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MAS and the Women Go Beyond programme

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Case Abstract

This case study describes the MAS Women Go Beyond employee empowerment program that was initiated by MAS Holdings, a Sri Lankan intimate and active apparel manufacturer. Starting in 2003, the Go Beyond program was implemented at MAS apparel plants in Sri Lanka, India and Vietnam to provide career development, health and lifestyle education, awards and local community development programs for MAS seamstresses.

The majority of apparel industry workers are women and 92% of MAS employees are female. In addition, Sri Lanka is a challenging base for a multinational enterprise due to its low per capita GDP and ongoing civil conflict. Over the years, in response to these circumstances, MAS plants have provided transportation to work, free meals, banking services, English and computer classes and supported local schools and hospitals.

Before the Go Beyond program, the variety and funding of classes and community participation were at each plant manager's discretion. Go Beyond created a framework to standardize, improve and track the results of the employee programs at each plant, with a particular focus on women's issues. Previous to the launch of the Go Beyond program, the company had a "MAS Standard" of corporate practices which explicitly lists the Global Compact Principles and the UN Charter of International Human Rights as guides for the company's conduct (see Annex). The Go Beyond program identified where the Principles were already in place and improved their application in other areas. In particular the Go Beyond program emphasizes Global Compact Principle One, that "within their sphere of influence, businesses should support and respect the protection of internationally proclaimed human rights." Special attention is focused on the rights and treatment of women. In this regard the program emphasizes Principle Five: the effective abolition of child labor, and Principle Six: the elimination of discrimination in respect of employment and occupation. As a result, the Go Beyond program converted a company culture of "doing the right thing" into a systematic effort not only to avoid abuse and complicity in an industry known for labor violations, but to actively promote human rights.

MAS also faced increasing competition due to the growth of apparel manufacturing in China after the end of the Multi-Fiber Agreement (MFA). Prior to 2005, many textile and apparel manufacturers spread their production between plants in multiple developing countries in order to take advantage of import quotas in developed economies. After the MFA expired, apparel retailers reduced the number of manufacturers and locations used for sourcing their goods, which resulted in an increasing concentration of manufacturing in China.

As a manufacturer for major retail brands, MAS was sensitive to its clients' need for ethical and transparent sourcing in order to protect their brand reputations. MAS management was also encouraged to develop Go Beyond in order to turn its "sweatshop-free" reputation into a competitive advantage that differentiates it from other apparel manufacturers.

Company Profile

Founded in 1986, MAS Holdings operates 34 intimate and active apparel, fabric and accessories plants in 7 countries from its headquarters in Colombo, Sri Lanka, employing 36,000 people worldwide. The company manufactures bras, panties, briefs, sleepwear and athletic wear along with elastic, fabrics, lace, hooks and other accessories.

In 2006, MAS' revenues were US$693 million and it was the second largest apparel manufacturer in Sri Lanka's. Average annual revenue growth is 20-30% each year. In addition to international safety and productivity awards, MAS won the American Apparel and Footwear Association's Excellence in Social Responsibility Award for Women's Issues.

MAS is the largest supplier for Victoria's Secret (owned by Limited Inc.) and it is also a major vendor for the Gap, Marks & Spencer, Nike, Speedo and Reebok. MAS was founded in response to an opportunity to form a joint venture to manufacture women's dresses with MAST, a subsidiary of Limited Inc, which owns Victoria's Secret. At the time, MAS switched to intimate apparel production because lingerie was still a quota-free product, it was difficult to manufacture and was not produced by any other Sri Lankan company. Since then, MAS has built more joint venture plants in partnership with MAST, Triumph, Brandix International (another large Sri Lankan apparel company), Sara Lee Courtaulds, Brandot International and Stretchline Global, a UK elastics company.

The Setting for MAS Women Go Beyond

Labor Rights and the Status of Women in Sri Lanka

The International Labour Organization has observed that sweatshop abuses are common in the apparel industry. This includes hiring child laborers, overtime work without pay, unsafe facilities and denying workers the right to collective bargaining. These conditions have been attributed to the separation of apparel branding from production which is increasingly located abroad and the reliance on underage, female or migrant workers.

Child labor has been curbed in Sri Lanka and the minimum statutory age for employment in the apparel sector is 16. MAS voluntarily maintains a minimum age of 18. Sri Lankan employers are required to contribute 3% of salary to a trust fund which employees receive when they resign and 8% of salary goes to a Provident Fund which employees receive as a lump sum upon retirement. After five years' work, employees also receive a 'gratuity' payment of a half-month's salary for every completed year.

In Sri Lanka, 85% of the textile industry workforce is female and approximately 350,000 women work in factories. Sri Lankan women traditionally do not work outside of the home, but high unemployment in rural areas and displacement due to the civil unrest make many young women the primary or sole breadwinner in their family.

A well-known stereotype is the "Juki Girl", a woman in her late teens or early twenties who moves from her rural village to the free trade zone and works on a Juki sewing machine in a garment factory to send money home. Living in dormitories away from their families, Juki Girls do not necessarily have access to nutritious meals, reliable transportation or banking services to save their earnings. They are also vulnerable to sexual abuse.

Civil War in Sri Lanka

A civil war between the separatist Liberation Tigers of Tamil Eelam (LTTE) and the Sri Lankan government began in 1983. About 64,000 people have been killed in the conflict and 800,000 were displaced. A ceasefire was declared in 2002. However, Sri Lanka's foreign minister, an ethnic Tamil, was assassinated in August 2005 and the conflict re-escalated in 2006.

The war has devastated the Sri Lankan economy. Sri Lanka's GDP per capita is $965 per year. However, compared to developing countries with a similar income level, Sri Lanka has a higher literacy rate, longer life expectancy, and lower infant mortality.

Corporate Social Responsibility at MAS

History

When the Amaleans founded MAS, they were concerned about avoiding the sweatshop model of production. They installed air conditioning, free company canteens and ample bathroom facilities and built plants in rural villages, rather than locating in the free trade zones. MAS did not require workers to take pregnancy tests and instead provided special attention and extra meals for pregnant women. Furthermore, while the company does not have formal unions, MAS workers elect representatives to Joint Consultative Committees that meet monthly with management to discuss workplace, customer and community issues.

Each plant created its own educational programs open to all employees. One plant offered English classes, reproductive health workshops and leadership training. Another was known for its athletics programs, employing and subsidizing the training of national, international and even Olympic level athletes. Maternity clinics, vaccinations and personal hygiene programs were common. At one plant, the senior executives donated their own money each month for college scholarships for village children. After the tsunami, employees raised money and spent their weekends building homes for displaced people. All the plants held Parents Days when workers' families could visit, tour the plant and meet the managers.

In general, these programs added 3-4% to costs, which was compensated for by employees who embraced the company culture, higher productivity and lower downtime. A senior manager estimated that a 1% increase in efficiency or decrease in absenteeism added $200,000 to the bottom line. The 3% spent on CSR programs generally increased efficiency by 5%, which equaled a $1 million gain in profit.

Developing Go Beyond

In 2003 MAS reformed their Corporate Branding and Strategic CSR Department. The Department proposed that MAS systematize its employee and community programs and begin to brand itself as an ethical manufacturer. MAS subsequently

examined the best practices in each plant and developed a four-point framework of Career Advancement, Work-Life Balance, Rewarding Excellence and Community Activation (see Annex). As a standard, each plant site offered English and IT classes and financial management seminars. The Colombo office of J. Walter Thompson advertising created a name, logo and image for the new program that had to be translatable into different languages, simple and short, but meaningful.

MAS Women Go Beyond was launched at 17 apparel plants in Sri Lanka over a six-month period, excluding elastics and accessories and other supply-side factories which had a higher ratio of male employees. MAS created a new position to promote the program internally to plant management and workers. The promotional materials included posters, stickers and newsletters in both English and Sinhala, presentations by noted guest speakers with singers and dancers, and even a short film. In 2004 each plant also selected a staff member to be a "Go Beyond Champion" and supervise the program implementation.

Outcomes

Internal Effects

The reorganization of the plants' employee programs into the Go Beyond framework proceeded from June 2004 to May 2005. The implementation team launched an external Go Beyond web site in October 2004. Based on the program impact measurement framework that was developed in July 2004, the plants held 290 programs in the four areas and reached the average worker 3.7 times in the first year.

At the end of 2004, a female employee was selected from each plant to be an "Empowered Woman of the Year". For the winners, MAS held a gala awards ceremony with dancing troupes from each of the plants, a fashion show of MAS apparel and award presentations by leading Sri Lankan public figures and business people.

To benchmark the program, MAS hired an external research company in May 2006 to survey 2000 managers, supervisors and workers about their awareness of the Go Beyond program. 90-92% were generally aware of the program and 63% of supervisors and 61% of workers knew specific program goals. After two years, 40% of workers said that the program is making a genuine difference but the remainder said they have not been affected directly yet. 70% of managers agreed that the programs clearly differentiated MAS from other companies in Sri Lanka as well as those in China and India.

Over time, Go Beyond was rolled out to plants in India and Vietnam. The Go Beyond Champion network now has 200 members who lead teams at each plant which include finance managers, production managers and the Go Beyond Empowered Women of the Year award winners.

External Effects

To choose the "Empowered Woman of the Year", MAS invited local women's activists and media representatives to participate in the selection process. This exposed the program to scrutiny from local media and NGOs. National newspapers in Sri Lanka wrote a series of articles featuring the Go Beyond winners. Afterwards,

MAS' help was sought by the Sri Lankan government in order to start a similar program nationwide.

Several MAS business partners donated funds to strengthen and enhance the Go Beyond effort. The community aspect of the program prompted Gap Inc. and Victoria's Secret to donate funds towards their own initiatives recognizing women entrepreneurs in MAS plant communities. Gap Inc. committed $150,000 for three years to fund the Gap Go Beyond Program in Sri Lanka, to be expanded to other countries once the program is operational. Co-branded programs are also in development with Victoria's Secret and Marks & Spencer. These awards for businesswomen were the initial stage in developing strategic corporate social responsibility projects that MAS has co-branded with its customers.

The Gap Go Beyond program has two phases. The first stage is to support academic talent and provide sustainable development education to students in grades 10-13 in communities where MAS business units are located. The curriculum is based on the Youth Xchange program developed by UNEP and UNESCO to educate youth on sustainable development and consumption. The program also provides a grant for the best qualified female university entrant in the selected communities. In October 2006, MAS started the annual Gap Go Beyond Schools Sustainability Awards to reward and recognize the most effective sustainable development project.

In the second phase, the program works with two organizations in Sri Lanka to develop a prototype for an eight to ten day certification program for 20 to 25 women who have demonstrated entrepreneurial ability.

Unilever Go Beyond is a co-branded two day program called "Getting More out of Life" that is presented at the plants as part of the regular Go Beyond framework. It includes one day of health and hygiene education and one on personal grooming and confidence building. Unilever funded the salaries of the university lecturers, medical faculty and beauticians who teach the course, which concludes with an examination and a certificate of completion for the participants.

Ethical Standards and the Future

MAS management hoped to differentiate the strategic use of corporate social responsibility from general philanthropy. The philanthropy and community giving continued to occur at the plant level. At the company level, the Go Beyond program created an opportunity for developing a MAS brand, a step not usually taken by contract manufacturers. MAS began talks with Gap Inc. to put Go Beyond "ethically made" tags into the clothes that MAS manufactured for the Gap, right next to the Gap branded labels. If the initiative is implemented, it will create a closer vendor-client relationship between MAS and the Gap, and also appeal to socially responsible consumers.

Conclusion: Tools for Ethical and Strategic Change

The implementation of the Go Beyond program required program design, technical and relationship-building capabilities. The program was based on MAS' own best

practices as measured against the apparel industry and more importantly, against international labor standards. The implementation also included frameworks for measuring results, benchmarking and subjecting the program to external evaluation.

Operational excellence and production efficiency were baseline conditions for MAS' ability to commit new resources to Go Beyond. Board-level executives and managers across all functions, not just personnel managers, were committed to implementation. Furthermore, MAS was eventually able to combine its resources with outside funds to continue to develop the program.

[Taking the initiative to create a standard creates the risk of being copied and surpassed by one's competitors. MAS hopes to stay ahead through the use of co-branding and ethical codes of conduct that lend legitimacy to the Go Beyond program. This increase in visibility means that any future missteps are more visible to the media, NGOs and public. However, the establishment of an ethical standard for apparel manufacturing forces factories elsewhere to spend more to meet the standard, which reduces their cost advantage relative to MAS. If Go Beyond becomes an apparel industry standard, garment workers worldwide will benefit from better working conditions.]

MAS' close relationships with its clients allowed Go Beyond to become a strategic opportunity for growth as well as improving working conditions, which increased the sustainability of the program. By communicating with workers in their mother tongue, allowing them to participate and be rewarded, the benefits provided by the program became an expected norm in the relationship between workers and management. The inclusion of media, government and NGOs created a network not only for support, but for constructive critique and improvement.

Annexes
MAS Standard
Go Beyond Framework

Background Information

This case is based on interviews and data collected for an INSEAD case study (*MAS Holdings: Strategic Corporate Social Responsibility in the Apparel Industry*, European Case Clearing House, 2006) and an article about MAS Holdings for *World Business* magazine ("The Ethical Bra", October 2006). In July 2005, an INSEAD research team visited MAS headquarters in Colombo, Sri Lanka and MAS plants in Pannala, Horana and Hanwella, Sri Lanka to interview managers and plant workers. The visit was funded by a grant from the INSEAD R&D Committee and ground transportation and clerical assistance in Sri Lanka were provided by MAS. Other interviews included representatives from the Colombo office of the International Labour Organization, Clinch (Sri Lanka), MAST/Limited Inc., Gap Inc. and JW Thompson Advertising (Colombo). Follow-up research included phone interviews and in-person meetings in Fontainebleau, France in November 2005, March, August and October 2006.

This case was prepared in December 2006/January 2007 by Noshua Watson, a doctoral student in management strategy at INSEAD in Fontainebleau, France. Prior to attending INSEAD, Ms. Watson was a reporter at Fortune magazine in New York. She can be contacted at noshua.watson@insead.edu

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