

GENDER-SMART BUSINESS SOLUTIONS

Vietnam's Maxport
Seeks to Grow
by Boosting
Opportunities
for Women
Workers



The International Finance Corporation's Women's Employment Program

provides gender-smart business solutions to IFC clients in Manufacturing, Agribusiness, and Services. Through the program, IFC partners with private sector businesses globally to assess their practices on gender equality and advise them on how to advance women's employment in their workplace. This series highlights the results of these partnerships and their impact on company diversity and bottom line. We also acknowledge and appreciate the generous support provided by the Government of Canada, which made possible these advisory initiatives on women's employment.

CLIENT

Maxport Limited, a Vietnam-based sportswear manufacturer that supplies top global brands such as Nike, Lululemon, and Spyder.

THE CHALLENGE

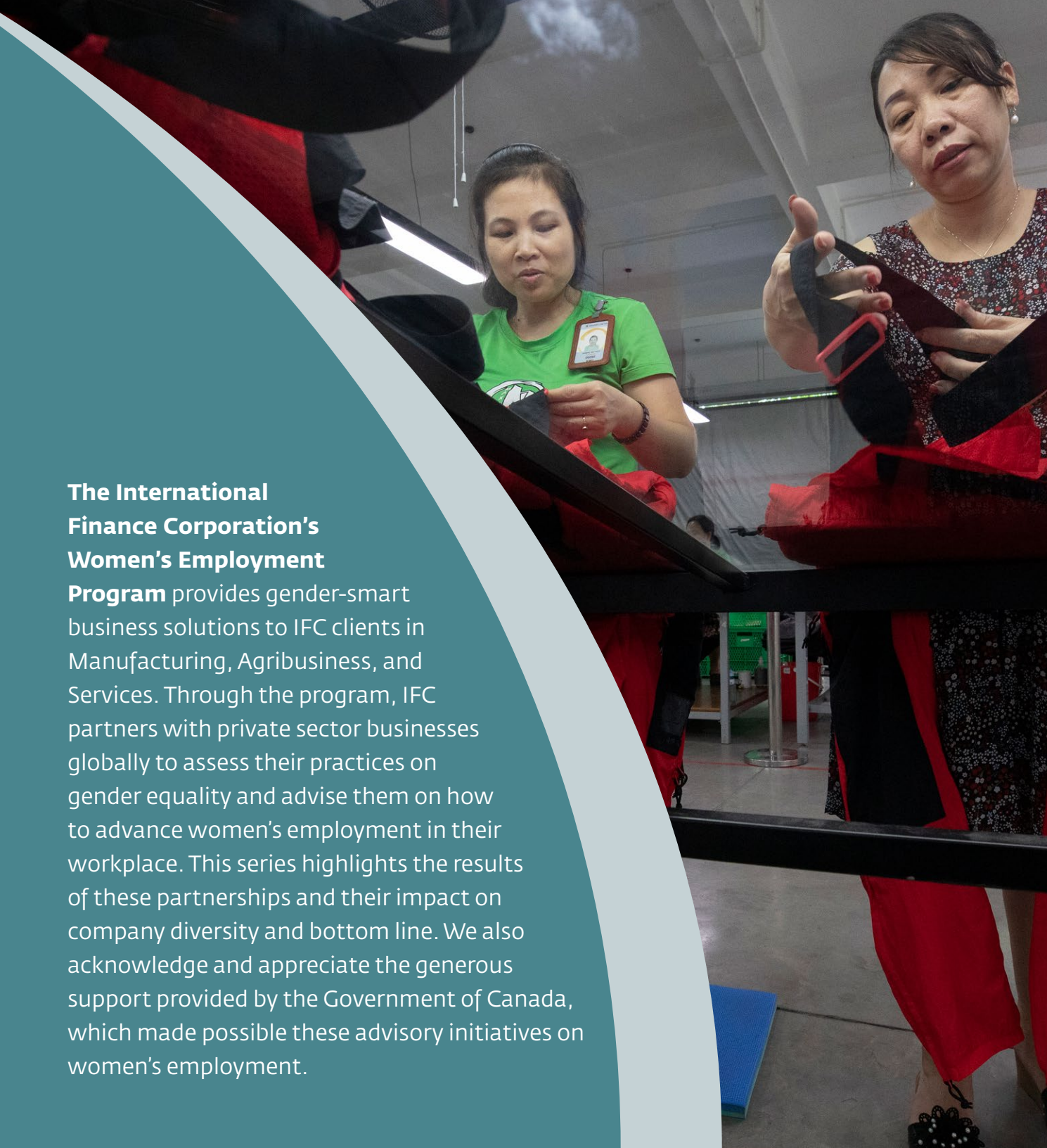
Despite having prioritized sustainability and worker safety and satisfaction since its creation, Maxport has continued to experience high turnover and absenteeism among its employees, of which 80% are women. This issue is becoming a barrier to the company's ambitious expansion plans.

IFC'S ROLE

Explore gender-smart solutions to strengthen and grow Maxport's workforce and design a customized business strategy to increase employee engagement, boost productivity, and recruit efficiently.

RESULTS

In 2019, Maxport became one of the first companies in Vietnam to receive the EDGE Gender Certification for advancing gender equality. Following IFC's gender-smart strategies, the company unfolded new opportunities to improve its operational efficiency, increase its visibility, and expand its market.



CONTEXT

Vietnam's economy has grown exponentially over the last three decades, bolstered by strong domestic demand and an export-oriented manufacturing industry. Textile and apparel manufacturing has driven much of this growth, with the sector accounting for 16 percent of the country's gross domestic product (GDP) in 2019.¹ Vietnam ranks among the world's top three garment exporters, selling mainly to the United States, Europe, Japan, and South Korea.² The country's global market share is expected to continue to expand as China increasingly shifts away from low-margin, labor-intensive manufacturing and as global consumer demand revives in the wake of the COVID-19 pandemic.

Vietnam's textile and apparel sector, with more than 6,000 garment companies, has helped transform the country from one of the world's poorest into a lower-middle-income economy, and to lift millions out of poverty through the creation of jobs.³ The sector employs approximately 2.7 million people, four-fifths of whom are women. Most of the women work in lower-level positions, and few are promoted to management or leadership roles. As more global brands emphasize social and environmental sustainability in their supply chains, supporting women's employment and advancement has become an increasingly important issue for Vietnam and its textile and garment manufacturers.



COMPANY

Maxport Limited is a garment-manufacturing company based in Hanoi that supplies to major global brands including Nike, Lululemon, Asics, and Gymshark. The company participates in IFC's Global Trade Supplier Finance (GTSF) Program and the Better Work Programme, a partnership between IFC and the International Labour Organization.

Maxport and its founder and CEO, Nicholas Stokes, have made social and environmental sustainability a priority. The company enjoys a strong track record in its treatment of workers, especially women, who make up 80 percent of Maxport's 6,000-strong workforce. Contrary to trends in the industry and the general labor force in Vietnam, women at Maxport are well represented in leadership positions, including as line supervisors. The company adheres strictly to Vietnam's labor code and provides competitive benefits in terms of worker pay, bonuses, and health insurance. Working parents receive a monthly childcare allowance, and pregnant employees get special nutritious meals starting from the fourth month of pregnancy.

Still, the company faces a number of challenges as it seeks to implement an ambitious growth strategy. Vietnam has developed rapidly and its manufacturing sector is extremely competitive when it comes to talent and labor. Textile manufacturing is labor-intensive and employing skilled talent is critical to companies' growth and profits. This has made the textile sector extremely competitive especially in terms of hiring top talent.

In 2019, Maxport partnered with IFC to explore gender-smart solutions to strengthen and grow its workforce. IFC conducted a preliminary gender diagnostic of the company's workforce to identify gender gaps and then employed the globally recognized EDGE (Economic Dividends for Gender Equality) assessment and certification methodology to foster a more inclusive workplace.⁴

ASSESSMENT

The gender diagnostic employed quantitative and qualitative tools to analyze Maxport's employment and financial data, HR policies, and employee benefits. This included conducting interviews and focus group discussions with workers and management.

The assessment found that two factors were increasing costs and constraining further growth of the company: voluntary turnover and unplanned absenteeism among its workforce. The cost of hiring new workers and replacing absent employees was estimated to account for 2.7 percent of the company's total annual cost of production in 2017.

The assessment concluded that both factors were partially linked to demands arising from employees' care responsibilities, such as caring for sick children or elderly parents. According to an employee survey conducted in 2019 as a part of the diagnostic, two of every five Maxport employees with care responsibilities at home experienced challenges at work, including missing work, being late, or registering lower productivity.

IFC's assessment also found that women's promotion rates were not proportional to their overall representation in the workforce. While in 2017 women made up a majority of Maxport's management executives, including senior management, most of the workers promoted from line operations to middle management that year were men. Women benefitted from available training, but the assessment found there was scope to expand the offerings, particularly for supervisors.

RECOMMENDATIONS

Building on the diagnostic findings, IFC designed a customized business strategy for Maxport aimed at enabling the company to increase its productivity, generate higher sales, and recruit efficiently in a sector and country that experience fierce competition for skilled labor.

IFC proposed seven specific recommendations focusing on enhancing recruitment practices and employee engagement, strengthening relations with global brands that emphasize social and environmental sustainability, and reducing labor costs tied to employee turnover.

1. **EMPLOYER-OF-CHOICE STRATEGY:** Maxport traditionally provided competitive benefits, but IFC recommended they position themselves as an “employer of choice” to recruit and retain talent more effectively. To become a preferred employer, Maxport could do more to communicate its offerings to workers, which include competitive benefits packages, spacious and green workspaces, farm-to-table lunch programs, and on-campus exercise classes.
2. **EXPLORE EMPLOYER-SUPPORTED CHILDCARE:** IFC found that while employees appreciated Maxport's childcare subsidy benefit, 70 percent of those surveyed considered themselves to be the primary caregivers, which highlighted the need for more flexibility and employer-supported childcare for workers. IFC recommended that the company explore options such as onsite childcare facilities.
3. **HUMAN RESOURCES DATA ANALYTICS SYSTEM:** Maxport employs more than 6,000 people, requiring a more sophisticated HR system to better track employee flows. The use of data analytics could help the company better understand the patterns and reasons behind employee turnover and absenteeism and introduce measures to improve retention and recruitment.
4. **EDGE GENDER CERTIFICATION:** To position Maxport as a supplier of choice to global brands, IFC recommended the company seek to obtain the EDGE Gender Certification. This global certification measures and benchmarks where organizations stand in terms of gender balance, pay equity, and other issues related to inclusiveness. Getting EDGE-certified would strengthen Maxport's branding as a progressive, gender-smart employer.
5. **INDUSTRY LEADERSHIP:** To showcase its leadership in the industry on gender and other issues, IFC recommended Maxport identify more opportunities to promote its story on social media, at conferences, and through other marketing strategies.
6. **CAREER PATHWAYS DEVELOPMENT:** IFC suggested Maxport develop career pathways for employees to support the professional growth of its workers, especially women.
7. **GENDER-INCLUSIVE BOARD:** At the time of IFC’s advisory, Maxport did not have an independent Board of Directors. A company’s corporate governance structure is critical to its success and research shows correlations between companies with gender-diverse boards and stronger corporate financial performance. To leverage these benefits, IFC recommended Maxport establish an independent board of directors that was also gender-balanced.

IMPACT

IFC's Women's Employment Program opened new opportunities for Maxport to improve its operational efficiency, increase its visibility, and expand its market—all by looking at its business through a gender lens.

In 2019, Maxport became one of the first companies in Vietnam to receive the EDGE Gender Certification. The EDGE Certification secures Maxport's position as a champion of gender equality for its workforce and in the garment-manufacturing sector. It potentially also makes it a more attractive supplier for global brands focused on sustainability.

Maxport is working with IFC's Corporate Governance group to establish a gender-inclusive board, a move that would make the company a pioneer in Vietnam's textile and garment sector. The company is also implementing IFC's other recommendations, including positioning itself as an "Employer of Choice" and establishing onsite childcare facilities.

The company's efforts on gender inclusion have increased its visibility as a responsible supplier among global brands. For instance, Maxport was featured in the Nike Purpose FY19 Impact Report to highlight the company's gender-smart employment practices.



Our workers are our most important asset. With female workers accounting for the vast majority of our workforce, we believe gender-smart improvements will create the most inclusive, supportive, and healthy working environment for everyone, and eventually contribute to the company's overall performance.”

—Nicholas Stokes, CEO, Maxport Limited

ENDNOTES

- 1 Nguyen, Trinh. 2020. “Seizing Investment Opportunities in Vietnam’s Garment and Textile Industry”. Vietnam Briefing. August 7, 2020. <https://www.vietnam-briefing.com/news/seizing-investment-opportunities-vietnams-textile-garment-industry.html/#:~:text=The%20garment%20and%20textile%20industry,rate%20of%2017%20percent%20annually.>
- 2 Mordor Intelligence, 2019. Vietnam Textile Industry –Segmented by Type – Growth, Trends and Forecasts (2020-2025) Report
- 3 Statista Research Department. 2020. “Apparel industry in Vietnam - Statistics & Facts” Statista. December 9, 2020. <https://www.statista.com/topics/5820/apparel-industry-in-vietnam/>
- 4 The EDGE Gender Equality Certification, launched at the World Economic Forum in 2011, is designed to enable companies to create gender-equitable workplaces while benefitting from it. It is based on a rigorous methodology and is focused on business impact.



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