

THE BUSINESS STANDARD

Can ethical leadership and justice impact RMG's sustainability?

In the current vulnerable world business situation, leadership has become a burning issue for our RMG companies, as leaders show new paths and bring changes. Caption: Our RMG industry has particular challenges that restrict its ability to become more competitive and improve export performance.

Dr Mohammad Shahidul Islam and Dr Md Shamimul Islam
26 November, 2022, 12:11 pm

Photo: Mumit M.



A leader is someone whose deeds inspire others to strive for greater heights in their own lives—reflected by the former American

statesman, diplomat, and lawyer John Quincy Adams in the question of what should be the role of an effective leader.

Unfortunately, in our ready-made garment (RMG) industry, we see a limited number of influential leaders. We must know that leadership is not a profession. It is a responsibility. Some people are born leaders while some become leaders through grooming and training.

In the current vulnerable world business situation, leadership has become a burning issue for our RMG companies, as leaders show new paths and bring changes. RMG is after all Bangladesh's most significant export business, offering many jobs for the country's marginalised women.

An essential factor in further developing the RMG sector is installing ethical leadership. Transparency, trust, integrity, honesty, respect, fairness, and justice are the core components of ethical leadership.

The RMG sector in Bangladesh has not always had a pleasant boulevard. The Rana Plaza collapse and Tazreen Fashion factory fire became a wake-up call for the industry and its stakeholders, both locally and globally.

Despite the sector's local and global advantages, more effort is required to make it safer regarding environmental sustainability, work conditions, social standards, construction, and fire safety. RMG organisations need good leaders to succeed.

In recent years, the sector has invested much in worker safety. Covid-19 has unsettled the world economy.

But the pandemic has at the same time globalised the IT industry. All companies are moving online, but the clothing industry cannot fully transition. The question of this sector's sustainability is complex.

Instead of blaming the employees and uncertain crises for their failure, RMG leaders must stay positive so they can overcome obstacles. For instance, even on rainy days, Ratan Tata, the chairman of Tata Motors, inspires his workforce.

Tata's economic foundation was shaken by the failure of the Nano car project. Its engineers, analysts, and other employees got demotivated. Ratan Tata asked them to offset the shortfall with new initiatives.

His staff worked diligently on Tata Nexon, Altroz, Tiago, and other luxury autos. The company ventured into the IT sector by acquiring Infosys. And all of this was made possible through Ratan Tata's excellent leadership.

To revive and revitalise our RMG sector, we continuously face new challenges which require democratic leadership inside the organisations. A democratic leader makes choices with freedom and no political biases.

If a company never listens to its employees or values their bond, a dictatorship will arise and impede its success. For example, most Nokia employees encouraged CEO Stephen Elop to create an Android-based OS but he did not listen to them. The demise of Nokia was inevitable.

In our country, we need both transactional and transformational leaders. They should direct their personnel and examine the organisation's objectives. They should prioritise employee interests, incentives, vacations, mental health, and well-being, similar to evidence of the leadership in Google, Facebook, and other digital behemoths.

Vietnam has surpassed Bangladesh in becoming the world's second-largest exporter of readymade garments (RMG). One of the reasons behind it may be the fact that the Vietnamese government helps its workers in various ways, including providing them with food subsidies, social benefits, medical benefits, and housing support.

The RMG industry has particular challenges that restrict its ability to become more competitive and improve export performance. The major issues are longer lead time, industrial skills shortages, risk of sourcing raw materials, and rising competition. Therefore, the leaders should know how to align workers' welfare with the organisations' long-term goals.

Leadership in an organisation involves charisma, support, and democracy. Otherwise, the organisation could be unable to traverse the intended path, which is undesirable.

Another essential factor in further developing the RMG sector is installing ethical leadership. Transparency, trust, integrity, honesty, respect, fairness, and justice are the core components of ethical leadership. RMG employers should have all these qualities to fulfil the mission and vision of the company.

To run teams smoothly, an organisation needs more ethical leadership. Moreover, organisational justice and culture are needed to build a perfect organisation. Organisational justice is a part of excellent organisational culture. RMG organisational justice means employees' perception of fairness in the workplace during the operation or work time.

If employees observe proper justice in their workstation, they remain motivated toward their work. Other justice factors are accessible workstations. If the workstation remains free of bullying, employees feel safe. They also remain loyal to work if the company provides facilities like timely incentives, yearly vacations and festival bonuses. That is also a kind of justice for employees.

For example, in most of our garment factories, female employees complain of being bullied or harassed by supervisors. The companies rarely take any action. It is an injustice to female workers.

Our local companies also disregard workers' mental health and well-being and they simply want more working hours from them. It is an injustice to the employees.

Our suggestion is, justice and organisational culture should work parallelly in our RMG industry. There is no good culture if there is no justice. Leaders should start practising righteousness within the organisations.

In RMG factories, female workers must feel safe, and rewards must be provided according to their performance. Wrongdoers must be punished accordingly.

We feel relieved about having a sector that generates billions of dollars in export revenues and provides jobs for millions - enough to safeguard our national economy in our crises. Ethical leadership in RMG will bring positive changes so we can continue feeling relieved.

Authors are assistant professors at Brac Business School.

Disclaimer: The views and opinions expressed in this article are those of the authors and do not necessarily reflect the opinions and views of The Business Standard.