

MAS Holdings:

Supporting the advancement of factory-floor associates in Sri Lanka

MAS Holdings (MAS) is a global apparel manufacturing company headquartered in Sri Lanka.ⁱ Established in 1987, it now has 52 manufacturing facilities across 17 countries, with its biggest markets in the United States, Europe, and Asia. MAS uses inclusive employment practices to support continued growth and improvements to productivity, while avoiding labor shortages common to the industry. This case study focuses on its Sri Lankan operations, however, most of the policies and initiatives apply across MAS Holdings.

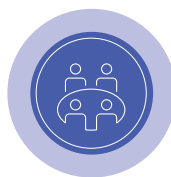


The Challenge

Approximately 70 percent of workers in the Sri Lankan labor market are informal, making the garment sector a vital source of formal employment and training for unskilled workers from poorer, rural areas.ⁱⁱ The garment sector is especially important for Sri Lankan women, who hold 78 percent of production-level jobs in the industry. This contrasts with low levels of participation across the wider economy of just 32 percent for women versus 72 percent for men.^{iii,iv} The company sought to create conditions that would also attract and retain workers from economically-disadvantaged groups, including women, and further strengthen company performance.

Inclusive Employment Solutions

MAS uses several inclusive employment practices and initiatives, including some that specifically target women, such as its flagship 'Women Go Beyond' program, launched in 2003.



Participation

Targeted recruitment with operations in rural and post-conflict areas. Robust procedures and support to combat gender-based violence and harassment within and outside the workplace. Employee benefits include meals, transportation, and childcare.



Advancement

Training and leadership development program to help employees progress to more advanced roles. Life and technical skills training through the Personal Advancement and Career Enhancement (PACE) program. Entrepreneurship training to help associates open small businesses to supplement incomes.

Benefits for Workers

Some 80 percent of MAS's Sri Lankan employees work in entry-level production roles on the factory floor. Most of these employees, known as 'associates' come from rural, economically-disadvantaged, and/or post-conflict areas. Women account for 76 percent of MAS associates in Sri Lanka, and this includes internal migrants, women widowed by war, and women who are the head of their household, and often the sole breadwinner.

Benefits for Business



Employee turnover at 30 percent, about half the industry average. Turnover is even lower (about 1 percent) for employees using childcare services.



MAS is an employer of choice in the region, enabling it to avoid labor shortage issues common to the sector.



Built and expanded relationships with buyers. Opened up new partnership opportunities, such as via Gap Inc.'s PACE program.



Industry: Apparel manufacturing

Founded: 1987

Size: 52 manufacturing facilities across 17 countries, producing lingerie, sleepwear, loungewear, sportswear, leisurewear, and athleticwear for leading global brands such as Nike, Gap, Patagonia, Ralph Lauren, and Victoria's Secret.

Base of the Pyramid Workforce: Directly employs 116,029 people, 69% of whom are women. In Sri Lanka, it operates 33 manufacturing facilities that employed 90,944 people in 2022.



How MAS Puts Inclusive Employment Solutions into Practice



Participation: Target recruitment

Providing secure employment opportunities for economically-disadvantaged communities has always been a priority for MAS. Founder, Mahesh Amalean, says from the outset, the company made a strategic decision to set up factories in rural areas, taking “the work to the workers, instead of the workers to the work”.

After the end of Sri Lanka’s civil war in 2009, MAS established new operations in the northern provinces where fighting was most fierce. The company recognized that there was a scarcity of formal employment opportunities in these post-conflict areas, and that it could tap into a significant labor supply, while also benefitting women widowed by the conflict, who often head their household and are the sole wage earner.



Participation: Address discrimination and harassment

Concerns about sexual harassment and violence in the workplace can be a significant barrier to women’s participation in the garment sector. To counter this, MAS has robust anti-harassment policies and procedures.

These are communicated to all employees in mandatory induction sessions, and in follow-up training. The company also has multiple channels for making confidential reports about harassment and violence, including anonymously. Trained counsellors provide ongoing support to victims, and MAS offers free legal assistance to anyone who wishes to make a complaint about gender-based violence and harassment (GBVH) in the workplace. For GBVH that occurs outside the workplace, including domestic violence, MAS supports staff with in-house counselling, referrals to organizations that help GBVH victims, and access to the legal aid camps and consultations that MAS runs several times a year.

In collaboration with doctors and other health professionals, MAS conducts activities related to maternal and reproductive health to support the participation of women associates in rural and low-income-communities, where such discussions are often taboo. In 2021, the company ran 672 awareness-raising sessions, covering issues such as breast and cervical cancer. In addition, MAS finances medical check-ups for women at or near its factories.

“Our purpose as an organization, is to be changemakers, enabling dreams and enriching the fabric of life on our planet. Since our industry is labor intensive, we have a great opportunity to create positive change in the communities and countries we operate in. This change must include economic empowerment and better living standards as well as social, cultural change and mindset that is more inclusive and respectful. When this happens, the dreams and aspirations of all our people are enabled, and this in turn brings out the changemaker in each of them, so that they can continue to create positive impact in their communities.”

Dinali Peiris, Human Resources Director



Participation: Reduce entry barriers

Since its inception, the company has provided one nutritious meal per shift for all associates, with additional nutrition for pregnant and lactating women. It also offers free shuttle buses to and from MAS factories. This transportation is particularly important for women as many are concerned about the safety of alternative transport methods.

Recent studies show that “having children below five years of age” can prevent the labor force participation of Sri Lankan women. Recognizing this, MAS provides high-quality childcare in 23 locations globally, including 17 in Sri Lanka. In some locations childcare is provided at free on-site facilities managed by MAS or, in locations where that is not feasible, it subsidizes the cost of childcare at private facilities within five kilometers of the factory.

It’s not just that it’s a safe environment so I do not have to worry about my children while I’m at work ... the crèche also fulfils their educational, psychological and entertainment needs.”

Amalraj, sportswear factory associate



Advancement: Upskill

MAS offers extensive training and opportunities to help its associates develop new skills so they can progress into technical and leadership roles. Starting with induction training, MAS encourages associates to imagine a career path within the company. Human resources staff also encourage eligible candidates to apply for higher-level positions.

The Team Leader and Group Leader Development Program is a MAS-wide initiative that equips associates with the technical and leadership competencies they need to progress to more senior, higher-paying roles. Under this program, MAS pays the fees for associates with only a secondary education to earn a certificate or diploma at a local vocational or tertiary education facility. In 2021, 814 women and 265 men benefited from MAS's leadership development training opportunities.

Women associates can also sign up for the Personal Advancement and Career Enhancement (PACE) program, which MAS provides in partnership with the global clothing brand, Gap Inc. PACE provides 65 to 80 hours of life skills and technical skills training in communication, time management, and decision-making skills, as well as financial and legal literacy. As many of MAS's associates are young, undereducated women, who lack confidence, the PACE program helps to empower them, both at work and at home. In 2021, 985 MAS associates participated in the PACE program.

MAS manufacturing divisions also train selected women to work as mechanics and garment cutters—jobs traditionally held by men—and this training provides a talent pipeline across the company. In 2021, 136 women benefited from MAS's technical training.



Advancement: Provide leadership and career development

The exceptional contributions of women associates—both on the job and in their own communities—are recognized through the MAS Abhimani Empowered Woman of the Year Awards. Winners of the award are offered several development opportunities, including mentoring, so that they, in turn, can support other women in the company to become leaders.



Advancement: Build capacity for self-employment

MAS provides entrepreneurial training so that associates can open a small business, either alongside their work at MAS, or after they leave the company. This program includes training in financial management, business plan development, marketing with social media, plus practical skills in making crafts and tailoring that might provide the basis for an enterprise. In 2021, 5,000 employees across the company participated in the entrepreneurial skills program.

Associates who have benefited from MAS's training programs

Yamuna, who joined MAS as a trainee production associate, had only a secondary-level education, but through the Team Leader and Group Leader Development Program, she completed a university diploma and was promoted to Assistant Manager, overseeing a team of 450 associates.

Madhusa, who started as a production associate in 2009, now leads a team of 60, and works directly with customers. Following her technical training, Madhusa completed MAS's certificate program which developed her skills in English, computing, basic mathematics, leadership, and soft skills.

Kumari, a single mother, is a machine operator at MAS. Along with her technical training, Kumari has taken the company's entrepreneurial skills development program, which covers financial management, marketing, and business plan development. This program has enabled her to start a successful business sewing mosquito nets, pillowcases, and curtains. With the income from her own business, Kumari has been able to save an entire month's salary and plans to use this to expand her business.

The Benefits for Business: MAS Holding's Experience

MAS's efforts to provide career and personal development opportunities for economically-marginalized groups, and especially women, have enabled the company to recruit and retain staff at rates well above the industry average. It has also been able to achieve its ambitious growth and productivity targets, and nurture collaborative, long-term relationships with international customers.



Human capital performance

MAS has achieved a high level of employee retention. In 2021, the turnover rate for factory floor associates was 29.5 percent compared to the garment industry average of 60 percent.^{vii} This results in significant cost savings. Staff turnover can be costly for companies across all skill levels, but costs associated with recruiting and training new associates are even higher if staff have developed specialized skills, expertise, and institutional knowledge.^{viii}

MAS Training and Development Manager, Manik Welikala, believes that the company's success in retaining staff is tied to its investments in training, skills development, and associates' well-being. Research supports this, as a 2019 study on the Sri Lankan garment sector found that the working environment, work-life stress, and personal growth and career development opportunities are all important factors in whether an employee decides to stay or leave a company.^{ix}

By encouraging associates to envisage a career beyond the factory floor and providing them with training and opportunities, associates increased their engagement with their jobs. Training programs also increase productivity by improving individual performance and ensuring that MAS can meet its needs for technical and managerial skills. In addition, the company's emphasis on supporting associates to rise to leadership roles benefits team performance and productivity, compared to recruiting staff from outside the company who may have no factory floor experience.

Even when associates develop technical and managerial skills that are in high demand with other employers, many continue working at MAS because they like the working conditions. For example, many of those who develop a side business following their entrepreneurship training stay on at MAS for the stable income, training opportunities, and the large base of potential customers who work for MAS.

MAS's childcare offering also increased employee retention rates and productivity. The annual turnover rate of the parents who enroll their children in the kindergarten at the MAS Kreeda plant in Vaanavil is 1.3 percent, compared to the plant's overall turnover rate of 49 percent. Supervisors also note significant productivity and performance gains. For example, one supervisor said that since several of her team members placed their children in the

company's childcare facility, she has seen noticeable increases in their productivity, and decreases in their absenteeism and lateness. MAS plans to institute a more robust data collection process so that it can quantify the impact of childcare and other employee benefits.

"Companies often underestimate the knowledge and value factory floor workers hold, but making the effort to understand and encourage the dreams and ambitions of these workers and providing them with a career path helps the business too ... in terms of retention and productivity, for example."

Suren Fernando, CEO, MAS Holdings



Access to labor

MAS has managed to avoid the labor shortages experienced by other garment manufacturers in recent years by establishing itself as an 'employer of choice' in Sri Lanka. Chief Executive Officer, Suren Fernando, attributes this success to the company's career development and training opportunities, as well as its robust policies and safeguards that create a safe working environment and help to overcome the safety concerns that prevent some women from entering the garment sector.

In focus group discussions, associates said opportunities for professional and personal development distinguish MAS from other companies, giving them a strong reason to join and stay with the company. Four women associates reported that they applied for a job at MAS after hearing positive reports from friends and family about the company's safe working environment, and its extensive training programs. MAS's childcare investments also support recruitment. Nilmini, a team leader and mother of five, moved to MAS from another company to benefit from the company's childcare center. During a focus group, she said, "I was thinking about my children's education and thought this would be very useful."

Establishing operations in rural and post-conflict areas, with high rates of unemployment and limited access to basic services, has also helped MAS to recruit labor from a previously untapped pool of talent.



Access to markets

MAS Holdings CEO, Suren Fernando, says customers want to know that products are made responsibly. With consumers' growing concern about garment sector working conditions, international brands also value MAS's responsible business practices. Over time, this has helped to cement and expand relationships with buyers, as well as open up new opportunities for business and partnerships, such as that with Gap Inc.'s PACE program.

"MAS has very strong brand recognition in Sri Lanka. People know about our success stories – of workers who have joined at the shop floor level and progressed. That's why we've been able to continue to attract labor".

Suren Fernando, CEO, MAS Holdings



Endnotes & Sources

In addition to company interviews and data provided in 2022, this study used the sources listed below.

ⁱ In 2014, IFC provided MAS with a loan of \$28 million for capacity expansions, implementation of sustainability projects and product development. IFC made an additional loan of \$30 million to finance the working capital requirements and capital expenditures of the company's operations in Sri Lanka.

ⁱⁱ World Bank. 2021. "Sri Lanka Poverty Assessment: Accelerating Economic Transformation." WorldBankOpenKnowledgeRepository. Washington, DC: WorldBank. <https://openknowledge.worldbank.org/bitstream/handle/10986/36455/Sri-Lanka-Poverty-Assessment-Accelerating-Economic-Transformation-Synthesis-Report.pdf?sequence=1&isAllowed=y>

ⁱⁱⁱ DCS (Department of Census and Statistics). 2021b. "Annual Survey of Industries 2019." August 2021. Department of Census and Statistics of Sri Lanka. Battaramulla: Department of Census and Statistics. Ministry of Economic Policies and Plan Implementation. <http://www.statistics.gov.lk/Industry/StaticInformation/AnnualSurveys/2019>

^{iv} ILO (International Labour Organization). 2016. *Factors Affecting Women's Labour Force Participation in Sri Lanka*. ILO. Colombo: ILO Country Office for Sri Lanka and the Maldives. https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-colombo/documents/publication/wcms_551675.pdf

^v IFC (International Finance Corporation). 2007. "Case Study: MAS Holdings. An Excerpt from Market Movers: Lessons from a Frontier of Innovation." Washington, DC: IFC. https://www.ifc.org/wps/wcm/connect/dc4a3e5e-1fb2-4b98-b833-000b1ddd9296/MarketMovers_CS_MAS.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-dc4a3e5e-1fb2-4b98-b833-000b1ddd9296-jkD1ovU

^{vi} ILO (International Labour Organization). 2016. *Factors Affecting Women's Labour Force Participation in Sri Lanka*. ILO. Colombo: ILO Country Office for Sri Lanka and the Maldives. https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-colombo/documents/publication/wcms_551675.pdf

^{vii} Rajapakse, W. 2018. "An Analysis of Major Factors Affecting Labor Turnover in the Apparel Industry in Sri Lanka: Policy Alternations for Solving the Problem." *International Journal of Academic Research in Economics and Management Sciences*. Vol. 7, Issue 3. September 29, 2018. https://hrmars.com/papers_submitted/4542/An_Analysis_of_Major_Factors_Affecting_Labor_Turnover_in_the_Apparel_Industry_in_Sri_Lanka_Policy_Alternations_for_Solving_the_Problem.pdf

^{viii} IFC (International Finance Corporation). *Making Progress: Sri Lankan Businesses Advance Gender Equality at the Workplace*. Washington, DC: IFC: <https://documents1.worldbank.org/curated/en/674661594620429201/pdf/Making-Progress-Sri-Lankan-Businesses-Advance-Gender-Equality-at-the-Workspace-A-Sheworks-Sri-Lanka-Private-Sector-Partnership.pdf>

^{ix} Fernando, A.G.N.K. 2019. "Factors Impacting on Employee Turnover with Special Reference to the Apparel Industry in Sri Lanka." *International Journal of Research and Innovation in Social Science*. Vol. 3, Issue 9, September 2019. <https://www.rsisinternational.org/journals/ijriss/Digital-Library/volume-3-issue-9/184-187.pdf>

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