

Which Managerial Skills Training Policies Are Most Effective?



Job training programs for firm managers or entrepreneurs are effective at increasing firm productivity, profits, and firm survival rates.



Training skills in human resources, soft skills, marketing, and finance-accounting are most likely to improve firm performance. The impact was maximized when delivering training sessions for entrepreneurs and managers in the manufacturing and services sector.



The key is to design training programs tailored to different participant groups, based on the demand in their respective industry and business contexts.

CONTEXT

This study focuses on training management-level individuals to share knowledge on business practices that will translate to better business operation. Based on the hypothesis that poor management quality in developing countries may hinder firm productivity, there is a need for firms to invest in coaching and mentoring leadership-level workers. Despite the growing number of randomized experiments evaluating management skills training interventions, there is only a handful of studies that summarize the overall impact.

PROJECT

Our study provides a systematic review of 44 studies that evaluate the effectiveness of management training. After reviewing those papers, we coded information based on the content, supplier, duration of intervention, targeted participants, and reported outcomes. In total, 431 outcomes were synthesized and categorized into four main outcomes: firm productivity, profits, management practices, and firm survival rates. We used, when available, coefficient estimators, or the mean difference of the control and treatment group to compute the average effect size. Then we continued to explore the causality between the average effect sizes and the characteristics of the program and the participants.

RESULTS

The average effects sizes for the four main outcomes are positive, meaning skills training interventions are effective at enhancing firm performance. Improvement in management practices led to the highest returns, followed by firm profits, productivity, and firm survival ([Figure 1](#)).

In terms of programs' characteristics of the programs, we identify six common topics addressed in management skills training interventions: planning a new business; managing finance and accounting skills such as bookkeeping; tackling human resources; developing marketing strategies; acquiring soft skills (i.e. entrepreneurial mindsets, customer services, business attitudes...); and, finally, accumulating knowledge on production operation. Results indicate that human resources and marketing training generated higher effects for management practices, while marketing skills had the strongest impact on raising firm profits, soft skills on firm productivity, and finance and production operation skills on firm survival. Three main suppliers were identified to deliver training sessions: local government institutions, local organizations (i.e., NGOs), and international consulting firms and organizations. Suppliers that have better knowledge of the local context, such as local governments and local organizations, efficiently delivered the consulting courses. Although the duration of training programs ranged from short (less than a month) to long (more than six months), differences in duration did not yield statistically distinguishable outcomes.

Studies have also reported the main targets of program, which the researchers have classified by employment status (entrepreneurs, potential entrepreneurs, or managers), gender (female only, both genders), and industry sector (agriculture, manufacturing, services, and multiple). Targeting managers provides benefits in terms of productivity and profit levels, while targeting new entrepreneurs had better outcomes in management practices and firm survival. The results show that programs targeting both genders have greater impact compared to those that only target female participants. Lastly, the evidence suggests that, instead of addressing a wide range of industries, targeting specific industries will strengthen the impact of training.

POLICY IMPLICATIONS

There is no “one-size-fits-all” solution for management training programs. Although our study shows that such programs are effective, governments will have to make a cost-benefit analysis when deciding to implement them. Overall, we conclude that, to improve the outcomes of training programs, the design of each program should be tailored to the participants, depending on the objective of the training.

We find that organizations that have a good understanding of the local context, such as NGOs or government institutions, are better suited to providing customized mentoring sessions based on the needs of the participants. Alternatively, partnering with an international consulting firm or organization to train the instructors prior to having general sessions would be advised. Based on the results of the study, one should keep in mind that the different outcomes of management training do not have spillover effects. In other words, each program will have to specifically designed to target certain groups. For instance, as targeting entrepreneurs proved to be effective in increasing firm survival rates, rather than attracting general participants for training programs, it would be cost efficient to in vite on ly th e entrepreneurs. Furthermore, the results suggest that longer managerial training programs are associated to positive effect sizes. Lastly, in designing programs for female leadership, instead of organizing only mentoring sessions, a combination of skills training and financial assistance such as micro-finance programs will amplify their outcomes.

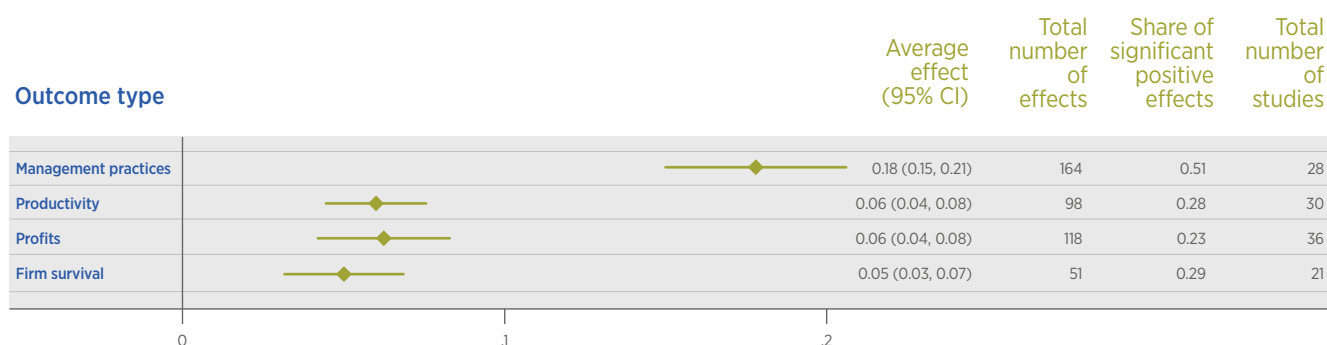
Key Concept



MANAGERIAL SKILLS TRAINING

Programs designed to develop the knowledge, skills, and abilities of managers, especially those of lower-productivity firms, with the goal of improving firm-level performance.

Figure 1. Average Effect Size by Outcome Type



Note: Plotted dots represent the aggregated average effect size along with its confidence interval.



FULL STUDY

[Busso, Matías, Kyunghin Park, and Nicolás Irazoque. 2023. “The Effectiveness of Management Training Programs: A Meta-Analytic Review.” IDB Working Paper No. 1458. Washington, DC: Inter-American Development Bank.](#)

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Authors: Matías Busso, Kyunghin Park, and Nicolás Irazoque.

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