Do you have a project you want evaluated? DECRG-FP researchers are always looking for opportunities to work with colleagues in the Bank and IFC. If you would like to ask our experts for advice or to collaborate on an evaluation, contact us care of the Impact editor, David McKenzie (dmckenzie@worldbank.org)
common reason for adopting a new practice was spillover from another plant in the same firm. Within the treated experimental plants, there were three main reasons why practices were dropped. The most important, accounting for over half the dropped practices, was a new plant manager coming in. The second most important reason was a lack of director time, while some practices were also dropped because firm owners saw no benefit in them. This highlights the importance of key employees in maintaining good management.

**Long-run impact on firm performance**

We find the treated firms to be using more looms and fewer workers over time, although neither is statistically significant. The result is a statistically significant increase in looms per worker, a classic measure of productivity in the industry. Fewer quality problems means workers spend less time fixing machines and defects, and more time producing output. Based on this improvement, we calculate that labor productivity increased 19 percent since 2011, with the long-run effect 35 percent.

Revealed preference also suggests that firms have found the management improvements useful: treated firms were more likely to hire consultants on their own after our intervention, and have accompanied the improvement in operational management practices that we fostered by also improving their marketing practices.

**Policy Implications**

Returning back to these firms after nine years offers hope that efforts to improve management can yield lasting improvements in firms. We see several implications for policy.

1. Cost-benefit calculations for the return on such interventions depend heavily on how long they can be expected to persist. Our results show some depreciation of practices, but that there can be persistent impacts, making these interventions better value-for-money.

2. This makes it even more of a puzzle why more firms don’t improve management by themselves. Understanding what constrains them from doing so, and developing policy interventions that help the market for management improvements function better therefore seems a useful area for policy work.

3. Finally, our results provide an illustration of the usefulness of returning to projects long after the intervention has ended. Typical World Bank and government projects do not provide funding or incentives for doing this, so developing mechanisms for policies to look beyond immediate funding cycles when examining impacts is an important area to develop.


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