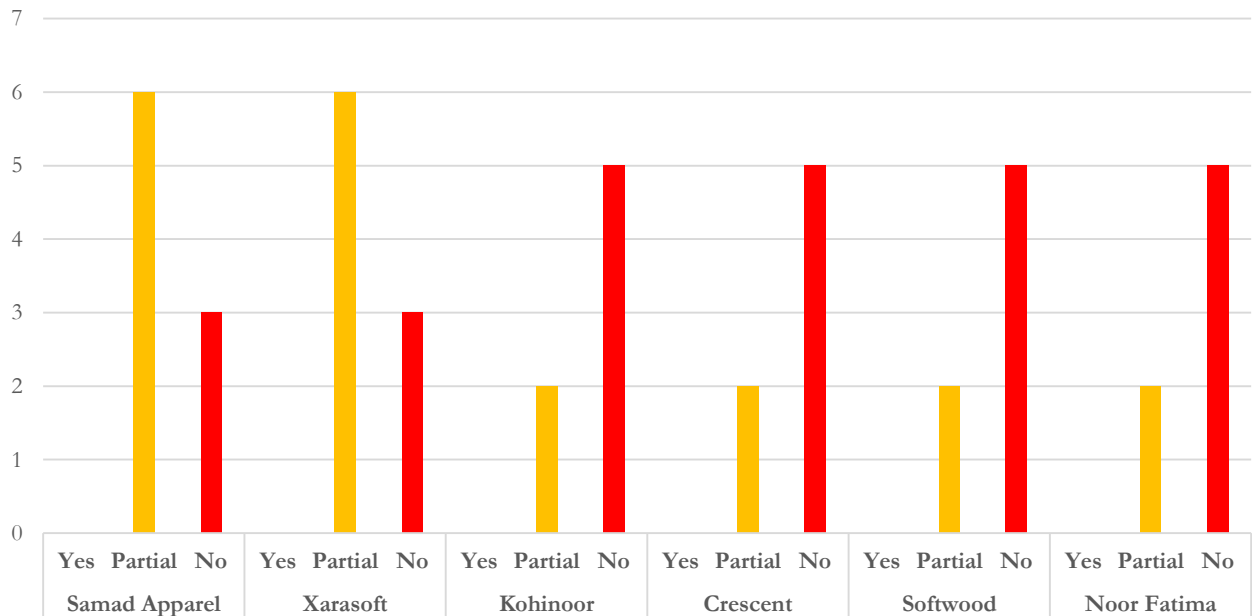
Summary

Based on ADKAR Change Management and Impact Assessment Framework, all six (06) case studies were assessed against the impact which DfS program brought to the Industrial Partners. Below are our findings:

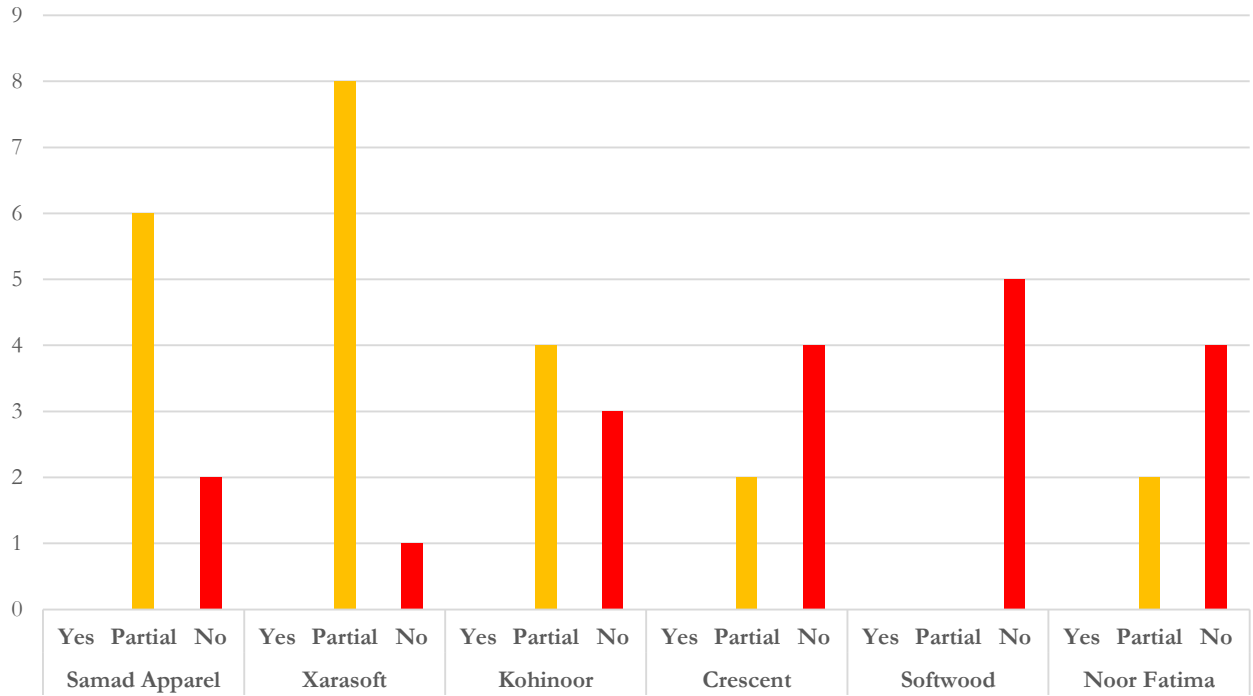
Comparative Analysis | DfS Industrial Partners | ADKAR Assessment | DfS Program



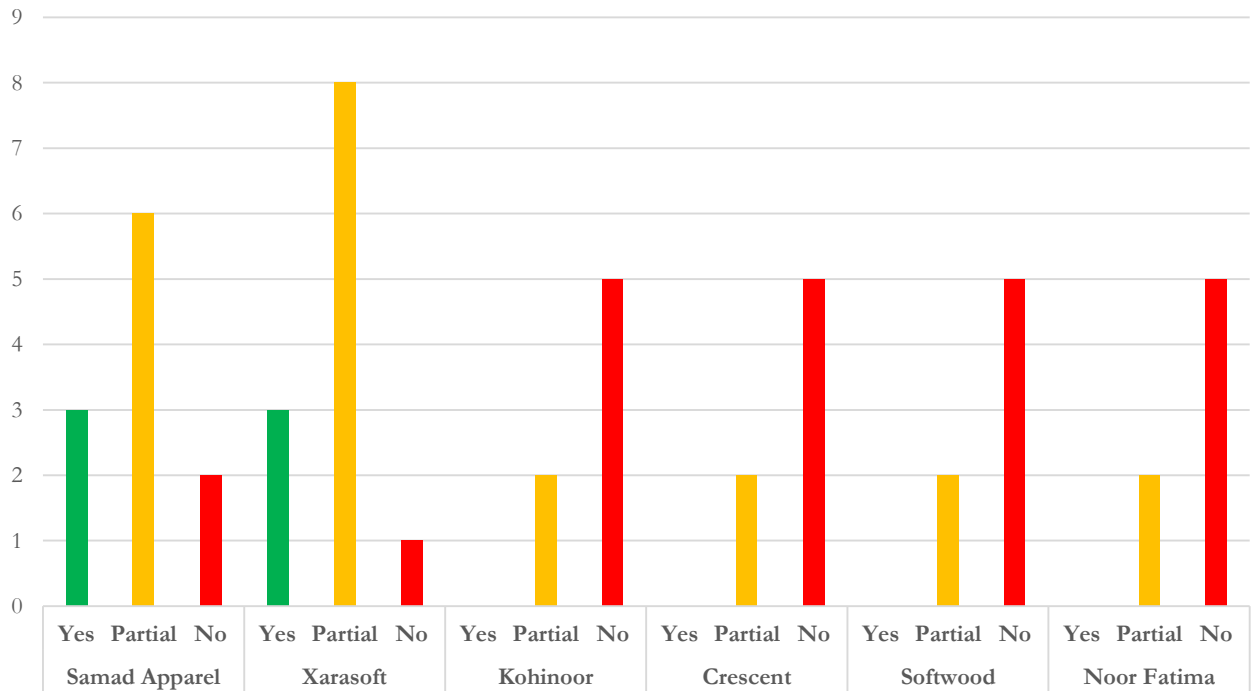
ADKAR Assessment | DfS Industrial Partners | DfS Awareness



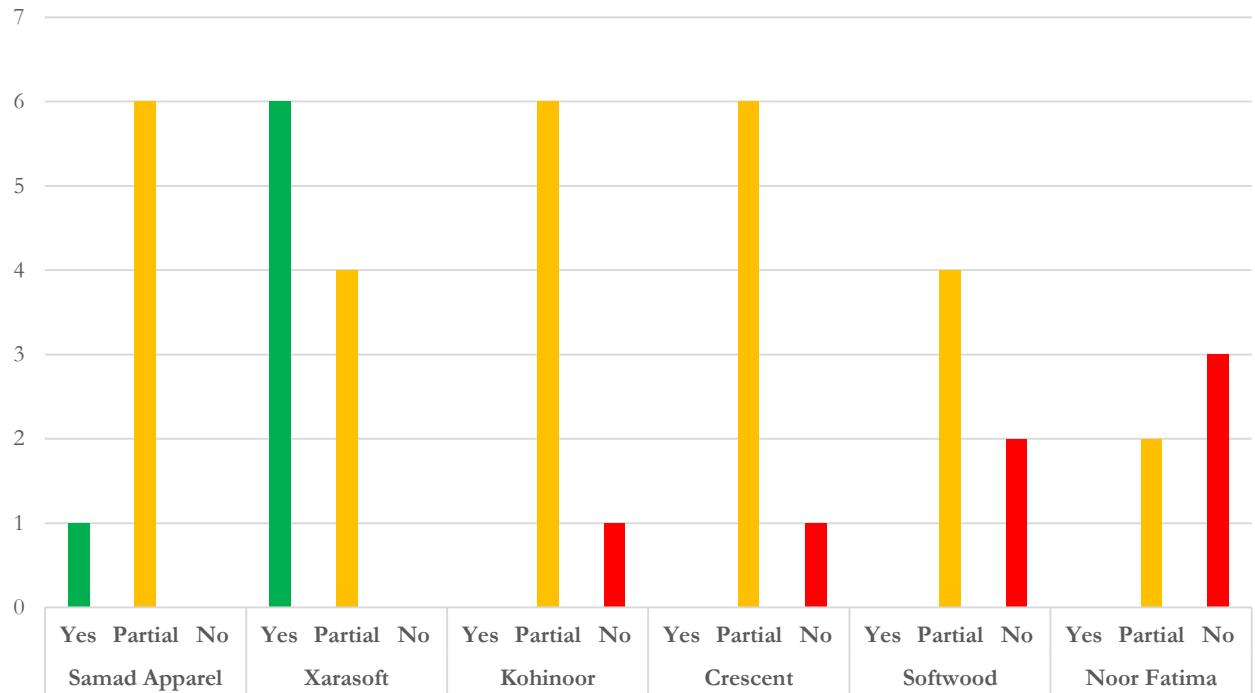
ADKAR Assessment | DfS Industrial Partners | DfS Desire



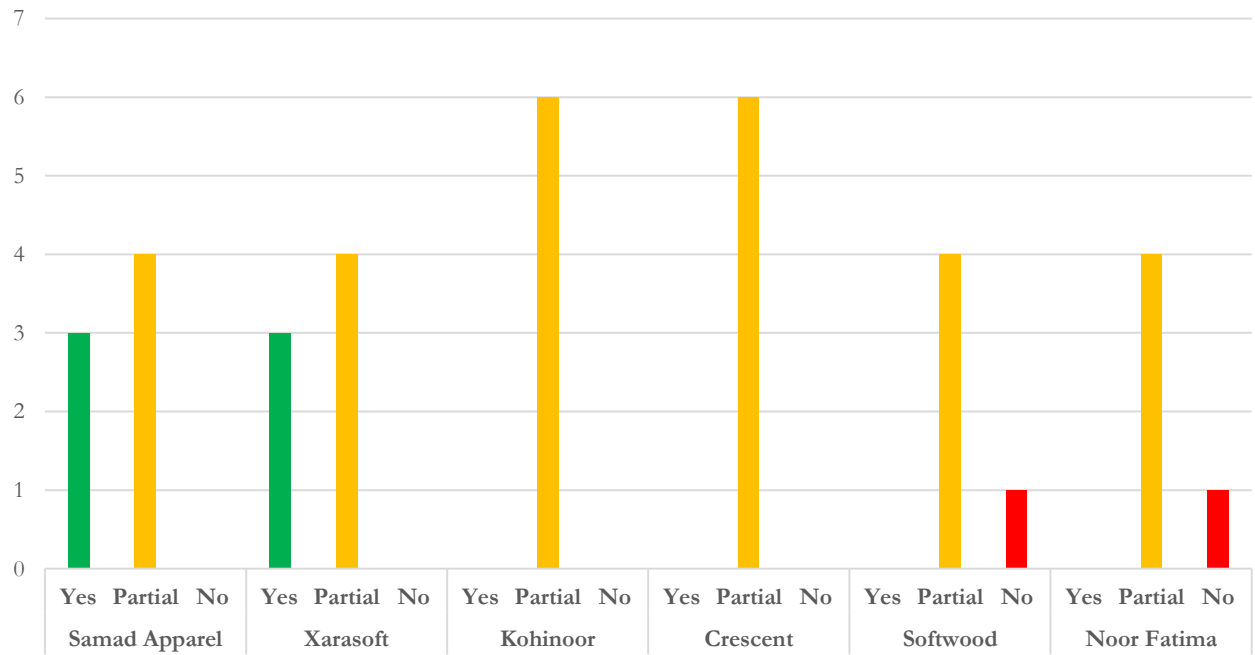
ADKAR Assessment | DfS Industrial Partners | DfS Knowledge



ADKAR Assessment | DfS Industrial Partners | Impact on Abilities

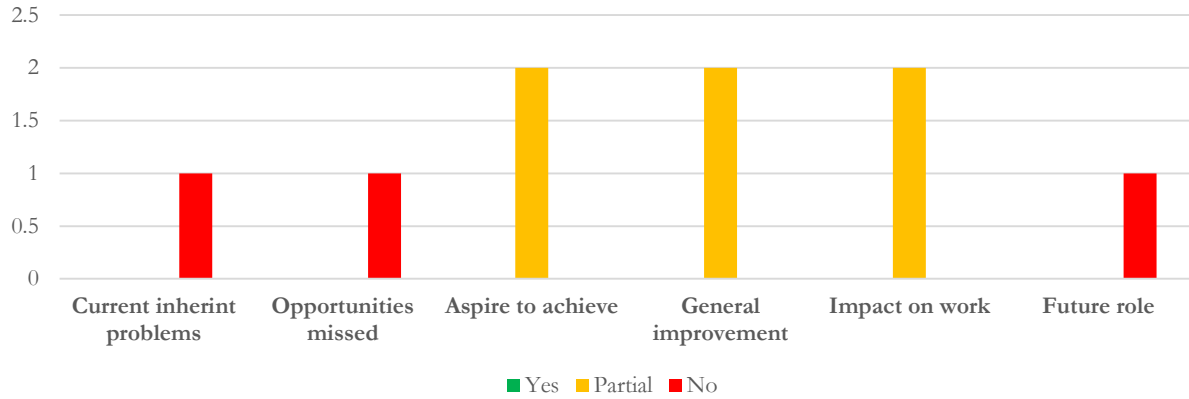


ADKAR Assessment | DfS Industrial Partners | Impact on Reinforcement

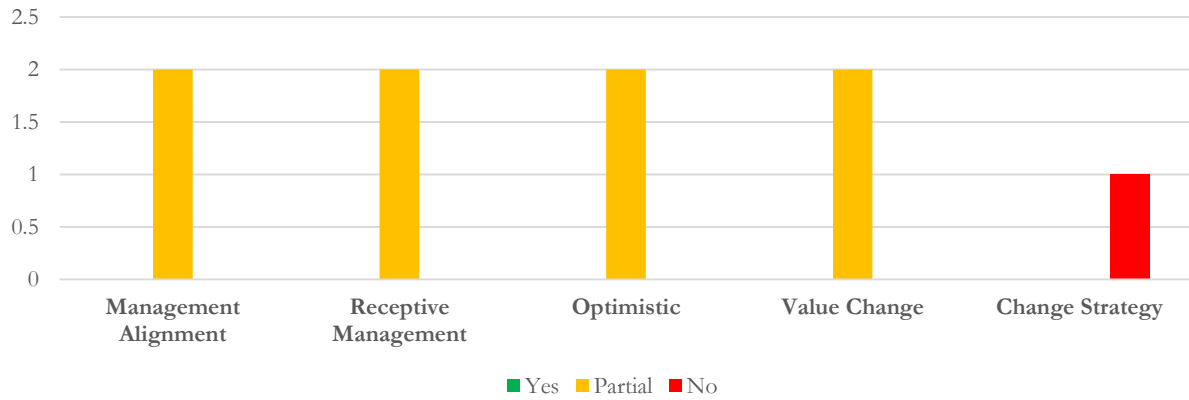


ADKAR CHANGE MANAGEMENT & IMPACT ASSESSMENT SCORECARD | XARASOFT

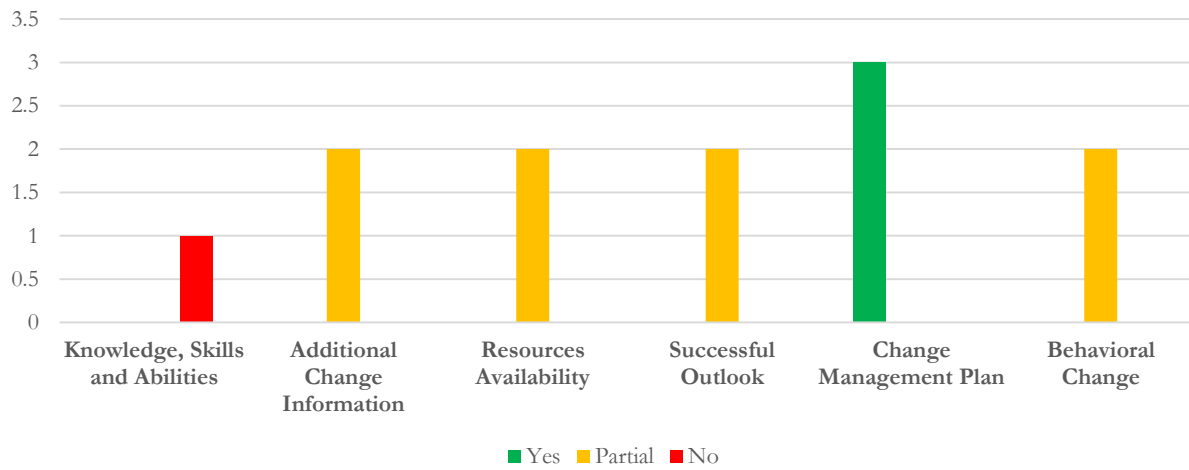
ADKAR | DfS Awareness | Xarasoft



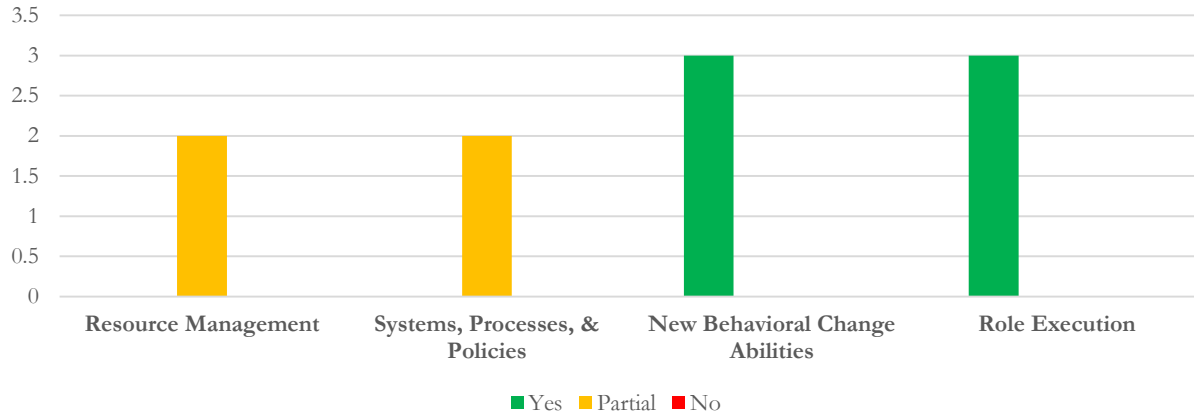
ADKAR Assessment | DfS Desire | Xarasoft



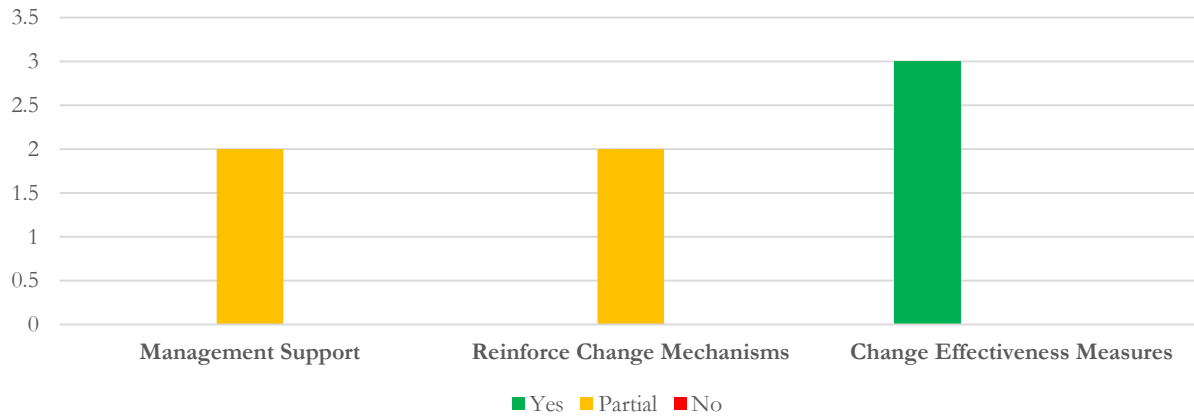
ADKAR Assessment | DfS Knowledge | Xarasoft



ADKAR Assessment | Impact on Abilities | Xarasoft

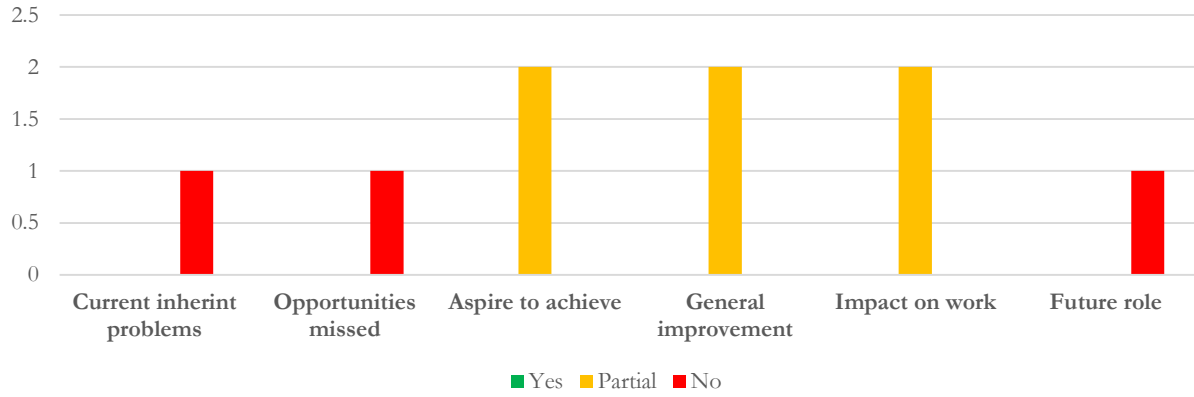


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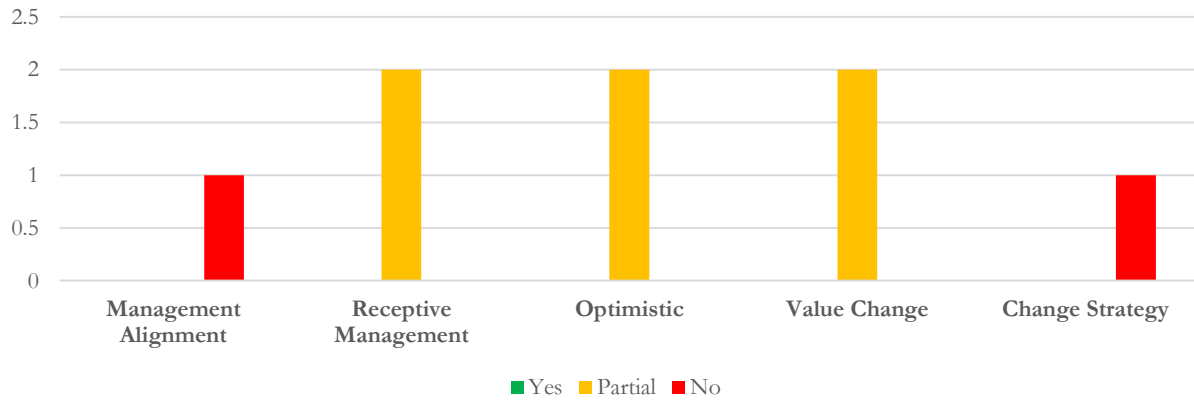


ADKAR CHANGE MANAGEMENT & IMPACT ASSESSMENT SCORECARD | SAMAD

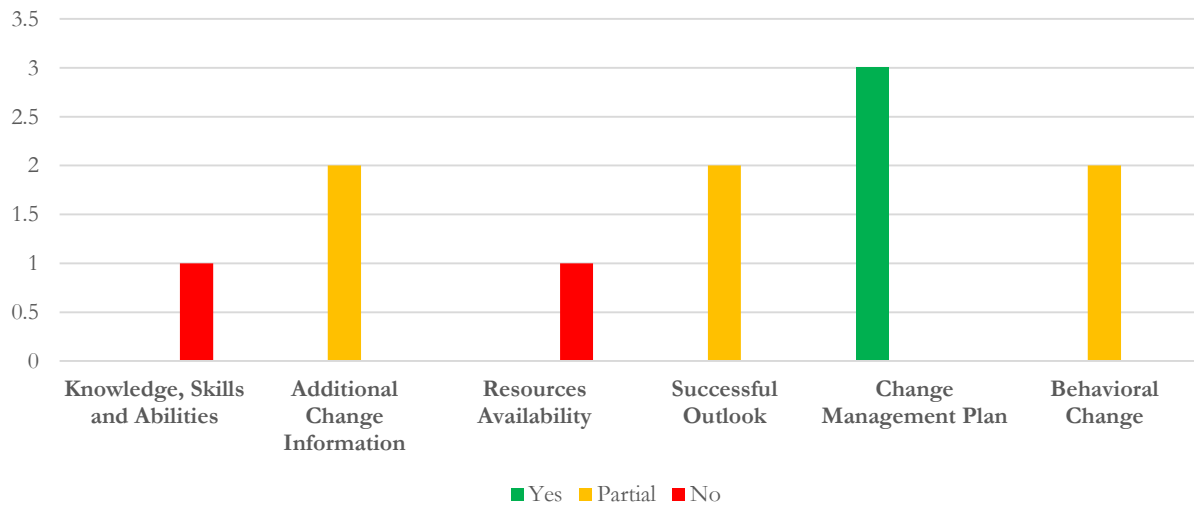
ADKAR | DfS Awareness | Samad



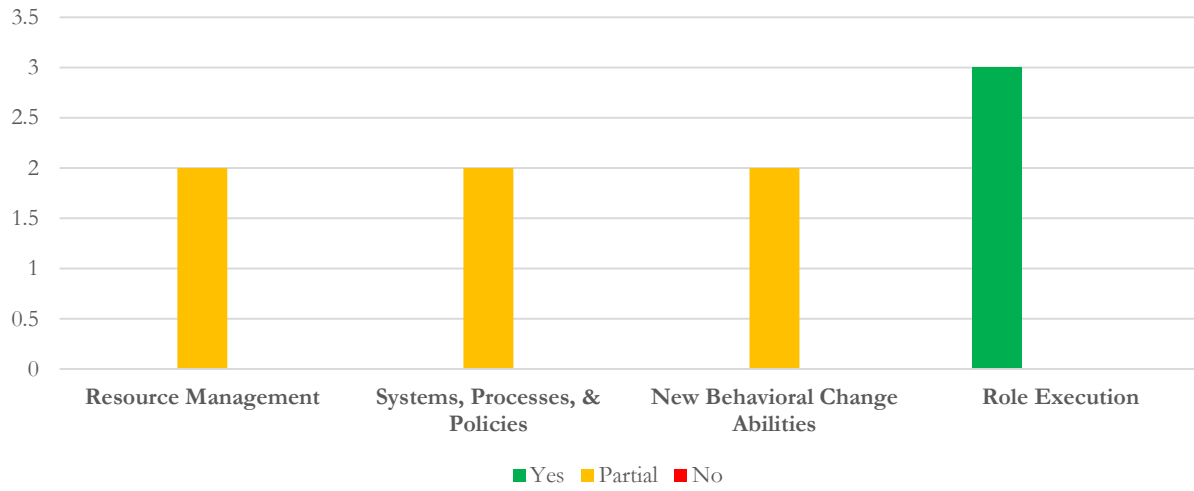
ADKAR Assessment | DfS Desire | Samad



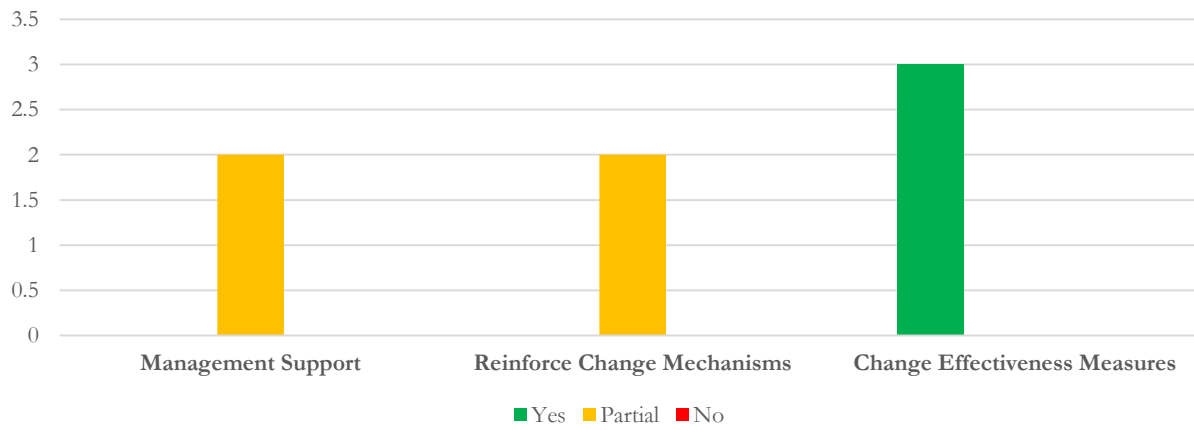
ADKAR Assessment | DfS Knowledge | Samad



ADKAR Assessment | DfS Ability | Samad

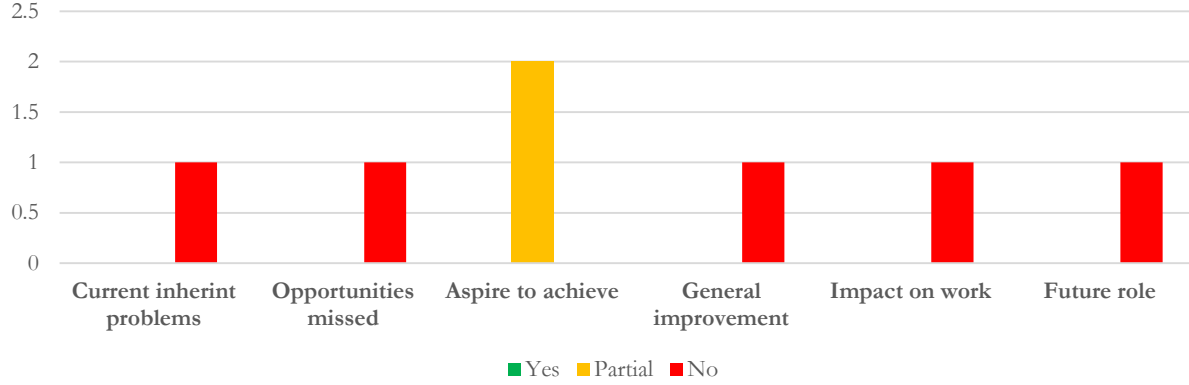


ADKAR Assessment | DfS Reinforcement | Samad

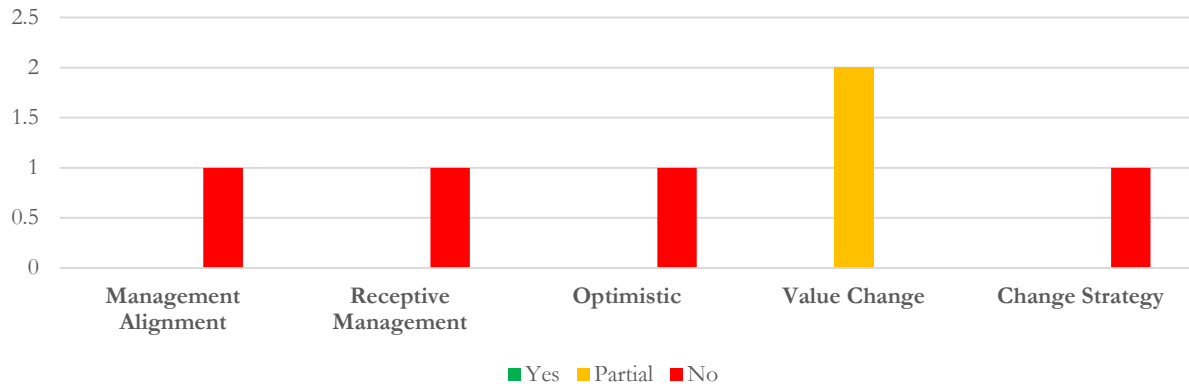


ADKAR CHANGE MANAGEMENT & IMPACT ASSESSMENT SCORECARD | NOOR FATIMA

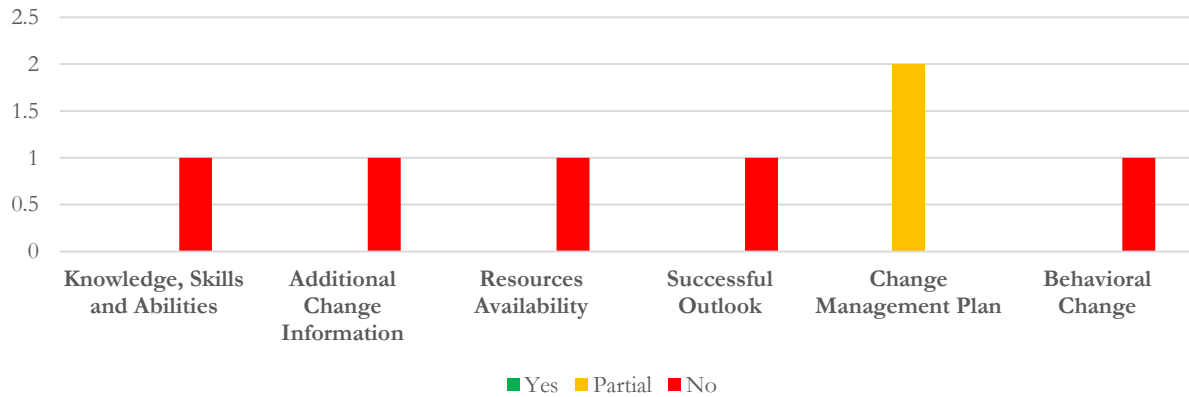
ADKAR | DfS Awareness | Noor Fatima



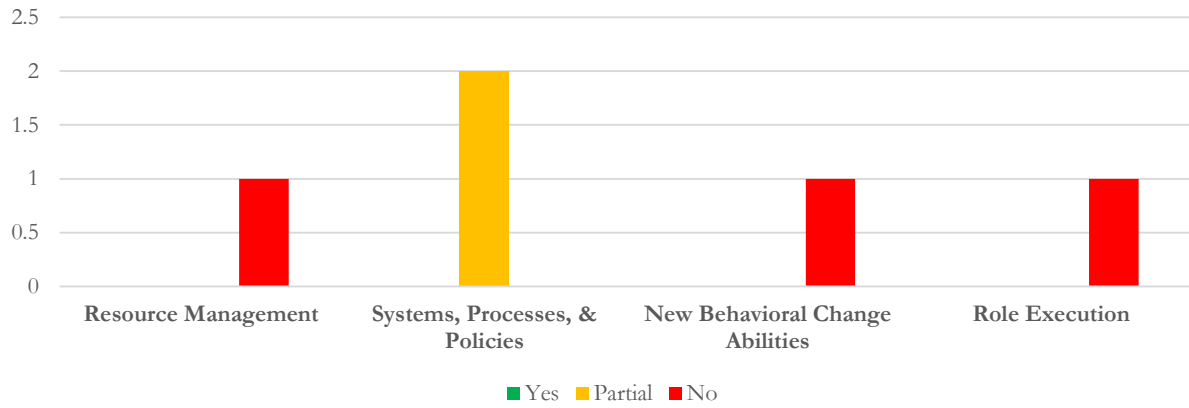
ADKAR Assessment | DfS Desire | Noor Fatima



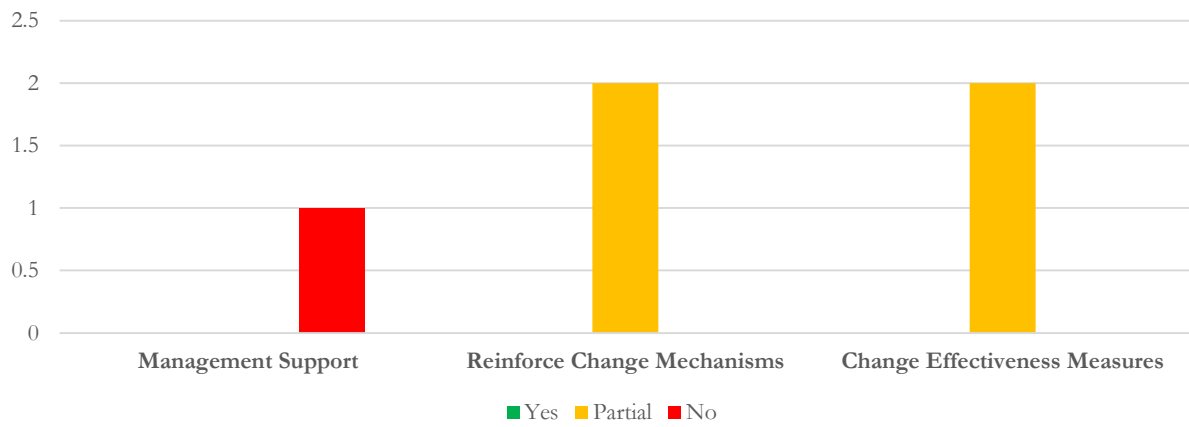
ADKAR Assessment | DfS Knowledge | Noor Fatima



ADKAR Assessment | DfS Ability | Noor Fatima

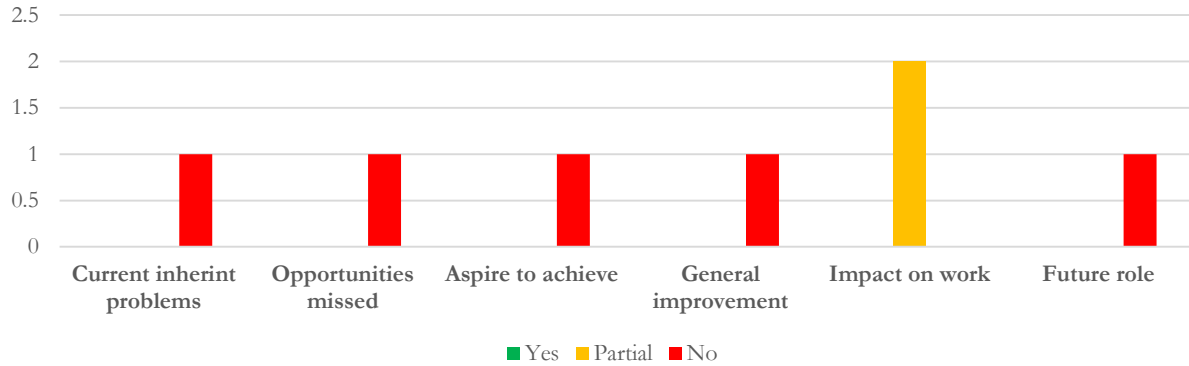


ADKAR Assessment | DfS Reinforcement | Noor Fatima

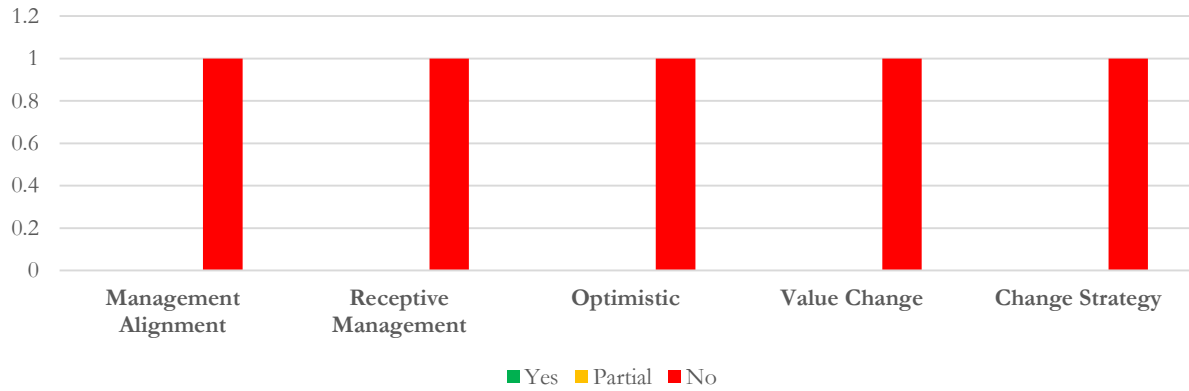


ADKAR CHANGE MANAGEMENT & IMPACT ASSESSMENT SCORECARD | SOFTWOOD

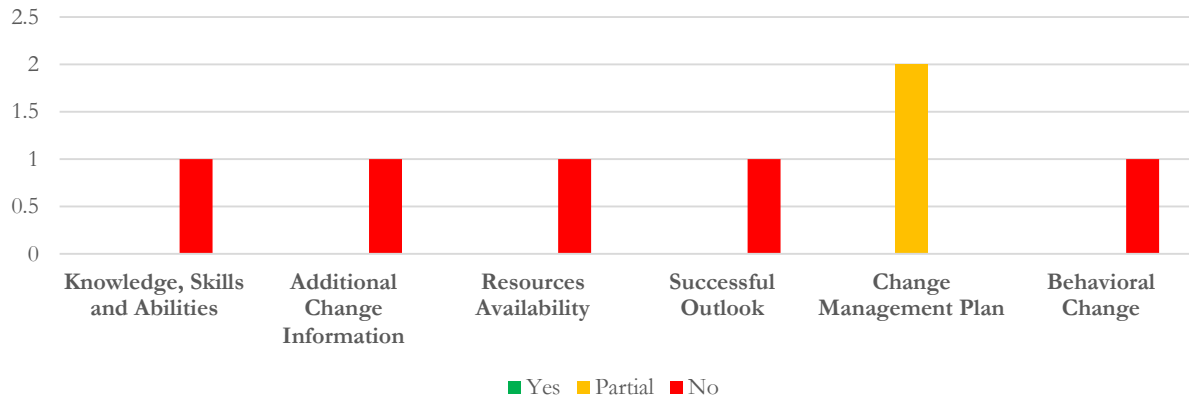
ADKAR | DfS Awareness | Softwood



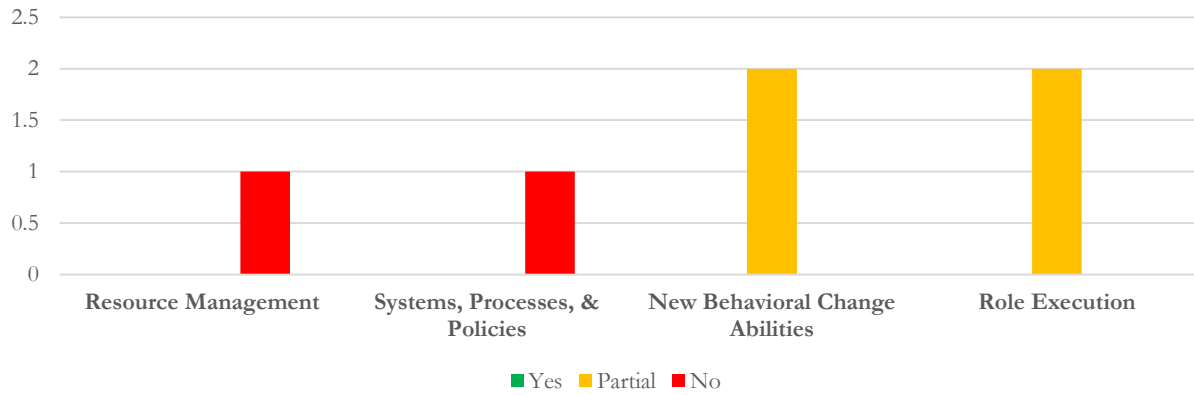
ADKAR Assessment | DfS Desire | Softwood



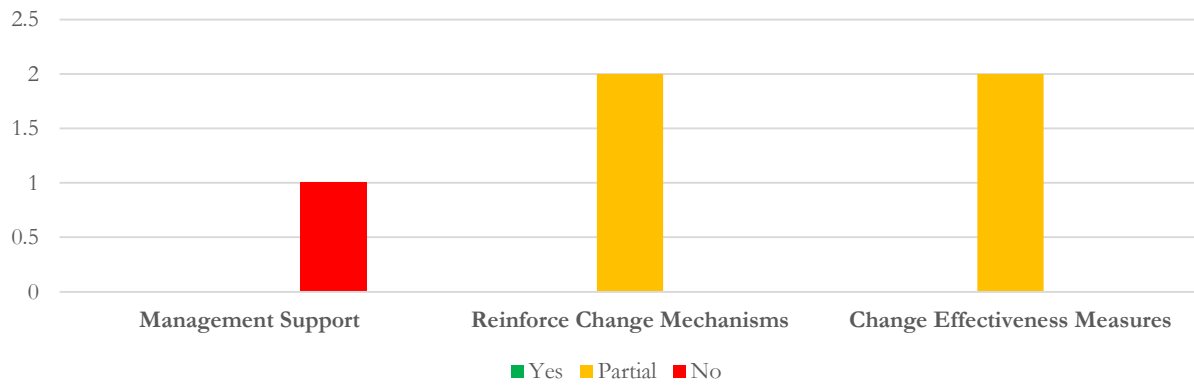
ADKAR Assessment | DfS Knowledge | Softwood



ADKAR Assessment | DfS Ability | Softwood

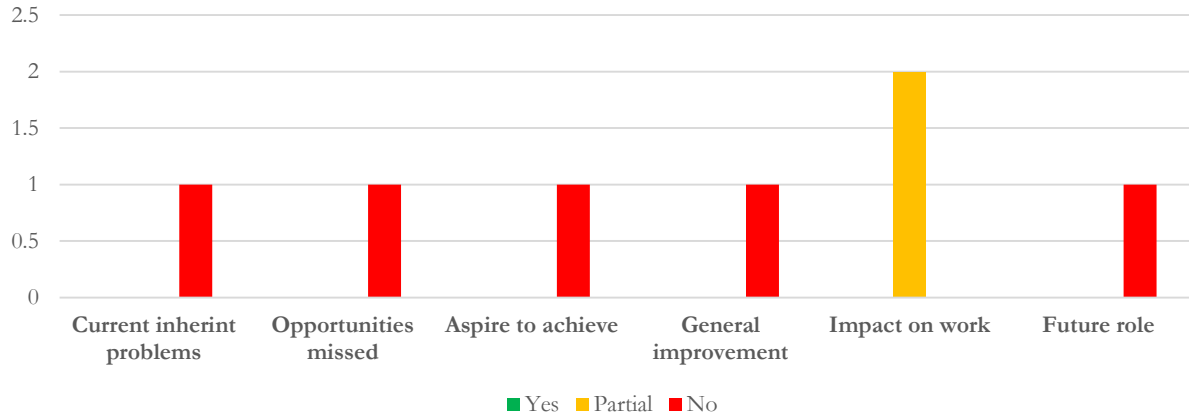


ADKAR Assessment | DfS Reinforcement | Softwood

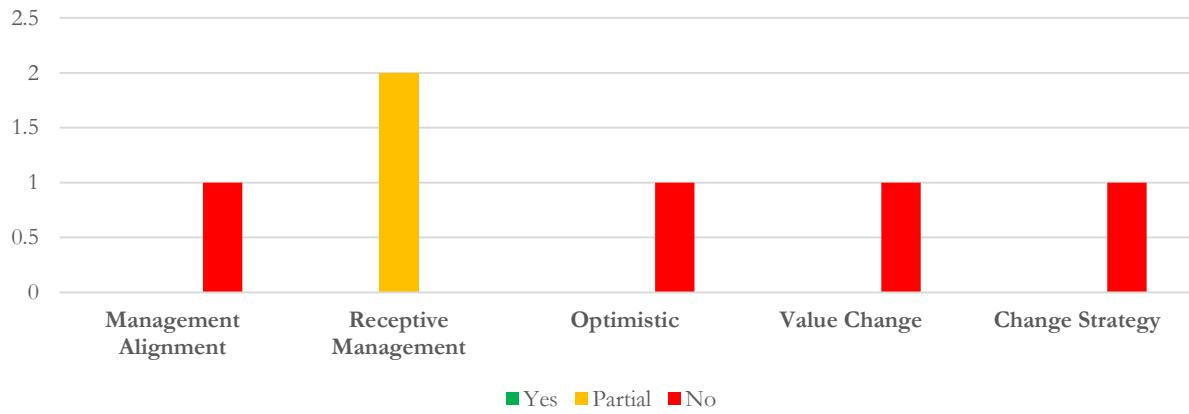


ADKAR CHANGE MANAGEMENT & IMPACT ASSESSMENT SCORECARD | CRESCENT

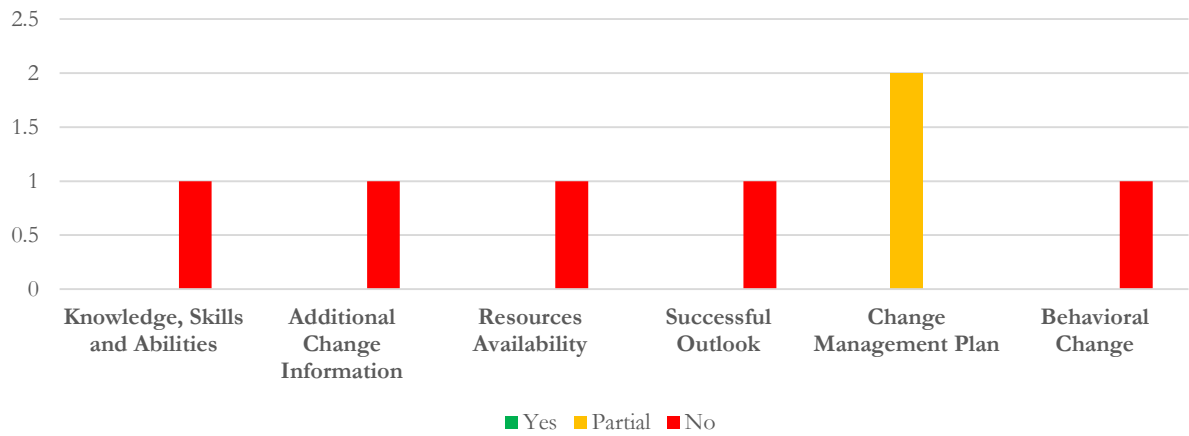
ADKAR | DfS Awareness | Crescent



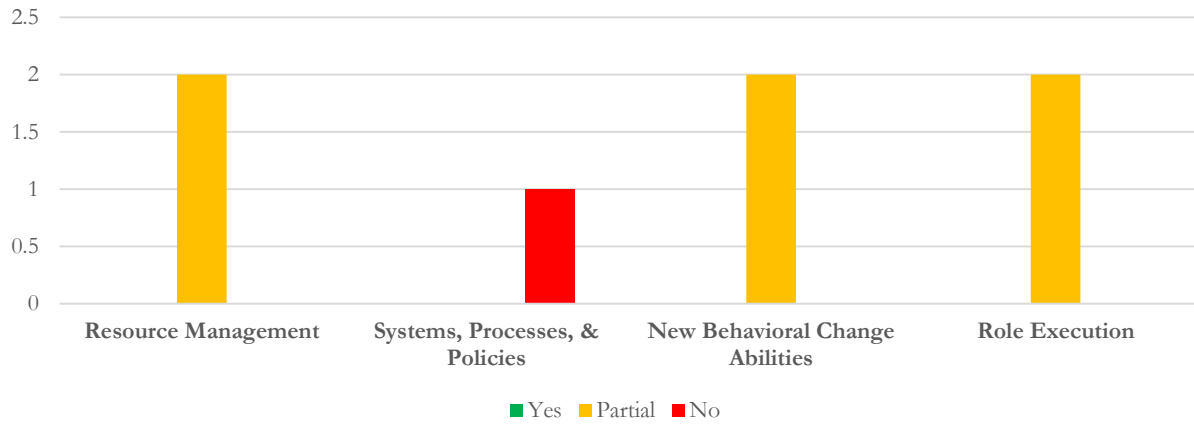
ADKAR Assessment | DfS Desire | Crescent



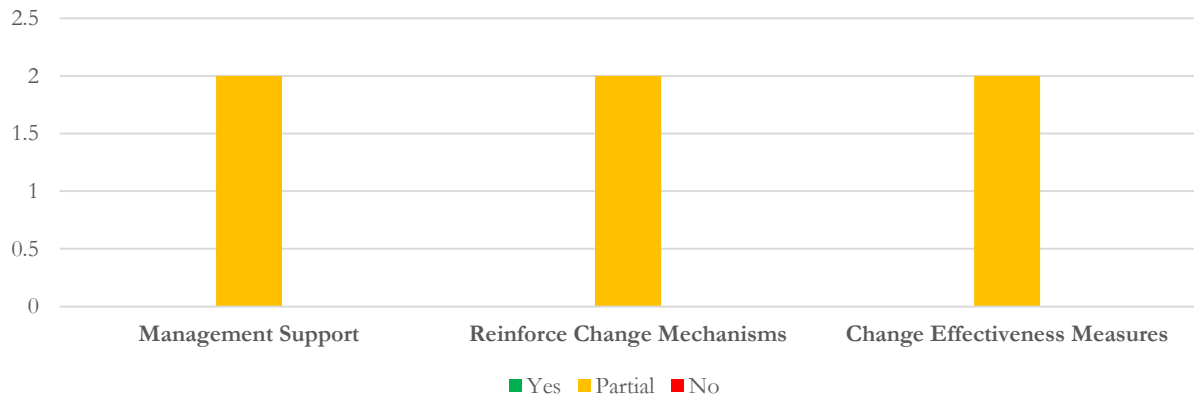
ADKAR Assessment | DfS Knowledge | Crescent



ADKAR Assessment | DfS Ability | Crescent

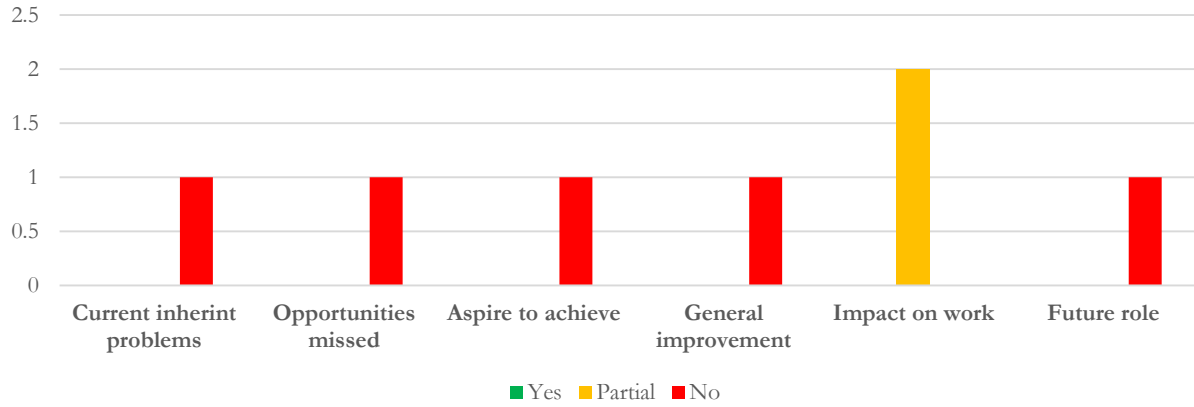


ADKAR Assessment | DfS Reinforcement | Crescent

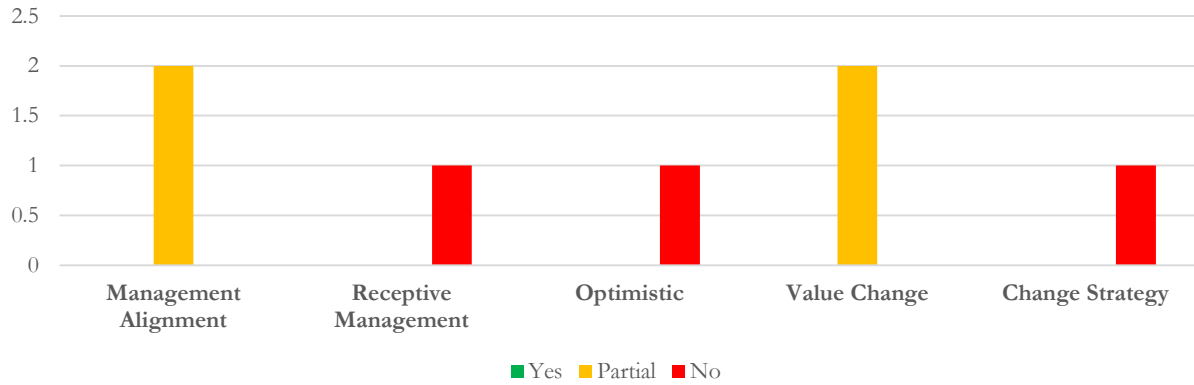


ADKAR CHANGE MANAGEMENT & IMPACT ASSESSMENT SCORECARD | KOHINOOR

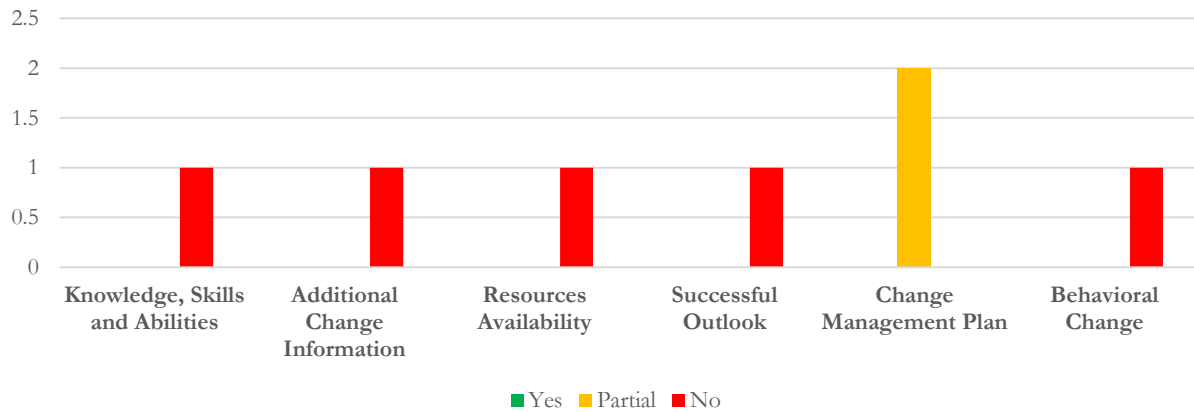
ADKAR | DfS Awareness | Kohinoor



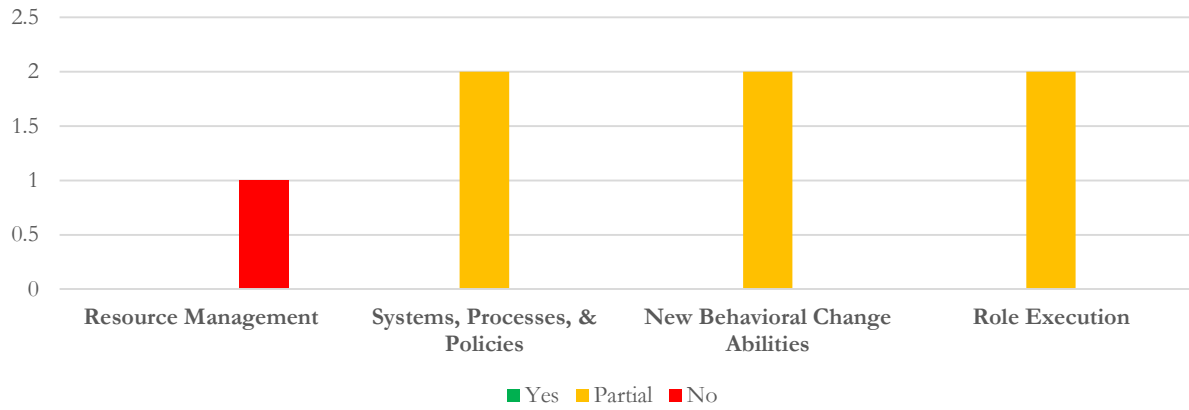
ADKAR Assessment | DfS Desire | Kohinoor



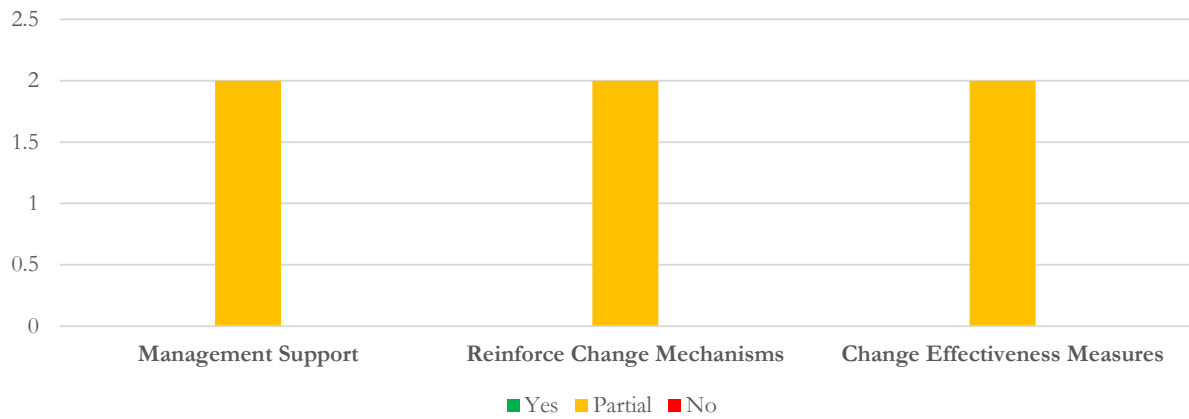
ADKAR Assessment | DfS Knowledge | Kohinoor



ADKAR Assessment | DfS Ability | Kohinoor

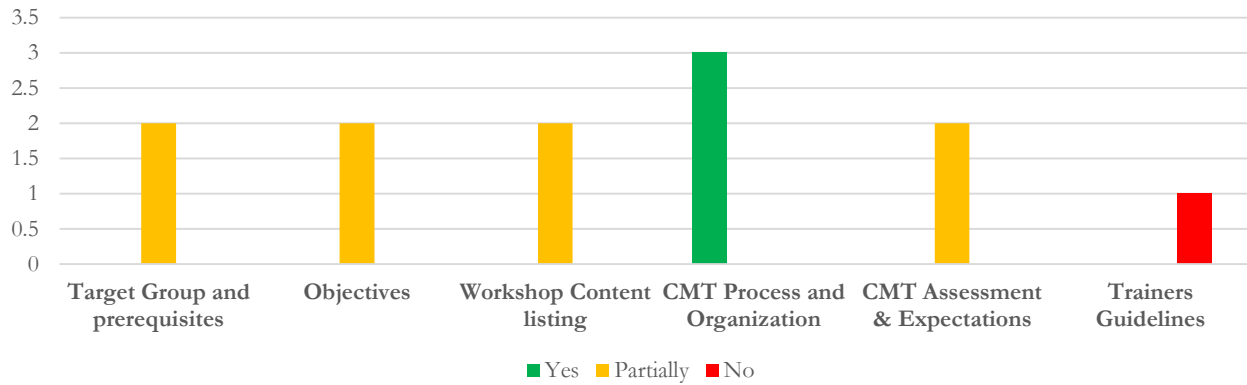


ADKAR Assessment | DfS Reinforcement | Kohinoor



Annexure – VIII: ADDIE Learning Content Effectiveness Scorecard

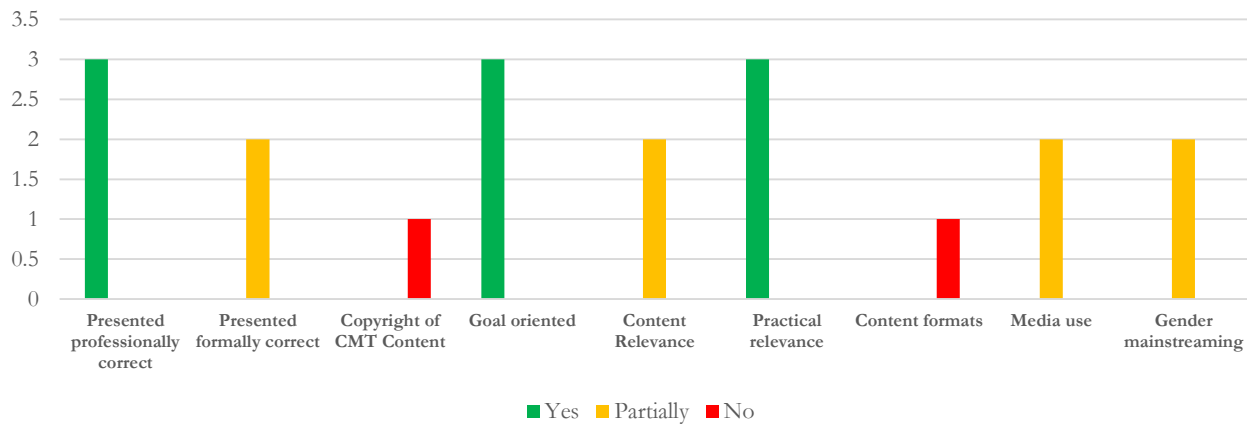
CMT Workshop | Analyze Training Needs



Observation:

Information about the learning content and its effectiveness in the above chart shows that the Training Needs Assessment was done against the CMT processes and organization but the awareness, workshop content listing, expectations, and objectives according to the target groups were partially developed. The awareness around training guidelines was not developed in a structured way.

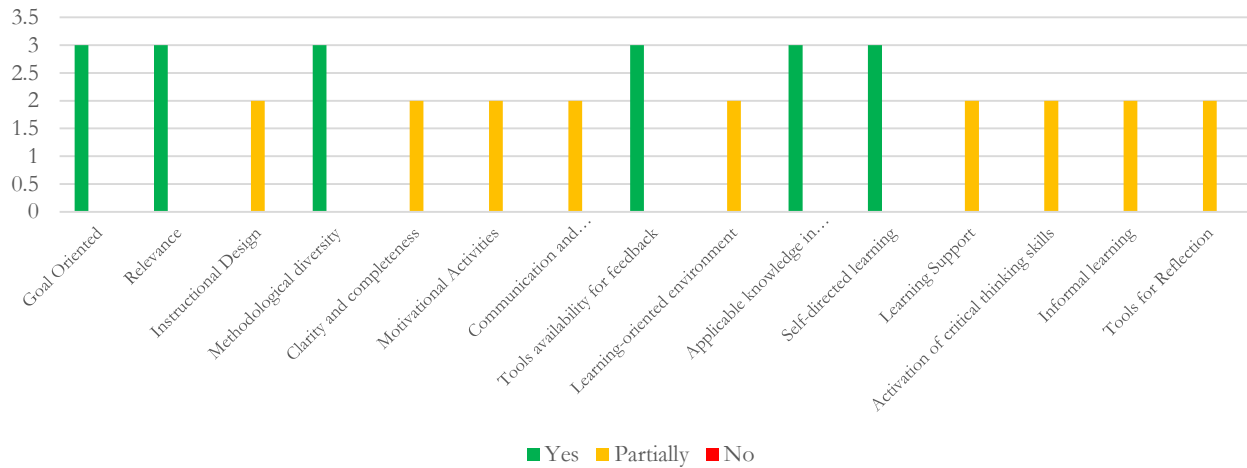
CMT Workshop | Design DfS Learning Content & Resources



Observation:

On the DfS content and resources, it was goal oriented, practically relevant and presented to the participants in a professional way whereas the presentations were not formally developed, content was partially relevant, even the media use and gender issues was also partially included in the content. Issue of copyright and the content formatting was a question mark.

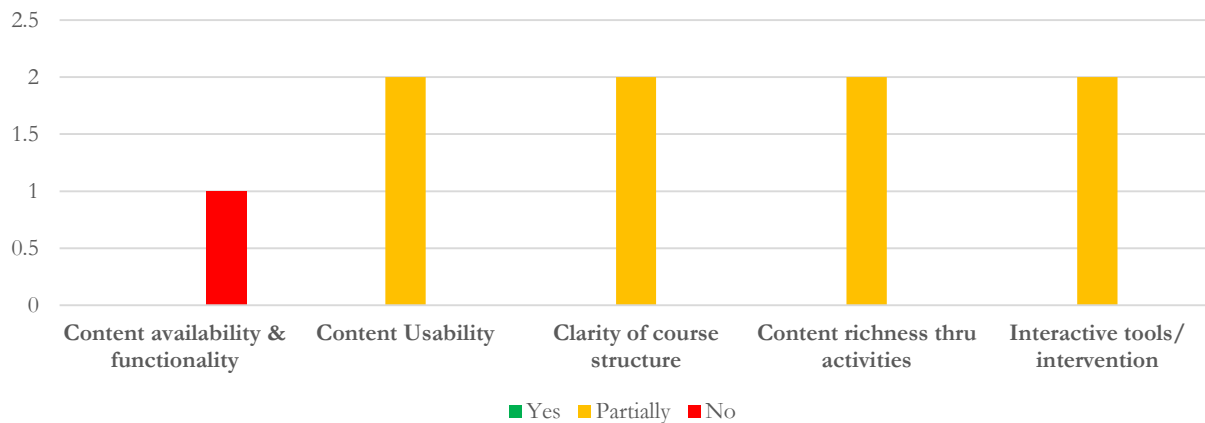
CMT Workshop | Develop DfS Learning Content Tasks & Activities



Observation:

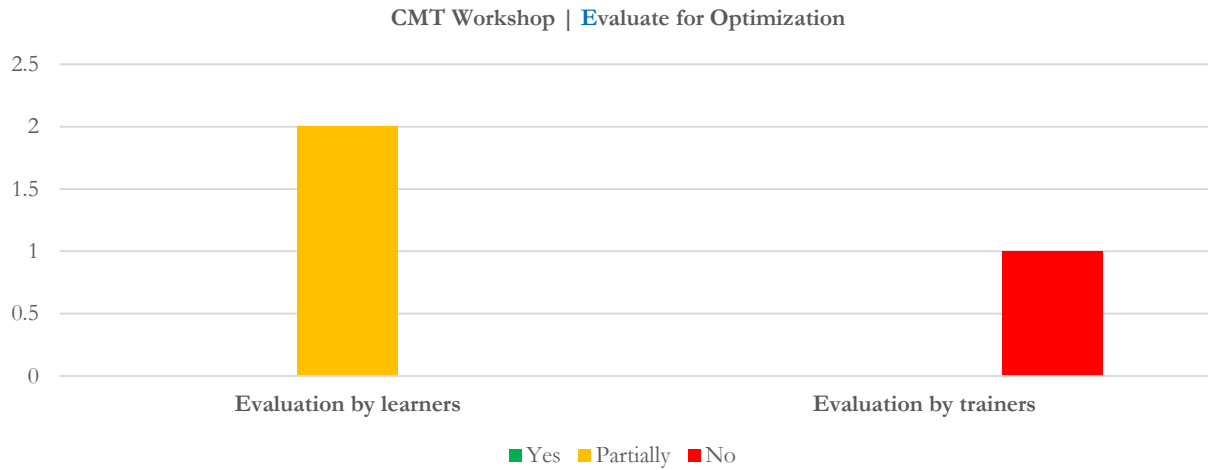
Tasks and activities were generally goal oriented, relevant, with strong methodological diversity and availability of feedback tools. The knowledge was not only applicable to the varying contexts but also facilitated the self-directed learning in the participants. The instructional design, clarity of the message, motivation, communication, learning environment and support, critical thinking and reflective tools were partially effective in the DfS learning content.

CMT Workshop | Implement Learning Environment



Observation:

The DfS methodology provided a partially useful content and structure. Even the content richness and interactive tools / interventions were also partially effective in the program. We are not sure about the content availability and functionality of the training program to IPs.



Observation:

If we compare the evaluation by learners through the feedback of CMT participants and the feedback by the course moderator, learners' feedback was partially effective whereas the evaluation by the trainers was a missing link. Both the feedbacks were required to work on the continuous improvement of the program through optimal inputs from both sides.