

THREADS OF TRANSFORMATION: EXPLORING THE INFLUENCE OF SYSTEMS LEADERSHIP ON SRI LANKA'S APPAREL INDUSTRY

Sri Lanka Journal of
Economic Research
Volume 11(1) November 2023
SLJER 11.01.05: pp. 81-104
Sri Lanka Forum of
University Economists
DOI: <https://doi.org/10.4038/sljerv11i1.197>

S R S D K Weerawansa

T U Hewage



Abstract

By 1990, the agricultural share in Sri Lankan exports had fallen to less than half of what it was fifteen years ago, while the apparel industry's share was expanding threefold. The "Garments without Guilt" campaign, which ensured fair wages and prevented sweatshops and child labour, has reached a pre-COVID earning capacity of \$5 billion annually the industry is geared to achieve its revenue goal of US\$8 billion per year by 2025. Although the importance of effective leadership has been established as an absolute necessity for the development of an organization, the effects of leaders in other tiers outside the organization have rarely been explored. This study is an attempt to fill this gap in literature using the qualitative case study method to explore the impact of systems leadership (or lack thereof) on the development of the apparel industry in Sri Lanka. The industry has transitioned from its traditional methods of exporting and tailoring garments in the late '70s to the utilization of R&D and innovation to improve designs, production, marketing, logistics, and green garments. Most of the goals have been achieved through systems leadership that addresses a wide range of strategies, such as product and market diversification, improved organizational culture, achieving the highest standards of ethical compliance, and human resource development through a positive and nurturing environment that promotes 'green manufacturing'.

JEL: M10, M14, M38, O43, O44

Keywords: Apparel, Development, Garment Industry, Systems Leadership

S R S D K Weerawansa (Corresponding Author)

Department of Economics,
University of Colombo, Sri Lanka.

Email: shashi@econ.cmb.ac.lk, Tel: +94 77 360 6633

 <https://orcid.org/0000-0003-1908-0103>

T U Hewage

Department of Mathematics,
University of Colombo, Sri Lanka

Email: thilan@maths.cmb.ac.lk, Tel: +94 77 358 4223

 <https://orcid.org/0000-0001-5085-0319>



INTRODUCTION

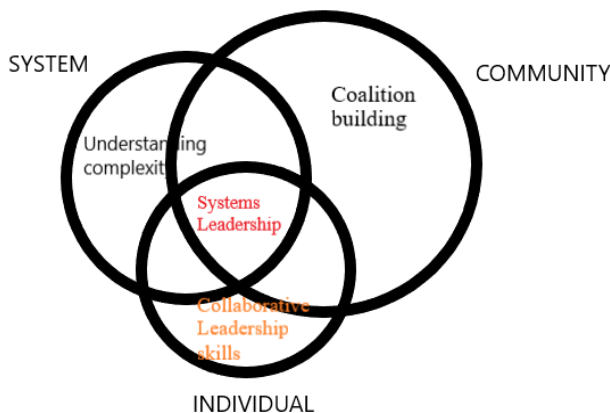
Apparel companies in Sri Lanka have been producing for world-renowned brands such as Victoria's Secret, Triumph International, Columbia Sportswear, Nike, Gap, Next, Old Navy, Zara, Liz Claiborne, Intimissimi, Calzedonia, Tezenis, H&M, Gillards, Soma, and Marks & Spencer for over 25 years. The success of the industry is not merely due to government policy support and guaranteed markets under the Multi-Fiber Agreement (MFA), but it is also a result of visionary leadership and genuine passion for working together, combined with the untiring efforts of thousands of individuals at different tiers. Out of all the factors influencing the Sri Lankan Ready-Made Garment (RMG) industry from its very inception, the right decisions made at the right times have contributed to bringing the sector to earn over \$5 billion a year, generating over one million jobs directly and indirectly.

Leadership has been one of the main topics discussed within the management communities in the industry, as well as in the political arena. The link between leadership and the performance of a team is well established and understood, irrespective of the type of work that the team is engaged in. Difficulties, categorised as financial crises faced by industries and countries, often result from poor decision-making by respective leaders (Meraku, 2017). An organisation has to function within the community of similar organisations and a broader administrative, business, and political framework just the same way as an individual function within a family, a community, and a social, cultural, and political structure. According to the Corporate Responsibility Initiative (CRI) of the Kennedy School of Government at Harvard University, to achieve development in the industry as well as in the economy, the approach leaders at every level take must deviate from the traditional top-down hierarchical methods. Development strategies should be in line with the Sustainable Development Goals (SDGs) agreed upon by all the member countries of the United Nations (Dreier et. al., 2019a, 2019b). Starting from individuals, community leaders, corporate managers, CEOs, sector leaders, regulatory bodies, and policymakers, all the way to the President or the Prime Minister of the country should have innovative and adaptive approaches, engaging a shared intention of systemic change.

Individuals making decisions within a broader framework, such as SDGs addressing diverse issues such as poverty, energy, health, environment, climate, and food security, will have to coordinate within a labyrinth. Systems leaders, irrespective of whether they are leading international organisations such as the United Nations (UN) and the International Monetary Fund (IMF), a country, an international or national civil organisation, a professional body, a representative body of a certain industry, a corporation, or a community organisation, should be equipped with a set of skills that would enhance coalition-building, collaboration, and a deeper understanding of the system. Though a corporate leader's immediate goal might be to maximise profit, it will

require systems leadership skills to achieve that within certain parameters, constraints, national and international rules and regulations, and global administrative and political frameworks. Three main interconnected components of such leadership are: i) collaborative skills, building trust among stakeholders sharing a common goal, ii) coalition-building skills at community levels, mobilising action among stakeholders in the system, iii) understanding complex systems: formulating the challenges to be addressed as shown by Figure 1.

Figure 1: Challenges to be Addressed



Source: CR Initiative at the Harvard Kennedy School (Dreier et. al., 2019 b)

An organisation may have several tiers of leadership requirements. Liaising with industry partners, regulatory bodies, and policymakers is usually handled by another set of leaders who coordinate with organisational leaders. This process is achieved through a combination of systems leadership and leadership at scale (Feser et al., 2018). This paper will analyse how leadership at different tiers helped one industry: the case of the apparel industry in Sri Lanka. Though the importance of effective leadership has been established as an absolute necessity for the development of an organisation (Feser et al., 2018), the effects of leaders in other tiers outside the organisation, such as the leaders of the political framework, suppliers and vendors, inter-organizational alliances, have rarely been explored. This study is an attempt to fill that gap in the literature. Though the concept of systems leadership was not discussed in academic or business forums during the early years of the Sri Lankan apparel industry, the evidence shows that conventional leadership styles have evolved into what is described as systems leadership, mostly out of necessity.

Though the specific label of “systems leadership” is not used, Wijesiri & Amarawansa (2019) describe how the apparel industry in Sri Lanka has successfully improved through new and innovative leadership styles that promote employee engagement. “The Apparel Story”, published by the Bangladesh Garment Manufacturers & Exporters Association

(2017), provides a collection of success stories that were instrumental in reviving the country's apparel industry, mainly using the systems leadership concept. This study will explore the importance of the concept of 'systems leadership' in developing the apparel industry in Sri Lanka. The primary objective of the study is to analyse the impact of systems leadership on the industry, especially in the expanded landscape of the industry that includes most if not all, other stakeholders beyond a particular company. A secondary objective is to explore possible adaptations the Sri Lankan apparel industry could use within the portfolio of its leadership strategies to achieve its targets sooner rather than later.

MATERIAL AND METHODS

Leadership in Perspective

Leadership is currently one of the most talked-about, studied, taught, and learned topics in the new world of business. Leadership training has developed into a US\$400 billion global industry, and almost all business organisations include 'leadership training' as part of their Human Resource Development (HRD) initiatives. One of the main reasons why most leadership development programs have failed to deliver what was expected is not focusing on the context within which the leader is expected to perform (Gurdjian et al., 2014). A person showing the best leadership characteristics in handling one situation may not be able to lead the followers to success in a different situation. Even with thousands of different programs offered by organisations, universities, and other higher educational institutions, it is hard to find a widely accepted definition of leadership or a common consensus on how to develop leaders and leadership (Bolden, 2004). According to Northouse (2004), leadership can be identified under four common themes: i) it is a process; ii) it involves influence; iii) it occurs in a group context; iv) it involves goal attainment. Combining the four themes, Northouse (2004) defines leadership as: "a process whereby an individual influences a group of individuals to achieve a common goal." Though this definition connects the four attributes well, it focuses more on the individual person as a leader, and that seems to be one of the common weaknesses in such definitions (Yukl, 2002).

Leadership beyond the corporate world is also studied extensively within political systems, where there has been a significant impact on the process of bringing system changes. One of the best examples to study is Nelson Mandela's leadership in ending apartheid in South Africa. The idea of the Truth and Reconciliation Commission that brought together the victims and perpetrators to accept and give importance to truth and forgiveness, creating a collective mindset to move forward for the betterment of the country, could not have been possible without the understanding and unwavering support of other leaders such as Bishop Desmond Tutu and former President Klerk. Therefore, it is the result of collective leadership (Senge et al., 2015). It will be easier to achieve

complex tasks such as Sustainable Development Goals (SDGs) through collective leadership rather than segregated individual attempts in different parts of the world. World Economic Forum (WEF, 2019) indicates that changing existing systems and introducing sustainable measures, such as renewable energy, equal access to education, and different approaches to poverty reduction, require coordinated action by hundreds of thousands of people, including governments, companies, civil society organisations, educational and research institutes, and citizens all around the world.

Systems Leadership

People who are capable of empowering such collective action, among others, are described as systems leaders (WEF, 2019). Cultivating collective leadership in diverse settings requires a paradigm shift where there is no heroic individual leader who brings solutions to all the problems. According to Senge et al. (2015), there are three core capabilities system leaders should have: i) the ability to see the larger system; ii) the ability to foster reflection and generative conversation; iii) shifting the collective focus from reactive problem-solving to co-creating the future. As the famous saying goes, 'Doing the same thing repeatedly and expecting different results is one way to define insanity,' repeating the leadership methods that are being used currently, even if they are used harder or smarter, will not produce different outcomes. The first step of a real system change is to recognise that the people who are trying to change it themselves are part of the system they are trying to change. Changing a system will ultimately come down to changing or transforming relationships among the people who make the system. A system can be defined as "an interconnected and interdependent series of entities, where decisions and actions in one entity have consequences in other neighbouring entities." Therefore, systems leadership extends beyond traditional boundaries, navigating through ambiguities and building relationships based on shared vision and responsibilities (Welbourn et al., 2013).

Continuous improvement in any industry demands a commitment to learning. Without learning anew, the system will simply repeat old practices, expecting different outcomes in an ever-changing world. An industry is a part of the system responsible for the economy of a country operating in the global market. Apparel is no exception. Stakeholders in the system consist not only of manufacturers and buyers but also of suppliers, small and medium businesses, regulatory agencies, packaging and shipping, designers and trendsetters, professional bodies representing the industry, and the policymakers of the countries these stakeholders are from (Garvin, 1993). The transformation of the apparel industry in Bangladesh, under the theme "Safety First" in terms of workplace safety and workers' rights, increased the annual revenue from US\$19 billion to US\$34 billion within six to seven years. This is a unique example of systems leadership in action, involving collaboration between governments, employers, workers,

buyers, and donor agencies (Bangladesh Garment Manufacturers & Exporters Association, 2017).

In an attempt to use available literature effectively, this study will use the case study method to explore the impact of systems leadership on the development of an industry using the case of the apparel industry in Sri Lanka. Case study has frequently been used as a methodology in qualitative research, especially when relativist ontology is assumed (Rashid et al., 2019). Case studies are undertaken to learn about unique phenomena, especially when an in-depth exploration is needed in its natural context. Therefore, the case study method is sometimes referred to as a "naturalistic" design in contrast to other methods that are considered as "experimental" designs (Avery et al., 2011). The case study approach allows program-based service reforms, policy developments, critical events, and interventions to be studied in detail in a real-life context (Yin, 2014). The evolution of the apparel industry is explored in its natural setting as a real-time phenomenon. Appendix I provides a detailed profile of the respondents of a sample of nine of the top apparel companies, which were selected based on the number of employees (> 3000) and the number of years in operation (20) producing exclusively for overseas markets. Data was collected through a discussion guide, which is elaborated in Appendix 2.

A thematic analysis was done by processing the responses collected through the following steps.

- i) Reduction of text
- ii) Breaking down into categories such as 'Construct', Indicators' and 'Findings'
- iii) Identifying themes
- iv) Exploring the text to establish patterns

RESULTS AND DISCUSSION

Following economic liberalisation in the late 1970s, industrial exports began to dominate, surpassing the historical dominance of agricultural exports. The share of agricultural exports, which stood at nearly 79% of total export earnings in 1978, gradually shrank, while the industry's share, which was just around 15%, rose rapidly. By 1990, the share of agriculture in exports had fallen to less than half of what it was at the time of the introduction of economic reforms, while the industry's share multiplied threefold. Emerging trends in export earnings were reflected in tea, the dominant export earner for a century, accounting for just a little below 50% in 1978, falling to a little over 25%, while export earnings of the apparel industry rose from about 4% to a little over 30% during the same period. By 1995, the apparel sector was covering almost half of the total export earnings, while tea had fallen to just over 1/5 of it, as shown in Table 1.

Table 1: The Compositional Shift of Exports (%) - Tea Been Replaced by Garments

	1978	1980	1985	1990	1995	2007	2012	2017	2022
Agriculture	78.8	61.8	52.5	37.7	21.8	21.6	23.9	24.5	20.7
Tea	48.5	35.1	33.2	25.9	12.6	13.4	14.4	13.5	10.1
Rubber	15.3	14.7	7.1	4	2.9	1.4	1.3	0.34	0.33
Coconut	12.9	7	8.5	3.6	2.7	1.6	2.1	3.1	3.2
Other Agriculture	5.5	5.1	3.8	4.2	3.5	2.4	3.4	5.1	4.6
Industrial	14.7	33.8	39.5	54.2	75.4	77.7	75.4	75.5	
Garments	3.6	10.4	22	32.8	48.7	41.2	38.7	41.9	44.2
Gems	4	3.8	1.6	3.9	2	6.2	5.7	2.3	3.6
Other	2.4	0.6	5.6	4.3	0.8	2.1	2.0	2.3	2.8

Source: Estimated from data available from the Central Bank of Sri Lanka, Annual Report (various issues)

According to the estimates made by the Sri Lanka Apparel Export Association (SLEA) in 2001, the country had 859 exporting firms, which accounted for approximately US\$2 billion in export earnings. There were over 100 large factories, while 549 were small factories, and a little over 200 were medium-sized. It is also noteworthy that over 51% of employment in the sector was accounted for by the large factories.

Kelegama (2004) brings out several notable developments such as: 200 Garment Factory Program (GFP) 1992; quota-free entry to the EU in 2001; more transparent policy through auctioning; quota allocation policy; revisions of customs levies on inputs to the industry; formation of the Joint Apparel Association Forum of Sri Lanka (JAAFSL) for streamlining and forward planning of the industry, that impacted the garment industry in Sri Lanka significantly. Apart from the factors mentioned in the literature, many fail to identify the leadership of a host of entrepreneurs who set the right direction for the industry as a significant factor in its evolution. The 200 GFP introduced in 1992 helped spread the industry beyond the capital cities of the country, enhancing the living standards of women and their families who worked in those factories.

As mentioned in the methodology, nine of the top apparel companies and the involvement of the JAAFSL were studied with the intention of finding out the impact of leadership on the development of organisations in the industry. In the first decades of reforms, that is, during the period 1980-1990, export growth maintained a significantly high 20% per annum, fuelled by the rapid expansion in textiles and garments. Out of the garment factories, it is estimated that the bulk of them were small to medium-sized firms. However, their total export earnings accounted for just over one-quarter of the gross export value.

The high-quality products sent to global markets by Sri Lanka are ethically sourced and offered with comfort, convenience, and style, as revealed by the industrialists. The sector-wide leadership identified the product range that the country can offer within the specialised skills of the workers to compete in the global market. As explained by McGregor (1960) in his theories of X and Y, there are self-motivated workers who like to work and are ready to take responsibility for their work. In contrast, there are some others who should be directed and controlled since they do not take responsibility but seek security. Industry leaders also identified these two categories and offered products ranging from basic garments to more complicated fashionable items, maximising the service of both types of workers.

Improvements in the human capital base and design capabilities of the industry have facilitated the industry to promptly respond to buyers' quest for variety. These initiatives have resulted in excellent on-time delivery with further efforts towards reducing lead times. A skilled and easily trainable workforce is coupled with the management of manufacturing capacity and the ability to handle high-volume orders. Sri Lanka has a sound public education system that provides free education up until the tertiary level. Consequently, skilled Sri Lankan garment workers perform well in detailed work processes, such as colour management and quality assurance, thus helping exporters gain the confidence of international buyers seeking high-quality apparel (HKTDC, 2015).

Systems leadership, together with systems thinking and whole systems approaches, has emerged as key concepts in economic growth and productivity enhancement. Such holistic approaches have been successful in addressing issues that require collective action, where no single organisation can have total control of the outcomes (Bigland et al., 2020). The quality of labour is positively associated with higher output, less wastage, and high accuracy. The quality of labour can be measured in terms of many indicators, such as the average number of years of schooling, the quality of education, women's education, integration of women into the labour force, etc. Additionally, the highly skilled domestic workforce is more able to benefit from the transfer of new technology through Foreign Direct Investment (FDI) than low-skilled workers. These non-price factors seem to have played a fundamental role in securing export orders, even though Sri Lanka is no longer a low-cost manufacturing base compared to many other apparel manufacturing countries.

Primary interviews reveal that the marginally high production cost has not played a significant role in influencing buyers to seek alternative markets due to several key factors that give Sri Lanka's apparel industry a distinct advantage. Investors still prefer Sri Lanka despite its high production cost, mainly due to the high IQ level of the labour force. However, reducing the cost of production makes it easier for manufacturers to compete in the global market. Also, the continuous learning culture of organisations, the self-efficacy of trainees, and supervisor support influence training effectiveness to augment

the standards of the industry. It is evident that even the leadership in lower tiers has significantly contributed to the success of the industry. This high impact of labour quality on productivity makes the retention of trained labour an important task for the management of every manufacturer. The evolution of the Apparel sector exports compared with the Agricultural exports is shown in Table 2.

Table 2: Values of Exports of Textiles and Garments in LKR Million from 1996 to 2010, 2015 and 2019

Period	Industrial Exports		Agricultural Exports		
	Total	Textiles and Garments	Tea	Rubber	Coconut Products
1996	166,543	105,341	34,068	5,753	6,091
1997	203,114	134,455	42,533	4,640	6,940
1998	233,508	159,302	50,280	2,808	6,110
1999	250,515	171,067	43,728	2,305	9,119
2000	325,931	226,929	53,133	2,179	9,174
2001	331,687	227,360	61,602	2,129	7,348
2002	347,657	232,027	63,105	2,552	8,009
2003	383,833	248,574	65,936	3,717	8,926
2004	457,175	285,172	74,897	5,155	11,453
2005	497,695	291,087	81,482	4,724	11,400
2006	562,450	320,829	91,667	9,674	12,898
2007	660,389	369,463	113,565	12,089	15,636
2008	667,187	376,024	137,600	13,538	18,532
2009	609,513	376,146	136,171	11,327	19,091
2010	696,653	395,403	155,376	19,256	19,593
2015	1,086,200	654,800	182,100	3,500	47,700
2019	1,682,800	1,000,700	240,600	4,300	58,900

Source: Estimated from data available from the Central Bank of Sri Lanka, Annual Report, various years.

Through the in-depth interviews that were conducted, it was revealed that almost all the organizations were focusing mainly on: i) reducing labour turnover, ii) reducing the cost of production, iii) improving research and development, iv) reducing the negative impact on the environment and v) improving relationships among stakeholders of the industry. The discussion guide in Appendix 2 consists of questions covering the strategies, markets, organisational culture, the role of government, and the role of related bodies, which

attempt to gain insights into the effects of leadership in each organisation covering multiple aspects of industry development.

Retention of Labour

On the issue of ‘retention of labour’, though the Sri Lankan apparel industry has taken a leading role as the foremost contributor to the economy, the perception of the stakeholders, including the machinists, has not been all that encouraging or motivating. Society, in general, also shows low acknowledgement of day-to-day activity-based perceptions or family-related aspects of life, such as giving away a girl in marriage. The socio-economic factors of the stakeholders would have contributed in the past to this situation, and, more importantly, the short-term popularity gained by the entertainment in the TV industry takes precedence. All the respondents seem to have taken a keen interest in painting a positive image of a machine operator since society, in general, does not recognise it as a respectable job. Hence, almost all companies have adopted a wide range of awareness programs to boost this image and its importance to society. Labour, being a key component in apparel production, is retained through monetary and non-monetary benefits. This implies that companies are facing a hard time in their attempts to retain workers in the industry. The following are some of the facilities provided by the organisations to retain skilled labour, which is a core factor for higher productivity: Assignment of shift patterns accommodating as many worker requirements as possible, providing free (or subsidised) meals, transportation, and uniforms, providing productivity-based bonuses and incentives. Facilitating recreational and entertainment activities such as musical shows, company excursions, and seasonal celebrations like Christmas, New Year's, and other religious and cultural events. Responses of Companies A, B, and C regarding their labour retention strategies are given in Table 3.

Table 3: Responses regarding ‘Labour Retention’

Company	Comment
A	<p><i>"Labour turnover is about 3-4%. Retention is tough when it comes to the worker level, not at the executive and above levels. Workers have an issue balancing the home front with work. As a solution, we had a shift pattern, but this disturbs the general lifestyle of workers when they have to work from 6 am to 2 pm or 2 pm to 10 pm alternately in our organisation. But this is an issue of work-life balance. Hence, the work cycle is a maximum of 3-5 years for an operator."</i></p> <p><i>"We provide free meals, transport, and uniforms in addition to the basic salary. Bonuses are also offered. Productivity is appreciated through incentives. We have many key entertainment events such as musical shows, company trips, Vesak, Poson, Christmas celebrations, etc., lined up yearly to make the employees and their families happy. We invite parents and families of employees to show what sort of environment their family members are in."</i></p>

	<i>Especially since there are all kinds of rumors about factories and the type of work the employees do. We also offer special loan schemes to send employees' parents (or two other family members of their choice) to "Dambadiwa/India" for those who have put in a minimum service period of five years, and the loan is recovered over the next two years."</i>
B	<p><i>"Workers are given a host of facilities like free breakfast, lunch at a subsidized price, free uniforms, free transport, interest-free staff loans depending on the service, etc. On completion of their first year of service, workers will become eligible for a staff loan. Thereafter, the eligible maximum loan amount will be increased by an appropriate amount every year.</i></p> <p><i>Apart from financial benefits, they are provided with clean, clear, tidy, and hygienically sound European standards, particularly to an Italian standard working environment as the ownership is by an Italian Investment. Cleanliness of washrooms, production floors, canteens, working areas is on par with any of the top European companies."</i></p>
C	<p><i>"Our main strategy is concentrating on the take-home salary. The basic salary is higher than that of the wage board minimum salary. There are many fringe benefits such as incentives for achieving production targets, attendance bonuses, and overtime work that add to the salary. Also, we are trying to get the families involved due to the negative perception families have about Juke operators. Concentrated batches are told about the process and what the next of kin is doing to help the Economy. The slogan goes as "Pera Gaman Karu" (One who leads, as in leading the nation to prosperity). Also, we are getting the clergy involved in conducting religious programs aimed at the mental well-being of the entire team."</i></p> <p><i>It is evident from the responses that necessary steps are implemented at different levels of leadership since labour turnover is threatening the improvements in productivity and escalating the cost of production, leading to erosion of competitiveness.</i></p>

It was evident that some organisations were particularly concerned about the well-being of their employees, and they tried to display those concerns by attending to their basic needs before the demands were made. Implementing such strategies is a valuable component of systems leadership. Historically, the apparel industry in Sri Lanka consisted of family-owned businesses, which were predominantly the extensions of businesses in the textile industry. This is the primary reason why most organisations adopt a family culture; hence, they are acutely aware of the role of the organisational culture in running the business. The sense of being a part of the larger family closely knitted together through direct communication access has been practised on a greater scale than in the past, and employee grievances are given due attention through HR teams directly reporting to the management. The emphasis is not on the individual but the whole family, which is part and parcel of the organisation.

An individual's problem is considered a problem to solve for the benefit of the organisation (Ainscow & Sandill, 2010). This involves a distributed leadership with high levels of management and employee involvement, joint planning and collaborative problem-solving using diverse responses. Openness to experimentation of innovative ideas while resolving emerging issues and giving group leaders the freedom to take initiative is a key characteristic of this new culture of systems leadership. One aspect the leaders of the system have to be aware of is that if the organisation fails to deliver on its obligations, that is, if the solutions, no matter how innovative they are, are not satisfactory to the stakeholders, then the employees are likely to reduce their sense of obligation and loyalty to the organisation (Aselage & Eisenberger, 2003). Based on the findings, it was evident that some organisations developed a family culture to retain employees by treating them as members of one big family with common goals and aspirations. It was clear that in order to implement such strategies, the leadership had undergone a paradigm shift to introduce the components of systems leadership. Table 4 shows a few examples of the type of responses the companies provided regarding the well-being of employees.

Table 4: Examples of the Type of Responses Regarding the Wellbeing of Employees

Company	Comment
A	<i>"A special program called "Women Go Beyond" has been started. Under this program, we take every measure needed to enhance the lifestyle of workers. Also, we encourage workers to pursue a second line of earnings. We empower women to earn extra incomes by training them in hairdressing, beauty culture, and home gardening as they work only 8 hours with us. Also, English classes are conducted after working hours. Thus, education and knowledge are imparted by the company for them to pursue some line of earning an extra income they prefer. Workers are informed of a clear career path as well; in this regard, as they join as operators, they are assisted by a group consisting of the team leader, group leader, technician, etc."</i>
D	<i>"In a true sense, we try to inspire, innovate, create value for, and respect our human resources. An extensive "Wonders of Well-being (WOW)" program, which is comprehensive, engaging, focusing on economic, relational, physiological, mental, and environmental aspects, is conducted. "WOW" is a structured program for improving employee well-being based on best practices, refined with input from employees and data from trial projects. The program takes a data-based approach to drive positive improvements and impacts across all spheres of life, both personal and professional."</i>
F	<i>"We put up hoardings of factory workers even outside our factories to show their importance and to inform society how much we value them. Also, within the factory environment, there has been a tremendous change from the past to the present with a clean setup, good drinking water, vehicles for transportation, etc., motivating the workers. We keep talking to our workers regularly to build a good rapport and offer maximum facilities to improve their working conditions. Factories are continuously upgraded. Even the vehicles used to transport workers are being upgraded."</i>

One company had a different approach to image building for workers. The company leaders strongly believed that image building should come from within the workers rather than the management launching and spending on PR campaigns. To motivate and inspire the workers to do so, the organisation has created a working environment that boosts the motivation of workers and allows them to feel that they are a privileged lot. Such thinking would naturally make workers speak highly about their workplace with pride, carrying a positive message through 'word of mouth'. Table 5 shows some such responses.

Table 5: Examples of the Type of Responses Regarding 'Image Building' of Employees

Company	Comment
B	<p><i>"We offer our machine operators salaries way above the sum stipulated by the government wage board for factory workers. Such salaries are offered to recognize the importance of workers so that they would feel that their contributions are highly valued. A safe working environment, free from any hazards, places its staff way ahead of their counterparts in other factories.</i></p> <p><i>Male workers are not permitted to come to work in T-shirts. They are required to come in shirts and trousers with a clean shave and a good haircut to distinguish them from the rest of the companies. Success stories of workers who have joined the organization from lower positions and risen up their career ladder to reach outstanding positions are constantly portrayed with details of their financial and economic background, and their present achievements are projected as inspiration to others."</i></p>
D	<p><i>"We've provided all the workers with a pleasant environment to work in. They must be proud to work for our company. Most of the factories are air-conditioned. I am talking especially about the rural areas. When you work in an air-conditioned area in a place like Mahiyangana, where it's quite warm, it's actually good. We are looking after the village, the community, and the extended community as well. There may be only one worker coming from a family, but we look after their extended family as well by way of books, rations, creating social activities for children etc.</i></p>
G	<p><i>"There are some social activities within the company as the first step of building an image because when you go to the outside world, you need that image factor. Also, we do a lot of internal CSR. We have a chairman to support them if they need any support, and at the same time, we have an aligned engagement calendar throughout the year to showcase their talents other than what they do in the company. Also, we have some schemes like selecting/appreciating the best employee."</i></p>

Studies have shown that training leads to higher productivity and quality, even though there is a cost involved in training and development. As stated in the annual report of the Hong Kong Trade Development Council (HKTDC, 2015), according to UN Comtrade, Sri Lanka was the second-largest supplier of brassieres to both the EU and the US,

accounting for about 10% of the supply in each of these markets. It was also the third-largest swimwear supplier to the US, with an 8% market share, with China and Indonesia being the first and second, respectively. Top garment products of Sri Lanka have come into the limelight at events worldwide on a regular basis - when a supermodel shows off Victoria's Secret's latest line backed by design excellence or when an Olympic swimmer cuts through the water as his evolved Speedo swimwear takes him closer to a gold medal. All the participants unanimously agreed that continuous training and development are an important factor in the manufacturing process, and periodic evaluation is required to bring in a higher level of skills to their operators; the fundamental reasons being that though the operations are pretty much the same, fabrications and constructions on the product vary, and if the workers are not properly trained, then it could directly influence the quality of the output. New recruits needing training to move into the machinist grade is also a dominant factor, especially since the turnover is high in the apparel sector. Thereafter, periodic training is required to improve the skill level, which is the qualifying factor in becoming an 'A' grade operator to qualify for higher salaries. Table 6 shows some responses addressing the issue of 'training'

Table 6: Examples of Responses Addressing the Issue of 'Training'

Company	Comment
A	<i>"The main method of improving labour quality is training. We prefer to recruit fresh workers and train them from the basics. During their first 15 days of employment, workers are given training on the concept of a product, operation, quality and quality maintenance; then on why styles are changing, critical operations of a product and on how critical operations affect the garment. Thereafter, technicians and work-study officers train on the technicalities of the operation."</i>
E	<i>"Ideally, retaining the labour is the key. All the employees are trained, whoever comes to the plant we start at a training level. Maintaining and retaining them is the key. When they join, they have 4-6 weeks of training and then they are put into production. Based on how they perform, we keep upgrading their skill levels. We aim to create employees who can handle up to 3 or more operations. To come to that level, it's a continuous training."</i>

These comments suggest that some organisations provide training for employees right from the recruitment level both as a selfish act of getting the job done better and faster and also as a strategy to retain employees. This is the kind of paradigm shift introduced by the components of systems leadership.

Reducing the Cost of Production

One of the biggest strengths of the Sri Lankan apparel industry is its higher product quality levels for the current market segments. In fact, among the apparel manufacturing countries, Sri Lanka was considered one of the main countries supplying products for a

niche market with specialised products, such as intimate apparel (lingerie) and casual wear (Frederick & Startiz, 2012). Process innovations and improvements are measured and monitored through the Industrial Engineering (IE) Departments of the apparel factories and are factored in regularly in the process. These innovations are based on Product, Process and Work-In-Progress (WIP) management, which directly impacts productivity and also influences output and margin support. WIP management is investigated seriously as this has a direct impact on stock holding cost and finances applicable.

The use of a wide range of tools and techniques in the production process has a direct impact on the reduction of the cost of production. Various production-related tools such as swift track, fast track, Lectra, Opti, method study, work-study etc., are used in the production process to enhance productivity, reduce wastage (fall out), enhance margins, and, more importantly, bring rationality into the equation of stakeholders versus contribution to the organisation. Utilities such as water, electricity, and fuel are major components that directly lead to the cost of production. Findings reveal that the factories have been meticulously managing these components to reduce the cost of production. Table 7 shows a few examples of the type of responses the companies provided regarding their cost reduction strategies.

Table 7: Examples of the Type of Responses Regarding Cost Reduction Strategies

Company	Comment
A	<p><i>"We encourage workers to come up with their suggestions about processes. Since they have first-hand experience in the process, workers are the best people to suggest improvements, while they are rewarded for their input, we get our technicians to further improve the processes."</i></p> <p><i>We use a KAIZAN system where workers stand up and do their operations. They are facilitated with all the ergonomics to do a comfortable job with special carpets for the feet (no paddling in the machine), Our technological hub offers design to delivery services and unparalleled quality to derive innovation in product, process, and technology."</i></p> <p><i>"Wastewater is reused in the garden and for toilets. Rainwater is harvested. Solar power is used is a huge saving. All the tube lights have been changed to LED's. Also, it goes to the extent of saving their fuel consumption by from transport as well. Transport is also measured through GPS to reduce fuel consumption."</i></p>
D	<p><i>"We do a lot of innovation, specifically on elements of innovations. The focus of the industry is mainly on machinery improvement. Scientific ways of measuring efficiency have increased; how can we for instance use 3D printing, 3D image making of samples to reduce lead time? Traditionally we used to courier our samples, but now we are trying to reduce the physical contact or to ship every garment. This can cut costs to a greater extent."</i></p>

F	<p><i>“We mainly believe in technology. We have introduced a planning module where first, Standard Minute Value (SMV) is calculated for the style. Then that is fed into the system called Fast React. We also have plugged an efficiency gird into the system. This will indicate the total number of days required for each style. We are in the process of introducing a bar-cord tracking system with every label having Radio Frequency Identification (RFID) which is used in internal records. Such information would automatically decide efficiency levels. This information is shown on display boards. Once we feed the order quantity to the system, it would set the production quantity for each day. Hence, we know exactly what the number of pieces that could be produced each day. Also, we utilize a colour cording system to distinguish between styles.”</i></p> <p><i>“We use digital fit methods so that measurements would be gauged digitally. Hence, we need not make as many samples as practiced before. That gives speed and we become a preferred supplier in the market. We use LECRA cutters too.”</i></p> <p><i>“We run on solar. Managing energy is required because of rising costs. We use a lot of building management systems. Using those definitely helps to manage energy loading. Even though these are costly affairs, if you implement building management systems, it will pay you back in four to five years.</i></p> <p><i>For example, when a person walks into a house the lights can be made to come on automatically using sensors; likewise, something similar can be done in the factory lines as well. When it’s required only you give the energy, otherwise you don’t. Vacuum and steam are full time running in the factories whether you need it t or not. If that can be managed, there can be a huge saving on energy. Also, all our water taps are censored.”</i></p>
H	<p><i>“We use the lean Toyota manufacturing system that helps us to eliminate waste in a systematic manner. With that you get the best quality, lowest lead time and, lowest cost and that is what the customer wants. So, with lean we can achieve that.”</i></p> <p><i>“We use solar power; all roofs are covered with solar panels. We also recycle water. To save electricity we have the sensors. It’s one of the main sources of responsibilities we have taken at the same time with the factory acres; we have, for example let’s say 15 acres; because of that we have taken the responsibility of planting trees equal to 15 acres in that area. That way the number of carbon dioxide units we release to the environment gets neutralized by the trees.”</i></p>

The last three main points the companies seemed to focus on: i) improving Research and development, ii) reducing the negative impact on the environment and iv) improving relationships among industry stakeholders, are elaborated in some of the responses as shown in Table 8 below. The majority agreed that innovation and design is the key to being ahead and retaining competitiveness in the market. From the following responses,

it is evident that a considerable proportion of resources are allocated into the areas of Research and Development (R&D).

Table 8: Examples of the Type of Responses Regarding R&D, Environment, and Relationship Building

Company	Comment
A	<p><i>"We have research and innovation centers at strategic level. We mainly practice a suggestion culture. Workers have good ideas, but no capacity to develop them. But we have experts who take the ideas from people who have hands on experience and develop the designs."</i></p> <p><i>"Internally, we have no plastic zones. Plastic and polythene are completely discouraged. Food waste is converted to energy. Also, we are into many CSR projects like cleaning "Sri Pada" after the season, cleaning the coastal built, tree planting campaigns, water projects etc.</i></p> <p><i>Also, we have integrated sustainability into our culture, expertly balancing the global scale with the local presence, empowering employees, and communities by improving and sustaining livelihoods, investing in community development, and building capacity."</i></p>
E	<p><i>"We have an innovation team and designers. They do a lot of research for the next two, three seasons in terms of fabric, prints, and colors. We usually don't go into silo heads. The buyers with whom we work have been with us for a long time and we know exactly what they want. It's a matter of elevating or giving value additions to the core fabrics, by way of adding more properties like wrinkle free, waterproof etc.to them if we take recent changes"</i></p> <p><i>"For the washing facility, we have brought machinery which use less water. For an example our usage could have been 2000 cubic meters for a month but with this machinery we cut it down to 1200 cubic meters, which is a huge water saving. Any new machinery has energy saving systems in the machine itself. Most of the machines that we have like the new ones with automation, robotic arms have their own systems inbuilt for saving on energy.</i></p> <p><i>Also, these new machines use less water and less chemicals for washing. Earlier we used a bucket of water and put all the chemicals and tumbled it but today we may not tumble but spray with high force to the garment; this makes it faster, cheaper, and easier."</i></p>
I	<p><i>"R&D innovation, keep the conversion costs minimised; we have separate departments for innovation with well-experienced staff. Product improvement is realized by, sending staff for overseas training and getting down European experts to conduct training courses in Sri Lanka."</i></p>

The above responses highlight the significance of organisations addressing employees' basic needs and providing training from recruitment, reflecting a paradigm shift brought about by systems leadership. These strategies not only demonstrate concern for employee well-being but also serve as valuable components of systems leadership. The responses indicate the successful implementation of systems leadership in the apparel industry,

contributing to its sustained growth, surpassing US\$5 billion, and providing over one million employment opportunities over the last four decades.

CONCLUSIONS

Systems leadership requires a strong collaboration among leaders of all aspects of the system, especially in the apparel industry. That includes not only the employers, employees, suppliers, buyers, regulatory bodies, and umbrella organisations representing the industry but also the lawmakers of the countries where the stakeholders operate from and even the support of the general public for supportive policy structures. If and when all these pieces of the puzzle fit together, not only the industry but also the world economy and citizens of the world, in particular, will all be winners. As Senge et al. (2015) says, cultivating collective leadership in diverse setting requires a paradigm shift where there is no heroic individual leader who brings solutions to all the problems. System leaders should have three core capabilities: i) the ability to see the larger system, ii) the ability to foster reflection and generative conversation, and iii) shifting the collective focus from reactive problem-solving to co-creating the future.

While Sri Lanka continues to enjoy a Generalized System of Preferences (GSP) benefits, major export items to the EU, such as textiles and garments, are subject to higher tariffs of about 5%-9% instead of being duty-free under the terms of GSP-plus. However, this situation has changed since the EU's decision in May 2017 to resume the GSP Plus facility for Sri Lankan apparel exports. The apparel industry particularly adhered to internationally accepted labour standards and environmental standards specified by the major buyers in addition to product quality and sophistication. This well-established global reputation has been built upon the strong fundamentals of the industry. These include high-quality product standards in the midst of a fast-maturing apparel sector, as well as an established business culture that embraces social responsibility and environmental protection.

“Garments without Guilt” was a strong tagline that the industry stands out as a reliable source that pays fair wages to workers, free of sweatshops and child labour, free of discrimination of any sort, etc. These ethical considerations were promoted when promoting the industry as an ethical clothing manufacturer when the GSP+ facility was removed from Sri Lanka. 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 International Labour Organization conventions. Over the years, the garment manufacturing community in Sri Lanka has tried hard to establish “Made in Sri Lanka” as a brand inextricably linked with sustainable development and corporate social responsibility (CSR). This approach has particular appeal to international buyers from developed markets, where ethical sourcing has become an increasingly important issue among consumers (HKTD, 2015).

The Sri Lankan apparel sector established the world's first eco-friendly "Green Garment Factory" that cut energy in half and water consumption by 70%. These factories have found business sustainability through the practice of lean manufacturing, with lowered overheads and faster return on investment. LEED (LEED is one of the world's most widely used green building rating systems and was developed by the US Green Building Council) Platinum and Gold Certified entities practice international standards of recycling, effluent treatment and waste management practices (SLEDB, 2016). In this light, Sri Lankan manufacturers have progressively shifted labour to market their social compliance accolades. Through the growing influence of the internet, consumers are increasingly informed about factories that have suffered many casualties due to a low-quality work environment, unsocial working hours, and minimal employee engagement and motivation (HKTDC, 2015). Sri Lanka, however, records no such problems in either ethical sourcing or work environment standards and has increasingly gained trust and reputation from customers. The country, owing to the above, is well-known for following stringent building construction standards, thereby safeguarding workplace security and labour safety. Furthermore, international buyers emphasise this phenomenon, and according to HKTDC (2015), the industry is advised to engage in improved promotion and marketing to exploit this selling point.

All manufacturers have placed particular emphasis on reducing production costs and waste management. Numerous strategies have been used to cut costs in electricity, water, and fuel, as per interviews with higher authorities of apparel export bodies. Most leading garment manufacturers consider sustainability not merely a corporate responsibility but also a way of life. They give top priority to such matters as an urgent need and a heartfelt commitment to respect the planet, thus empowering people and communities to live a healthy and fulfilling life. Moreover, the country's apparel industry is enriched with vast experience of over half a century, providing an extensive breadth and depth of learning and experience. The industry has evolved from its traditional method of exporting and tailoring garments in the late '70s to the utilisation of R&D and innovation centres to provide sophisticated solutions and experience in business process outsourcing (BPO) services, thereby bridging the gap between developing and developed nations. SLEDB (2016) claims that Sri Lanka's top three apparel manufacturers are positioned among the world's 50 most important suppliers. Thus, in line with the above evidence, the benefits reaped by the country and the industry are palpable.

REFERENCES

- Ainscow, M. & Sandill, A. (2010), Developing inclusive education systems: the role of organisational cultures and leadership, *International Journal of Inclusive Education*, 14 (4), 401-416.

- Aselage, J., & Eisenberger, R. (2003). Perceived organizational support and psychological contracts: A theoretical integration. *Journal of Organizational Behavior: The International Journal of Industrial, Occupational and Organizational Psychology and Behavior*, 24(5), 491-509.
- Avery, A., Cresswell, K., Crowe, S., Huby, G., Robertson, A., & Sheikh, A. (2011). The case study approach. *BMC Medical Research Methodology*, 11(1), 100-108.
- Bangladesh Garment Manufacturers & Exporters Association (2017), *The Apparel Story*, Bangladesh Garment Manufacturers & Exporters Association, Bangladesh.
- Bigland, C., Evans, D., Bolden, R., Rae, M., (2020), Systems leadership in practice: thematic insights from three public health case studies. *BMC Public Health* 20(1),1-14.
- Bolden, R. (2004), *What is Leadership?* Leadership Southwest, University of Exeter, Center for Leadership Studies, Research Report-1.
- CBSL. (2015). *Annual Report - Central Bank of Sri Lanka* (2015). Colombo, Sri Lanka: Central Bank of Sri Lanka.
- Dreier, L., Nabarro, D., Nelson, J. (2019a), *Systems Leadership for Sustainable Development: Strategies for Achieving Systemic Change*, CR Initiative, Harvard Kennedy School of Government.
- Dreier, L., Nabarro, D., Nelson, J. (2019 b), *Systems leadership can change the world – but what exactly is it?* World Economic Forum.
- Feser, C., Rennie, M., Nielsen, N. C. (2018), *Leadership at Scale*, McKinsey & Company, Nicholas Brealey Publishing.
- Frederick, S. & Staritz, C. (2012), *Developments in the Global Apparel Industry after the MFA Phaseout, Sewing Success? Employment and Wages Following the End of the Multi-Fibre Arrangement*. World Bank: Washington, DC.
- Garvin, A. D. (1995). *Building a Learning Organization* Harvard Business Review. *Journal of Personal Selling & Sales Management*, 16(3), 47-57.
- Gurdjian, P., Halbeisen, T., & Lane, K. (2014). Why leadership-development programs fail. *McKinsey Quarterly*, 1(1), 121-126.

- Guthrie, J. A., & Wallace, R. F. (1969). *Economics*, 23, The Irwin Series in Economics, Homewood, Australia, Homewood.
- HKTDC (2015), Hong Kong Trade Development Council (HKTDC) Annual Report 2015/16 Retrieved from https://info.hktdc.com/annualreport2016/en/main/HKTDC_AR1516.pdf
- Kelegama, S. (2004). Ready-made garment industry in Sri Lanka: Facing the global challenge. Institute of Policy Studies, Colombo, Sri Lanka.
- McGregor, D. (1960). Theory X and Theory Y. *Organization Theory*, 358, 5
- Meraku, A. (2017), Role of Leadership in Organizational Effectiveness, *Journal of Economics, Business and Management*, 5(11) 336 – 340.
- Rashid, Y., Rashid, A., Warraich, M. A., Sabir, S. S., Waseem, A. (2019), Case Study Method: A Step-by-Step Guide for Business Researchers, *International Journal of Qualitative Methods*, 18,1-13.
- Northouse, P.G. (2004) *Leadership: Theory and Practice* (3rd Edition). London: Sage Publications Ltd.
- Senge, P., Hamilton, H., & Kania, J. (2015). The dawn of system leadership. *Stanford Social Innovation Review*, 13(1), 27-33.
- SLEDB, (2016), Sri Lanka Export Development Board Annual Report.
- World Economic Forum, (2019), *The Global Competitiveness Report-2019*.
- Welbourn, D., Ghate, D., Lewis, J. (2013), 'Source Paper 2: The Views of Systems Leaders'.
- Systems Leadership: Exceptional Leadership for Exceptional Times. Virtual Staff College.
- Wijesiri N.G.T.D., Amarawansa T.G.A.H.C., (2019) The Impact of Leadership Styles on Employee Engagement: With Special Reference to Apparel Industry, *Journal of Management and Tourism Research*, 2(2), 39-54.
- Yin, R. K. (2014). *Case study research: Design and methods* (applied social research methods) (p. 312). Thousand Oaks, CA: Sage publications.
- Yukl, G.A. (2002) *Leadership in Organizations: Fifth Edition*, Upper Saddle River, NJ, Prentice-Hall.

Appendix 1

Table 1: Profile Details of Key Industrialists

Res. No.	Respondents Name	Designation	Company	Experience (years)
R1	Hemantha Perera	Chairman	Isabella Garments	25
R2	Nikhil Hirdaramani	Director	Hirdaramani Garments	22
R3	Anis Sattar	Director	Timex Garments	25
R4	Sampath Weerakoon	HR Manager	Omega Line	7
	Sudam Kirielle	Finance Manager	Omega Line	15
	Charman Dep	Planning Manager	Omega Line	15
	Damian Lekamge	Production Manager	Omega Line	15
R5	Riza Farouk	Group General Manager	Sumithra Garments	35
R6	Annesly de Fonseka	Managing Director	Original Apparel	30
	Rehan Lakhany	General Manager	Original Apparel	20
	Rehan Lakhany	Vice Chairman	Apparel Exporters Association	
R7	Sharaz Farouk	General Manager - Marketing	Maliban Garments	30
R8	Ajith Siyabalapitiya	Group HR Manager	MAS Intimates	25
R9	Rohan Daulagala	Manufacturing Director	Pannala Slimline	23

Appendix 2

Discussion Guide

Demographic/Company Profile – Designation, years of experience in the industry, age of the industry, product range, markets etc.

Cost of Production

Labour

1. What measures have you taken to retain labour over the years?
2. What are the steps taken to improve labour /quality productivity in your organization?
3. Any measures taken for image building of workers.

Process

4. What methods do you use to reduce costs in the production process?
5. What type of product tools do you use for processes (eg. Software)?
6. Any steps implemented in the area of industrial engineering? (eg. Foot folders and attachments)

Utilities

7. What steps have you taken to reduce cost of operation (Electricity, water, fuel)?
8. Is there any waste management process you practice?

Capital

9. What type of funding sources do you prefer to generate capital for automation in your factory (local, overseas)?

Material Sourcing

10. What steps have you taken with regard to ethical supply sourcing?
11. What measures have you taken to improve Backward and Forward integration?

Strategies

12. Based on the industry, what is your short-term, long-term strategy?

Innovation & Design

13. What strategies are taken with regard to Innovation and design?

Sustainability & Ethical practices

14. What measures have you taken for sustainability and ethical practices?

Customer Centricity

15. Who are your buyers at present and how long have you been supplying them. (eg. ST, LT)?
16. How ethical are your buyers?
17. Do you have any partnerships, strategic alliances with your buyers?
18. What is your value addition to the customers to be ahead of your competitor in a particular segment?
19. What does your leadership do to be ahead of local competitors (Design, Quality, on time delivery)?

Markets

20. What are your current markets?
21. What competitive advantage you enjoy in the market.
22. How is your leadership counter the increasing competition?
23. Does your leadership plan to embark into new markets? If so, what are those markets and products.
24. Any strategies to venture into untapped markets such as India and China?

Organizational Culture

25. With your current structure how do you get across to your employees? (level of hierarchy)
26. Any strategies you intend to further improve employee, employer relationship
27. How does your organizational culture help to motivate employees to be more productive.
28. What types of ergonomics design your leadership has proposed for the betterment of workers?
29. What measures have you implemented to motivate the next generation of leaders within the organization?

Role of Government/Institutions

30. Do you get intended support from the government in your manufacturing and export process?
31. Any areas to be expedited or any weak links that need attention of the government
32. Are you satisfied with the services of the government and private institutions that are relevant to your business operation? (e.g. JAAF, BOI, local government bodies, EDB, Customs, industrial ministry etc.)
33. If not what the areas in which they should improve?
34. Do you think government should have a national policy for the apparel sector? If so, what emphasis should be made (e.g. Labour law)?
35. Can Sri Lankan economy survive without the apparel sector? In case the country cannot survive in the international market due to new challenges, what industries do you think the country should try out as alternatives?