



# Tackling Childcare: The Business Case for Employer-supported Childcare in Sri Lanka

## Case Study

**MAS Holdings**

Garments & Apparel

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## ABOUT IFC'S WOMEN IN WORK PROGRAM IN SRI LANKA

The IFC-led Women in Work (WiW) Program, a four-year program valued at US\$11.5mn and funded by the Australian Government, launched in April 2017.<sup>1</sup> It is IFC's largest, standalone country-based gender program, working with private sector companies to close gender gaps while improving business performance. The program, which benefits from multisector program design and works closely with the World Bank on research, tackles women's access to jobs and assets at the same time. It aims to increase women's workforce participation in Sri Lanka's private sector, create more and better jobs for women, and has the potential to increase company profits and drive overall economic growth. WiW also contributes to the vision of the Government of Sri Lanka where all citizens can achieve higher incomes and better standards of living by 2025.<sup>2</sup>

Access to quality childcare services is a key constraint on women's labor force participation. Following IFC's global Tackling Childcare initiative, this report highlights Sri Lanka-specific data, experiences and resources on employer-supported childcare and may not only be relevant to individual businesses but can also serve as a resource for special economic zones, Information Technology (IT) parks and other consortium models. This case study is one of 10 featured in the report: *"Tackling Childcare: The Business Case for Employer-supported Childcare in Sri Lanka"*, available at [www.ifc.org/tacklingchildcare](http://www.ifc.org/tacklingchildcare).

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# MAS Holdings MAS Kreeda, Vaanavil

Providing Childcare Support to Parents in the Conflict-affected Northern Province



## Work and Culture in the Northern Province

MAS Kreeda is a sportswear manufacturing unit of MAS Holdings (Pvt) Ltd, an IFC client company and member of both IFC's SheWorks Sri Lanka partnership and IFC's Global Tackling Childcare Partnership.<sup>3</sup> MAS Holdings manages a portfolio of businesses with an annual revenue of USD 1.8 bn and is also one of the largest design-to-delivery solutions providers in the apparel and textile manufacturing industry in South Asia. Headquartered in Sri Lanka, with 53 manufacturing facilities across 16 countries and design facilities in key locations across the globe, the company produces for brands like Calvin Klein, Marks & Spencer, Nike and Victoria's Secret. MAS Holdings employs more than 99,000 employees (70 percent female) globally, and close to 76,000 employees in Sri Lanka (66 percent female). This case study focuses primarily on MAS Holdings' MAS Kreeda, 'Vaanavil' location which opened in Kilinochchi on May 4, 2012, to provide employment opportunities particularly for youth and women in the conflict-affected Northern Province of the country.

In May 2012, MAS Holdings - MAS Kreeda, opened a new factory named "Vaanavil" with nearly 450 employees. 90 percent of MAS Holdings - MAS Kreeda, Vaanavil employees were women from Kilinochchi. "Most of the female workers in the age group of 18 to 30 years who are working here have been affected by the ethnic conflict."

"Some of the women workers are the sole earners and have started to rebuild their lives. They have started to construct their own houses and help their family members."

Source: 2014 interview with Ms. Shyamali Liyanage, Manager of Human Resources and Administration at MAS Holdings - MAS Kreeda, Vaanavil factory.

<http://www.thediplomaticsociety.co.za/archive/archive/853-mas-holdings-changing-lives-in-post-conflict-killinochchi>

**"My mother is unwell, and I do not have anyone else to take care of my daughter. I would often stay at home when there were unforeseen emergencies and had decided to resign as I was struggling to strike a work-life balance. Now with Chittukkal and the provided transport facilities, it is so much easier. I rarely use my leave."**

**Mother, user of Chittukkal childcare center, MAS Kreeda, Vaanavil**

### Employee Profile:

- 79 percent of 1812 employees are women (1427 Women; 385 Men)
- 4 percent are widows, 18 percent are FHH, 18 percent are single mothers
- 79 percent of women (238) and 21 percent of men (64) have children under the age six

### MAS Kreeda, Vaanavil supports working parents through:

- On-site childcare center "Chittukkal"
- Subsidized childcare support (parents pay only Rs. 750 per month per child)
- Free transportation for workers and children
- Free uniforms for the workforce and children at the crèche
- Doctor and nurses available to serve employees as well as children
- On-site breastfeeding accommodation at the medical center
- Two hours of break for breastfeeding mothers
- Flexible working hours for nursing mothers who can come a hour late or leave a hour early
- Training on 'Dignity of Motherhood' and 'Wings of Motherhood' programs
- Subsidized meals for the workforce
- Corporate-wide "Women Go Beyond" initiative to support women at all levels to balance the multiple roles women play in the community and at work

### Key business impacts of offering childcare support:

- Recruitment and retention of female employees in a region with a culture of low maternal employment and many single mothers living in vulnerable communities
- Low turnover among parents of children at crèche (1.3%) compared to overall turnover (49%)
- Improved workforce stability in the form of reduced absenteeism and improved retention, supporting high and error-free production
- Reinforced reputation as "Employer of Choice" within the local community
- Strengthened relationships with high-value and international buyers, hence ensuring greater long-term market access and growth opportunities

In 2009, 26 years of civil war in Sri Lanka (much of which was fought in the Northern and Eastern Provinces of the country) came to an end. Many women in the war-affected regions had to deal with multiple long-term impacts of the violent conflict such as injuries, loss of lives and property, lack of income sources and livelihood activities, multiple displacements, and trauma. Various reports estimate that over 500,000 people were internally and externally displaced, and that the civil war resulted in a significant number of war widows and female heads of households (FHH).<sup>4</sup> According to the Department of Census and Statistics of Sri Lanka, in 2012, approximately 1.2 million households, or 23.5 percent of households in Sri Lanka, were headed by women, of which approximately 58,000 female heads of households live in the Northern Province.<sup>5</sup>

In 2017, only 26.6 percent of women participated in the labor force in Kilinochchi, the main town of the Northern Province, compared to 35 percent of women at the national level (and compared to 73.4 percent of men at the national level).<sup>6</sup> According to the 2014 - 2017 study conducted by the International Centre for Ethnic Studies (ICES), 59 percent of FHH are employed, whereas only 39 percent of women in male-headed households (MHH) are employed. These are not always sustainable sources of income, with many households relying on income transfers and remittances from relatives (including from those living abroad).<sup>7</sup> The ICES study finds that for households that are receiving transfers, transfer payments account for 38 percent of total household income for female-headed households, whereas they account for only 15 percent of total household income in male-headed households.<sup>8</sup> Women in the Northern Province also experience a high level of unemployment: 15 percent of women are unemployed, compared to 4.1 percent of men. This compares to an overall unemployment rate of 4.2 percent for the country.<sup>9</sup>



For women, especially single mothers who want to enter and stay in the workforce, the lack of a robust, affordable childcare infrastructure can present a major barrier to formal employment.<sup>10</sup> Parents interviewed for this case study said that childcare arrangements in villages typically do not exist. They rely on family, mostly the grandparents, for childcare support. For women who have lost spouses and family members due to the war, single mothers and female heads of households, childcare centers can be a significant enabler to enter the workforce, provided there are employment opportunities.

**“Childcare can be such a pain point for working parents. Therefore, at Kreeda we have pioneered childcare at both office and factory levels to support working parents to continue to chase their dreams. Not only is this a relief personally for parents, but there is a clear business case justifying childcare support by the employer.”**

**Eranthi Premaratne, Director Sustainable Business Practices, MAS Holdings**

#### MAS Holdings Business Context for Supporting Childcare

According to Sri Lanka's Export Development Board, "Sri Lanka is a socially responsible and preferred destination for apparel sourcing and is the only outsourced apparel manufacturing country in Asia to ratify all 27 ILO (International Labour Organization) conventions. A guiding force behind this commitment to Ethical Business and Manufacturing is the homegrown Garments Without Guilt code which exceeds leading industry compliances." The apparel industry provides direct employment opportunities to over 300,000 and 600,000 indirectly.

Source: <http://www.srilankabusiness.com/apparel/> accessed September 5, 2018

Sri Lanka's apparel export industry is a significant contributor to the Sri Lankan economy and Sri Lanka's primary foreign exchange earner accounting for more than 40 percent of total exports and 52 percent of industrial products exports.<sup>11</sup> In 2017, Sri Lanka's garment and textile exports exceeded USD 5 billion.<sup>12</sup>

The apparel industry provides direct employment opportunities to over 300,000 and 600,000 indirectly.<sup>13</sup> The industry is entirely privately owned. Labor is in increasingly short supply in Sri Lanka's garment sector, where over 70 percent of workers are women,<sup>14</sup> and companies across the sector having noted that they need greater access to skilled labor.<sup>15</sup>

The company's hallmark women's empowerment program, MAS Women Go Beyond (WGB), currently in its fourteenth year, is a primary pillar that contributes to the business objectives of the company. The program promotes knowledge, awareness, leadership skills, attitudinal changes and female employees' ability to achieve a well-rounded and holistic life-experience. Women's empowerment is an integral part of MAS Holdings' business strategy. Among others, MAS also aims to achieve 50 percent gender diversity in all management categories by 2025. This initiative goes hand in hand with the company's childcare offering to facilitate the employment and retention of women employees at all levels.

MAS Holdings provides childcare facilities at 10 of its Strategic Business Units (SBU) across Sri Lanka, India and Jordan. While most of these facilities are open to MAS employees, some also serve the surrounding communities. More than 430 children benefit from these 10 facilities, 250 of them being children of MAS employees. This has proven effective in supporting over 90 employees in managing their work-life balance.



**“Facilitating and creating opportunities for healthy work-life balance is one of the key pillars of the corporate-wide Women-Go-Beyond program which continues to make a significantly positive difference in the lives of our female associates. Providing access to reliable, affordable and good quality childcare addresses one of the major concerns of most parents engaged in or seeking active employment. The ‘Chittukkal’ childcare facility in Vaanavil has proven to be a successful model in fulfilling this need.”**

**Shanaaz Preena, Director Women Go Beyond / Women's Advocacy, MAS Holdings**

## Summary of Childcare Facilities and Community Schools Provided by MAS

Location	MAS Active Trading (Pvt) Ltd	MAS Holdings - MAS Kreedaa (Community Center)	MAS Active Trading (Pvt) Ltd	MAS Active Trading (Pvt) Ltd	MAS Holdings - MAS Kreedaa, MAS Intimates Linea Fashions	MAS Holdings - MAS Kreedaa Al Safi - Madaba	MAS Holdings - MAS Intimates MDS	MAS Holdings - MAS Intimates Slimtex	MAS Holdings - MAS Intimates Unichela	MAS Active Trading (Pvt) Ltd	MAS Active Trading (Pvt) Ltd	MAS Holdings - MAS Kreedaa (Community Center)	MAS Holdings - MAS Kreedaa	MAS Active Trading (Pvt) Ltd	MAS Holdings - MAS Kreedaa	MAS Holdings - MAS Intimates Linea Fashions
Location	Colombo, Sri Lanka	Kilinochchi, Sri Lanka	Kilinochchi, Sri Lanka	Katunayake BOI Zone, Sri Lanka	Biyagama, Sri Lanka	Panadura, Sri Lanka	Kuliyapitiya, Sri Lanka	Ratmalana, Sri Lanka	Jordan	India						
Type of facility	Exclusive on-site facility	Exclusive on-site facility	Community Programme	Shared model in the BOI Zone	Not on-site. First priority given to MAS. Only pre-school facility	Not on-site. Exclusive to MAS. Both day care and pre-school facility	Not on-site. Not exclusive to MAS. Both day care and pre-school facility	Not on-site. Not exclusive to MAS. Both day care and pre-school facility	Exclusive on-site facility	Exclusive on-site facility. No preschool facility						
Year Established	2016	2014	2016	2016	2013	2015	2018	2017	2016	2003						
Capacity	24	36	20	80	48	70	30	30	38	30 per shift						
Occupancy	10	30	15	50	46	63	19	11	38	20 (10 per shift)						
Age Group	3 months and above	2 ½ months and above 6 years	2 ½ years - 6 years	2 - 5 years	3- 5 years	1-13 years	3 months - 12 years	1.8 years - 12 years	3 months - 5 years	6 months- 5 years						
Times	7:30 am - 7:50 pm	7:00 am - 5:30 pm	7:30 am - 12:30 pm	7:00 am - 7:00 pm	8:30 am - 11:30 pm	7:00 am - 7:00 pm	5:30 am - 10:00 pm	7:00 am - 5:00 pm	7:00 am - 5:00 pm	5:45 am - 10:40 pm						
On-site/ Shared facility	On-site	On-site	On-site	Shared	Off-site	Shared	Shared	Shared	On-site	On-site						
Subsidized/free of charge	Subsidized	Subsidized	Free of charge	Subsidized	Free of charge	Subsidized	Subsidized	Subsidized	Free of charge	Free of charge						
Facilities provided	Free transport, education, playground, breast feeding areas	Free transport, uniforms, education, playground, breast feeding areas, on-site basic health care	Education	Education, breast feeding, on-site basic health care, play ground	Library, Counseling Facility, a Kiddies Park, Community Awareness Initiatives, Workshops	Preschool education, childcare and basic health care	Preschool education, childcare and basic health care	Preschool education, childcare and basic health care	Free transport, education, playground, breast feeding areas, on-site basic health care	Day-care facility and basic healthcare						

## MAS Holdings – MAS Kreedaa, Vaanavil Childcare Center: Chittukkal

USAID and Green Movement of Sri Lanka (GMSL) partnered with MAS Holdings – MAS Kreedaa, Vaanavil (“Vaanavil” meaning “rainbow”) in this employer-supported childcare initiative and named the childcare center “Chittukkal” which stands for “tiny tots”. They trained the childcare provider for over a year and financially supported the childcare center’s staff salaries (including those of the supervisor and of two teachers). The purpose of this childcare initiative was to take care of the welfare of all employees (both male and female employees benefit) and to provide employment opportunities to single mothers and parents who were living in vulnerable communities. The company’s on-site childcare center provides quality childcare, in addition to a space for breastfeeding mothers at the medical center at a subsidized rate of only Rs. 750. Workers also benefit from free transportation with their children to and from the facility.

Chittukkal officially opened on October 16, 2014. The center served 36 children and 35 mothers and employed three teachers and one caregiver. Initially, none of the working fathers enrolled their children in the center. As demand increased for slots, the company today has a waiting list, serving 30 children of a total of 29 mothers and 1 father. Chittukkal employs three qualified caretakers who conduct a pre-school curriculum, engaging children in age-appropriate learning and playing activities. Depending on their age, children learn the alphabet and/or take part in basic skill development exercises. The teachers and parents have received feedback that the Chittukkal children have outstanding education attainments, team and social skills when they enter school. The center has three classrooms. Children are not allowed in the factory and the center does have an outdoor space with a fenced-in playground. The hours of the center mirror those of the factory, with care provided from 7:00 a.m. to 5:30 p.m. five days a week year-round. Uniform sets for children are provided twice a year. Individual mats, pillows, towels, cups and dishes are provided for each child. Employees travel long hours to get to work, hence the company ensures meals are provided for the children. Meals are prepared in-house by the canteen which adheres to the Nike global standards. There is a parents’ committee that convenes monthly, which also plans the food menu. All pregnant staff are provided an ‘orange scarf’ so they can receive preferential attention on the factory floor which includes additional breaks and free extra meals.

**“We want to contribute to our communities and will continue to explore ways to engage with them, by sustaining the local workforce.”**

**Ajay Amalean, Co-founder and Managing Director, MAS Holdings**

In 2012, MAS’ people and sustainability practices were commended both globally and locally. The company’s Women’s Empowerment Programme (Women Go Beyond) was declared winner of the Women’s Empowerment Corporate Leader 2012 award by The New Economy;

- MAS was honored at Asia’s Best CSR Practices Awards in Singapore.
- HR practices were recognized with MAS Intimates winning Gold at the National HR Awards and two awards at The World HRD Congress in Singapore for Asia’s Best HR Practices in HR Strategy and Excellence in Training.

Source:  
[https://www.unglobalcompact.org/system/attachments/20777/original/MAS\\_Holdings\\_COP\\_2012.pdf?1362812145](https://www.unglobalcompact.org/system/attachments/20777/original/MAS_Holdings_COP_2012.pdf?1362812145)

In 2017, MAS Women Go Beyond contributed and featured in a brief on Private Sector Action for Women’s Health & Empowerment titled “How Business Can Invest in Women and Realize Returns” in collaboration with the Universal Access Project of United Nations Foundation.

Source:  
<https://www.privatesectoractionforwomenshealth.com/>

In 2018, MAS’ Women Go Beyond featured in a discussion paper- “Better Leadership Better World: Women Leading for the Global Goals” by Business & Sustainable Development Commission demonstrating that women not only serve to be the beneficiaries of the Global Goals, but they are also helping to lead their achievement.

Source:  
<http://s3.amazonaws.com/aws-bsdc/Women-Rising-2030-Better-Leadership-Better-World.pdf>

The childcare center currently serves children of age 2.5 years to 6 years. Thus, the childcare facility has not had a significant impact on the company’s maternity return rates as mothers who want to return to work after their 84 days of maternity leave will have to identify other childcare solutions for the period when the child is about 3 months old until 2.5 years of age when employer-supported childcare picks-up. Once the child turns 2.5 years, the company is keen to re-employ the mothers by accommodating the child in the childcare center. The management is exploring additional policies to increase its maternity return rates. When a mother requires additional leave at the end of her maternity leave period, the factory grants up to 1 ½ months of additional leave.

MAS also opened a community Montessori in Kilinochchi in 2016. MAS Kreedaa manages the operation while the government runs it as a pre-school. MAS Kreedaa hopes to convert this into a full-time childcare facility in the future. This was a project funded by MAS and MAS’s supplier Avery Dennison.

## Conclusion

Chittukkal is contributing to improved workforce stability in the form of reduced absenteeism and improved retention, supporting high and error-free production. It is reinforcing the company's reputation within the local community and country as a leading employer in the garment industry. In Vaanavil, there has been a notable reduction in labour turnover among parents using the childcare facility. While the annual turnover for the factory is 49 percent, the figure is 1.3 percent for parents using the childcare facility. In addition, MAS Kreeda – Vaanavil has strengthened the company's relationship with its international buyers, securing access to an important market and supporting its strategic business objectives and plans for future growth.

When the childcare facility was set up, the factory was not running at full capacity. Now that childcare is available, the number of parents leaving due to lack of childcare has decreased. While it was difficult to conduct a cost-benefit analysis for Chittukkal's current set up, the estimated ROI is 4 months of operational cost for MAS Kreeda.

Given its positive impact on workers and the business, the MAS Holdings – MAS Kreeda, Vaanavil childcare facility has been identified as a model for potential replication in other factories. MAS Kreeda has plans to set up childcare facilities in factories located in Mahiyangana and Mihintale in the near future.



- 1 IFC. 2017. Government of Australia Partner to Support More and Better Jobs for Women in Sri Lanka.
- 2 Office of the Prime Minister. 2017. Vision 2025. A Country Enriched. See page 26.
- 3 See [www.ifc.org/tacklingchildcare](http://www.ifc.org/tacklingchildcare) and MAS Kreeda's Jordan Tackling Childcare Business Case Study.
- 4 International Centre for Ethnic Studies. 2017. Research on Identifying Post-War Growth and Economic Opportunities for Women in Sri Lanka from October 2014 to September 2017.
- 5 Department of Census and Statistics of Sri Lanka. 2012.
- 6 Sri Lanka Labour Force Survey. Annual Bulletin 2017.
- 7 International Centre for Ethnic Studies. 2017. Research on Identifying Post-War Growth and Economic Opportunities for Women in Sri Lanka from October 2014 to September 2017.
- 8 International Centre for Ethnic Studies. 2017. Research on Identifying Post-War Growth and Economic Opportunities for Women in Sri Lanka from October 2014 to September 2017.
- 9 International Centre for Ethnic Studies. 2017. Research on Identifying Post-War Growth and Economic Opportunities for Women in Sri Lanka from October 2014 to September 2017.
- 10 World Bank. Getting to Work: Unlocking Women's Potential in Sri Lanka's Labor Force. 2017.
- 11 <http://www.srilankabusiness.com/apparel/> accessed September 5, 2018.
- 12 Just in Style Apparel Sourcing Strategy. "Garments to Lead Sri Lanka Export Growth in 2018." March 2, 2018. [https://www.just-style.com/news/garments-to-lead-sri-lanka-export-growth-in-2018\\_id132964.aspx](https://www.just-style.com/news/garments-to-lead-sri-lanka-export-growth-in-2018_id132964.aspx)
- 13 <http://www.srilankabusiness.com/apparel/> accessed September 5, 2018.
- 14 The World Bank. Sri Lanka Could Boost Apparel Manufacturing to Increase Employment and Growth 2016.
- 15 IFC interviews with the Joint Apparel Association Forum and companies, October 2016.



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