

Mention the textile industry, and the excesses of the “rag trade” tend to spring to mind. While western consumers demand cheap T-shirts and expect affordable versions of catwalk designs to hit the hangers a week after the first glitzy images appear in the fashion magazines, the sector has been dogged by stories of sweatshop conditions, child labour and other abuses. It is refreshing, therefore, to encounter a garment manufacturer that pays as much attention to the fabric of society as to the warp and weft of profit and loss.

And, while MAS Intimates may not be a household name outside Sri Lanka, the chances are that you’re wearing something made by one of its employees. As a supplier to firms including Gap, Marks and Spencer, Nike and Victoria’s Secret, MAS has hanging space in most western wardrobes. So it’s good to know that the people who made these clothes are part of an organisation that is also

determined to cut a new pattern in corporate social responsibility (CSR).

MAS Holdings was set up by brothers Mahesh, Ajay and Sharad Amalean (hence the abbreviation) in 1987. It began with one factory, Unichela, manufacturing clothes for the US market. It now employs over 45,000 people in seven countries and is the largest exporter in South Asia. MAS Intimates is its largest division, specialising in underwear, and has an annual turnover of £116m – it has achieved ten per cent year-on-year sales growth. It has been designated a “strategic vendor” for Gap, Nike and Victoria’s Secret – indicating that these retailers see the company as one of their most important suppliers and that they are working together to tackle common challenges.

Dian Gomes FCMA, managing director of MAS Intimates, is convinced that these achievements are inextricably linked with MAS’s ground-breaking CSR work. This began with an initial concern about problems

inherent in the Sri Lankan workforce, but has since branched out to include far broader social projects and ongoing efforts to tackle carbon emissions and climate change.

Sri Lanka’s 850 or so textile factories employ 350,000 women. Once known by the derogatory term “Juki girls”, after a brand of sewing machine, they make up 85 per cent of the industry’s workforce. When the trade took off – garments now account for half of the nation’s export revenues – most of these women had to migrate from their villages to the new factories. They ended up living in crowded hostels far from home on about £1.10 a day. These stresses, among others, contributed to the fact that Sri Lanka has one of the highest suicide rates in the world.

Such social concerns influenced MAS’s decision to build factories in rural areas near its potential workforce and to put money back into local communities. It hoped that by doing this it would benefit from workers who were better trained, happier at home and

GETTY IMAGES

UPLIFT AND SUPPORT

Corporate social responsibility is not an attribute that most people would associate with the garment industry supply chain, but Sri Lankan company MAS Intimates is working hard to change preconceptions. **Ruth Prickett** reports on the CIMA award-winning firm’s trailblazing CSR investments.



more loyal to the company. Initially, not all of MAS's senior managers were convinced that such a heavy investment in these areas would be worthwhile. "It was an untested approach and there was scepticism," Gomes admits. "But, when we started the journey and the results became obvious, we won more and more support across the board."

The company began by laying on free meals and transport to and from its air-conditioned factories. It followed this by providing free medical care and banking facilities in the belief that saving workers from this type of worry would allow them to focus on their work, thereby reducing absenteeism and increasing productivity.

It has since invested in local amenities – in particular, the country's underfunded schools and hospitals. Recent initiatives have included buying crucial equipment for the Kuliypitiya Hospital intensive care unit, funding buildings for Olcott College in Galle and constructing a science lab, computer lab

and auditorium at Dharmika College in Habaradwa. It has also provided similar facilities for Pannala College, refurbished the operating theatre at Kuliypitiya Hospital and the paediatrics unit at the Panadura Hospital, as well as investing in many smaller initiatives to provide computers for schools.

Not all the funding for these projects has come directly from MAS. The company encourages employees to contribute skills and time as well as money to its projects. It has also secured financial support from partners including Insead, Marks and Spencer, Mast Industries and Sara Lee. Some of the infrastructure investment was gained via its tsunami fund, which raised £380,000 from such partners – a sum that MAS then doubled. Its sustainable development programme for schools was initially funded by Gap, while Mast and Sara Lee backed a project to develop rural schools.

Gomes is convinced that such investments have made a real social impact.

"The community hospitals, schools and roads are in a much better state now than when we started," he says. "Local schools have increased their intake by as much as 40 per cent through our efforts and they have seen the number of students qualifying for university rise tenfold."

MAS has also been improving skills, especially in computer literacy and English, among the communities in which it operates. "We began our IT project in 2005 with the aim of teaching Microsoft Office to students and employees. It was a huge success and we have donated over 80 computers and changed the lives of more than 500 people," Gomes explains. "In 2006 we offered beginner classes in English to 1,600 of our machine operators to help make them more employable."

Training and opportunities within work are another key strand of the company's CSR commitments and, as with its infrastructure projects, MAS is clear about its mix of



From earning to learning: MAS built a three-storey building with classrooms, a computer lab and an auditorium for Olcott College in Galle.



altruistic and pragmatic motives. Because 90 per cent of its workforce is female, it has developed a “Women go beyond” (WGB) empowerment programme and holds an annual “empowered woman of the year” award (see panel, page 26).

“Thousands of women participate in different elements of WGB,” Gomes explains. “Some learn English or IT, which will help them to progress, while others develop craft skills, which can create opportunities for entrepreneurship, or they gain knowledge in areas such as reproductive health and financial management.”

The award recognises women who have “faced and overcome great challenges in order to achieve excellence, while balancing a successful career and personal life”, according to Gomes. The winners get to celebrate at a gala ceremony attended by the firm’s senior management team. They receive a cash prize and coverage in the national press. “They become ambassadors and role-models for all the employees,” he says.

The health of the workforce is also a crucial part of the company’s ethos of promoting welfare and reducing absenteeism. It has introduced a health week, which includes clinics, vaccinations and seminars on issues such as fertility and Aids/STD awareness, as well as programmes aimed at tackling violence against women. Gomes reports that about 80 per cent of employees take part. In recognition of Sri Lanka’s high suicide rate, MAS also provides trained counsellors and a “suicide watch”.

The company provides sports facilities at most of its factories and encourages employees to participate in sports at local and even national level. This has led to some notable successes among people who wouldn’t normally have had any access to sporting opportunities (see panel, left). Company sportsmen and women also train rural children and teenagers in games such as cricket, rugby, boxing and the martial art of wushu.

“I am proud to say that we have over 100 athletes who have represented Sri Lanka at international events in 21 sports,” Gomes

A SPORTING CHANCE

Herosha Fernando always loved sports. But she didn’t have much opportunity to pursue either them or her studies, since she started work at her father’s brick-making business while still a schoolgirl.

“I used to wake up

before dawn to help him at work before cycling three and a half miles to school. I worked before and after school, which meant that I was an average student with no time to attempt higher achievements or concentrate on sports,” Fernando (pictured) recalls.

Such opportunities seemed even more remote when her father was paralysed after being hit by an iron bar when he was an innocent bystander during an argument between two neighbours. Suddenly, she had to become the family’s main breadwinner. She began cleaning houses and sold coconut shells while also trying to revive the brick business, although she still attended school whenever possible.

In 1995, after two years struggling to keep the business going, she took a job as a security officer at MAS’s Slimline business. Soon afterwards she was invited to play cricket with other members of staff

and managers. “Little did we realise that this would give rise to the indomitable Slimline women’s cricket team,” she says.

Five years later, Dian Gomes suggested that the organisation form a women’s rugby team as well. “I’d only heard of this sport through the newspapers and on TV,” she says. That was the start of the Slimline Scorpions, which Fernando captained in 2004-06. She won the best player award three years running in national tournaments and in 2005 was chosen for Sri Lanka’s squad for the Asian Games in Singapore. The team won for the first time in 22 years. After this, she was made captain, representing her country in Hong Kong in 2006 and in Doha the following year.

Fernando plans to retire from playing to focus on coaching, while she also studies for a degree in industrial studies (textiles) at the Open University. “I want to mould the next generation of Scorpions and world-class female rugby players. I am attending coaching programmes in rugby union and aim to become a referee,” she says.

“We are more than one person in our lives. I have made a long journey in my career from assistant brick-maker to security guard, then laboratory assistant and technical assistant. Now I’m a trainee technical executive. I want to contribute professionally to this company which has given me so much.”



Level playing field: MAS provided a building with classrooms and a science laboratory for Dharmika College in Habaraduwa.



Open-floor policy: the firm worked with M&S, Motivation and Rehab Lanka on a programme to provide opportunities for disabled people.



Getting physical: during health week, employees can visit clinics, have vaccinations and attend health seminars on issues such as Aids.

says. "We have three Olympians and one of our boxers has qualified to represent Sri Lanka in the 2008 Olympics. Our sports facilities are available to all employees outside work hours and for some sports we have in-house trainers as well. We allow people time off work if they get selected at national level."

As with its infrastructure projects, MAS sees some of its social initiatives as a chance to forge closer relationships with key business partners. In 2003 it started its "I can too" programme, a scheme designed to create opportunities for disabled people to get into work. MAS set up a project team with Marks and Spencer, UK charity Motivation and local disability charity Rehab Lanka to establish

an eight-week residential training programme. The company upgraded Rehab Lanka's facilities to allow it to run the programme and then conducted quality assessments with M&S. Trainees were given "buddies" to ensure a smooth transition when they returned to the factories. Once the programme was up and running, it was opened to all M&S suppliers.

The "I can too" programme won the silver medal in M&S's 2006 awards for the best "Marks & Start" programmes. The company also scooped the John Bryan community service award from Sara Lee and it pledged to use the £125,000 prize money to build a hostel for the women who undergo training on the scheme.

While the infrastructure and social projects are ongoing, MAS has recently started to consider climate change and ways to cut its carbon emissions. Its first carbon-neutral manufacturing facility, established in collaboration with M&S, opened last month.

"MAS Intimates Thurulie generates ten per cent of its energy on site from solar power (which was a contribution from M&S) and we are buying the other 90 per cent from suppliers of renewable energy," Gomes says. "The factory will use 40 per cent less energy than conventional plants because we are using innovative techniques. For example, its buildings have roofs covered with vegetation, which reflects the sunlight and keeps them cooler. About 80 per cent of the site is covered with greenery to act as a climate modifier and we are using a less carbon-intensive cooling mechanism instead of normal air conditioning. We have cut our water consumption by half and will collect rainwater for the toilets. There is an sewer plant on site that uses anaerobic digestion."

The building is also designed to support the firm's lean operating standard. The lessons learned from constructing this plant will be implemented in the rest of the company's factories to reduce their carbon emissions, too.

All these initiatives do not come cheap. Gomes says that the company allocates one per cent of its turnover each year for general CSR projects, while its most ambitious schemes involve joint funding projects with partners. He adds that MAS has also benefited from employee involvement.

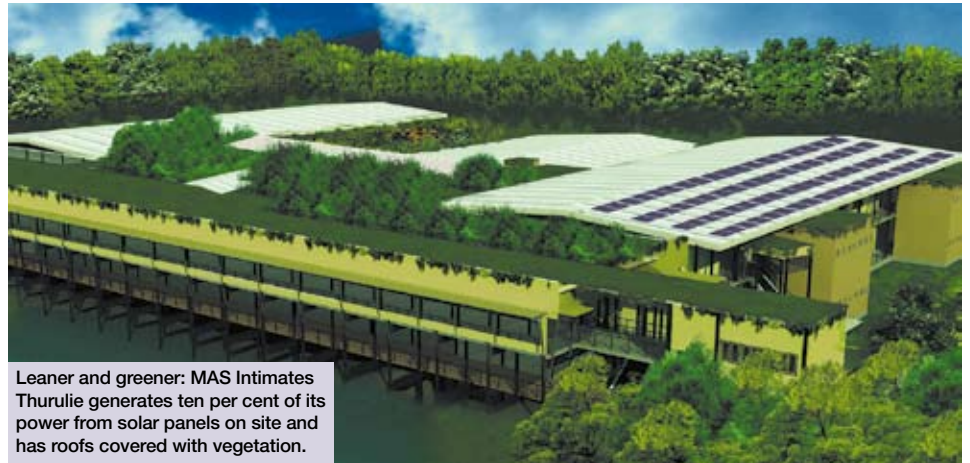
"It is easy to persuade people to contribute to projects, partly because they identify with the causes we work on and support the philosophy behind them," he says. "A lot of our initiatives have come from the employees and they drive the projects."

Gomes is also clear that the company has benefited financially from stronger relationships with key customers as well as from a loyal workforce. MAS has the lowest staff turnover and absence levels in the industry: about two per cent in a sector where five per cent and higher is the norm.

He also believes that the company can attribute its successful implementation of lean manufacturing to “the passion and commitment from employees”.

Last but not least, numerous accolades – including the CIMA Financial Management Award for corporate social responsibility in 2007 – have helped the company to build its reputation and thereby retain the custom of leading international retailers at a time when many of them are looking to cut costs by moving production to China or Bangladesh.

But Gomes is aware that MAS faces some tough decisions in future. “Our market is going through a difficult phase, with tight margins and fierce competition from the Far



Leaner and greener: MAS Intimates Thurulie generates ten per cent of its power from solar panels on site and has roofs covered with vegetation.

THE LANGUAGE OF LEADERSHIP

The earliest intimations of success for H M G Herath came when she was made senior prefect at school in the rural village of Eliwila. But, as one of seven children in the tiny farming community, Herath had few career opportunities; she never thought she would own a car or travel abroad.

After seven years of working in a factory at Katunayake, Herath took a job as line supervisor at MAS Slimline in 1993, largely because it was closer to home. Her job title was the same as in her previous role, but she was astonished at the difference in the attitudes of the management.

“The HR people here told me that I had leadership potential and would need to improve my English language skills in order to progress. This is a common stumbling block for people with a rural background,” she says. “I attended English classes at the factory, while also participating in a leadership training programme. They even sent me to university to do a one-year part-time course in production management.”



One experience that she particularly treasures is a two-week familiarisation tour in England. “I was as excited as a child,” she says. “My supervisor made sure that I could make myself understood in English and gave me extra coaching in technical terms. The company even sent a group of us to a hotel to teach us social niceties such as which fork to use at dinner. This ensured that our first exposure to a foreign country would build our self-confidence, rather than make us stumble and embarrass ourselves.”

Herath’s new skills helped her to gain promotion and in 2001 she became one of the company’s first female assistant production managers. She now oversees the work of 400 machine operators, while also balancing her work with being a wife and mother of two children. She was named Slimline’s empowered woman of the year in 2004.

“Balancing work and home life is a matter of organising your time,” she says. “We are lucky that the firm gives us the support to do this successfully.”

East,” he says. “We need to compete with manufacturers that do not respect basic human rights, let alone the dignity of labour. Keeping our momentum against this backdrop and the US economic downturn will be challenging, but we have always been a company based on innovation and we’ll keep going on the path we have started on.”

At the same time, other competitors are seeking to distinguish themselves with strong CSR policies. Gomes agrees that areas where MAS was a trailblazer are becoming more mainstream, but he welcomes the fact that his company is being copied. “We are happy to see others taking this path because it lifts communities so that everyone in the country is better off. We have set a tough benchmark, but a lot of great work is being done by other companies. We too will continue to innovate,” he promises.

“For us, CSR is not about winning awards or just a corporate catchphrase. It’s about being a part of peoples’ lives and making a difference. We believe it’s in our DNA – it defines who we are.”

The 2008 CIMA Financial Management Awards will celebrate the individuals, teams and organisations that have achieved outstanding results through their dedication to the profession. Visit www.cimaglobal.com/awards for further information and nomination forms.