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Environmental Influences on the Exercise of Leadership in a Family Textiles Business in Pakistan

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Abstract

Family run textile businesses are vital in developing countries and especially in Pakistan. However, external and internal environmental influences shape and direct their organizational leadership, which in effect jeopardizes their very existence. An exploratory, qualitative, phenomenological and interpretive study, which was undertaken within a family run textile company to identify the factors influencing leaders, the challenges faced, and opportunities presented, indicated that: a) externally leadership is influenced by inadequate raw materials management, inadequate cost of production, governmental policies, the removal of the WTO's quota regime, inadequate governmental support, and CSR practices; whilst: b) leadership is internally influenced by inadequate product quality and branding, and human resources structure.

Keywords: Family business; External environment; Leadership; Textile industry; Pakistan

Introduction

The textile industry is considered to be one of the most vital in terms of supporting economic growth and contributing towards the betterment of people's lives [1]. In Pakistan especially, it holds a prime position for the economic development of the country. Pakistan's manufacturing industry was nationalized in the 1970s in a governmental effort to run it more efficiently so that it could meet local demand, increase employment and boost exports, among other things, thus increasing growth and productivity. This was also an attempt to deal with income disparity since the manufacturing industry had been previously owned by 22 wealthy families. However, the manufacturing industry did not achieve its full potential since productivity has now fallen behind when compared to other neighbouring countries such as India, China and Bangladesh [2].

Family businesses are distinct from non-family businesses in terms of the features they possess and/or their behaviours. These relate to the imminence of succession, financial performance, business complexity, the age of the business, its governance, management, and ownership. According to Chua, Chrisman and Sharma, the components of a family business have a certain essence and a particular vision, which are incorporated by the family [3]. The absence of this essence in non-family businesses means that there can be problems and disagreements between members of the company. However, since the nationalization of industry in Pakistan, family investors have also had to face various business constraints although the internal and external leadership challenges for family owned companies are different to those of non-family owned organizations [4]. The management of raw materials, electricity, inventory storage costs, inflation, and the cost of raw materials, among other things, are common to both family and non-family businesses [3]. The leadership challenges that are specific to family business involve: the role of the board of directors, the appointment of outside directors, the inclusion of non-family managers in strategic decisions, the switch to professional management, and the loyalty of non-family members [5].

The aforementioned nationalization policies devastated the confidence of investors within the country's business sector, and Chua, Chrisman and Sharma argue approximately 22 family owned companies went out of business. They blamed the industrialization policies and said that these had blocked both the industrial development of Pakistan and the hunger to invest in the country [3]. Therefore, the strategic and management systems were largely being managed by industrial policies which adversely affected business revenue. Originally recommended by the United States, Bhutto's nationalization policies had been intended to foster an emotional hold over poorer voters [3]. However, this was a completely political decision, and many major family owned businesses that were affected by the implementation of this policy in the 1970s came to a disastrous end.

Progress in the textile industry depends on many elements, including infrastructure, policies, trade agreements, and technology, but mainly strong leadership, which is crucial to an organization's success. In Pakistan, weak leadership is considered to be one of the most crucial deterrents to the industry's competitiveness and sustainability [6]. Research into the likely effects of leadership on organizations in Pakistan is in short supply and especially in the textile industry. Bodla and Hussain stress the need for research which focuses on leadership styles [7].

Accordingly, this paper employs leadership theories in order to explore the extent to which internal and external environmental influences have shaped and directed leadership at the Al Karam Textiles family owned textile business in Karachi, Pakistan. This aim is achieved by identifying the factors that held the Pakistani textile industry back, the challenges the owners/leaders of the textile industry presently face, the opportunities lost, and the ones presently available.

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The theories chosen to support the arguments within leadership are as follows: trait theory and transformational leadership; stewardship theory; and altruism within family firms.

The originality of this study lies in the fact that little research has been undertaken regarding the way that the internal and external environmental factors affect leadership in Pakistan, and especially at a family based business level. Therefore, this research seeks to shed light on the factors that influence Pakistan's leaders in the textile industry as well as the challenges faced and opportunities presented to them. The results of this research are useful for other similar companies not only in Pakistan but also in other countries which share the same characteristics: developing countries which are poverty stricken and have been influenced by authoritarian regimes. This research is also of importance to academia since it provides knowledge on the relatively under-researched area of family business, specifically in Pakistan, Asia.

Defining leadership

"Leadership is of the spirit, compounded of personality and vision; its practise is an art. Management is of the mind, more a matter of accurate calculation of timetables, methods and statistics, its practise is a science" [8]. Leadership is a mix of vision and personality. Leadership is all about people and how a leader can make them perform above their expectations on a regular basis. An effective leader is one who identifies the problem and works on its solution [9]. He/she does that by studying the environment internally and externally and takes decisions that are the most beneficial for the firm, above his/her own selfish motives [8]. This, in turn, draws respect and wins him/her follower [10]. Leaders should be good listeners; they should inspire others, support their followers by valuing their suggestions and have the ability to take tough decisions [8].

People skills are also essential as leaders have to liaise with people involve them in decision-making and have the ability to make them believe in their vision, thus achieving organizational goals. People skills fall into three main areas: communication, motivation and coaching. Communication is the key to leadership, as it enables leaders to coordinate groups, comprehend their needs, have shared visions and achieve common goals. The leader should have the passion and drive to motivate others when passive instructions and/or orders do not work. The leader should make others part of his/her creative ideas, and should recognize and reward performance, talent and energy [11]. Coaching is also important for success since it enables exploration and development of the team members' potential. Leadership is influenced and directed by both the internal and external environment.

Leadership in family firms

Trait theory and transformational leadership in family firms: Bass and Avolio argue trait theory and the transformational leadership style can be prominent within a family owned business [12]. Trait theory states that the transformational leadership style enables an organization to formulate its inherent traits, ethics, values and characteristics and to promote employee engagement [12]. Hence within a family owned business, employees who are not members of the original family will be able to learn or practice the appropriate organizational ethics, values, and characteristics, when the transformational leadership style provides them with proper guidelines regarding the organizational objectives. In this way, the organizational managers could promote the ethics of their organisations amongst the non-family employees and transform their values to match those of the family owned company. As each and every family owned business has unique organizational values and a prominent essence, the transformational leadership style will ensure the implementation of those organizational values by its employees.

According to the New Leadership model by Bass and Avolio, transformational leadership has four major components: individualised consideration, intellectual stimulation, inspirational motivation, and idealised influence [12,13]. These factors enable family owned businesses to transfer their company values to the non-family members of the company. Reay and Whetten have stated that leadership qualities affect different aspects of family businesses [14]. The Family Business Review examined the transfer of leadership firms, entrepreneurial family firms, and entrepreneurial families with regard to succession. According to Reay and Whetten, the contribution of leadership qualities is enormous within a family owned business. It enables the organizational leaders to motivate employees and foreshadow the proposed contribution of those employees [14]. It answers the questions that could affect the family business after the family succession period, and it enables the organizational managers to correlate family characteristics and features of succession [14,15].

Family firms: A stewardship perspective

According to Schoorman, Mayer and Davis family firms frequently exhibit such factors such as a sense of psychological ownership, mutual concern, and clan-based collegiality [16]. The Stewardship theory enables people to comprehend the way members of family owned businesses develop pro-organizational, trust-based, and collectivistic characteristics. Eddleston and Kellermanns consider that family owned businesses have a huge advantage over non-family owned businesses as they have a unique organizational culture [17,18]. The beneficial factors also involve an exclusive less professionalised structure, increased level of trust, a high level of transaction costs, limited agency costs, high commitment, and extended investment time horizons. These should be effectively managed through the skills of their leaders.

Family businesses have dominated in almost all industrial fields. The stewardship form of leadership is one of the most significant leadership styles used to formulate organizational values within the non-family members of an organization. It is considered to be the most effective governing style in family owned businesses. As Wasserman notes, family businesses could benefit from expressing commitment to their employees as the interest of the stakeholders, mission of the company, and interest in its longevity transferred to them, in turn increasing their levels of trust and commitment [19].

Altruism in family firms

The key concept of family firms, within stewardship, is altruism, which describes unselfish motives for the welfare of the company. Family members within the company carry the concept of altruism within them as a hereditary responsibility for business. The aspect of altruism could also promote the feature of intergenerational prosperity and facilitate unification of family members. Hernandez stated that altruism reduces the amount of relationship conflict within the family, and facilitates cooperation and communication within the workplace [20]. He also argues stewardship enhances the involvement of family members in the business and participation in decision-making strategies. Hernandez stated that, when altruism is low, the self-interest of the employees will overcome the organizational aim and affect organizational growth [20].

Psychological factors in family firms – in non-family companies, extrinsic incentives (for example tangible assets such as exchangeable rewards) motivate employees. However, in family owned businesses, the employees are motivated by intrinsic features, such as self-actualisation, achievement and growth. Achievement of shared organizational goals could be attained by reinforcing employee motivational processes. Employees in family run businesses feel a strong identification with organizational goals [19]. They are committed to the stated values of the organization and motivated to contribute to the organizational initiative.

Family members versus non-family members – the constant production of lucrative goods and services within the organization through multiple generations provides satisfaction and pride among family members. Roberts, McNulty and Stiles suggested that stewardship is the association between followers and leaders; that if family members treat non-family memebrs with benevolence, an obligation to behave positively is established amongst the non-members [21]. They will, however, be unable to return the favorable treatment. Collective satisfaction and social identification could be promoted through a transformational leadership style with an enhancement to organizational pride. Loyalty, trust, and respect towards the organizational objective motivate the employee to work appropriately. Roberts notes that the involvement of non-family members in a family run business can affect the continuity of the business [6]. Organizational behaviour should promote the passion and attachment of non-family members with regard to the family firm and its members [22].

Leadership and the internal environment: Among the most commonly used theoretical leadership models which comprehensively explain roles and expectations are the: a) European Foundation for Quality Management (EFQM) excellence model; and b) the new Radix Organization. The EFQM model (1999) which is used to improve organizational performance sees leaders as the 'enablers', the ones who organize people, create policies and procedures that enable innovation and personal development, and use the best mix of resources to drive key performances and results [6,23,24]. Leaders develop the organizational vision, mission and objectives and create a culture which seeks to achieve outstanding results. Further, their role is to ensure a continuous improvement in management based on regular feedback. Leaders are also there to motivate, assist, encourage and guide the employees as well as to deal with customers, suppliers and societal stakeholders cited [6]. Leaders are assumed to take four main roles in the organization.

Firstly, the leader's role is considered to be that of setting up an organizational culture based on ethical values which should guide and support both management and employees. Additionally, their role is to create a culture of innovation and to learn where employees are constantly developing in order to fully achieve their individual potentials [25]. Secondly, leaders ensure a smooth flow of processes and functions and have a contingency plan in place for urgent matters. Further, they check that policies and regulations are adhered to in the most efficient and organized way. They respect and value experiences from past learning and encourage activities which lead to improvement and innovation. Thirdly, leaders support their employees by being there for them, as mentors, they listen to their problems and assist them to overcome them, as well as rewarding talented individuals who show potential. Lastly, leaders establish and maintain good relationships with suppliers, so they ensure customer demands are met while playing an active role in implementing corporate socially responsible practices [6].

The organizational managers who strive for excellence in leadership follow the EFQM excellence model in the business environment. In family owned businesses, it is necessary to incorporate effective leadership style into management in order to formulate basic ethics, and values and instil them into the employees. The EFQM model recommends that the leaders should develop strategies that place emphasis not only on enhancing resources but also on employee development, and establishment of partnerships [26]. These factors are directly associated with processes, products and services. With the help of this model, the leaders could formulate effective business results.

On the other hand, the Radix Organization is a new type of organization which is less bureaucratic and has a less formal structure [9]. The Radix Organization has a flat structure, and it gives leaders the flexibility to adapt to different leadership styles while maintaining relationships in the organization at various levels. A flat structure allows managers to develop one-to-one relationships with all their employees in their respective departments. Leadership here is perceived more as guidance, coaching and support of employees to get the job done, rather than as the more traditional exercise of power in ordering followers to do tasks in a certain way. The Radix Organization values human capital, relies on a better-educated workforce, and believes that it has the capability to bring improvements by thinking of new ways of completing tasks; leaders delegate authority to their workers and value their suggestions for improvement. A good, talented team can, for example, collectively work and create knowledge through experiences, learning, and discussion.

The leaders in the Radix Organization place emphasis on teamwork, use of contingent workers, strategic alliances and outsourcing [9]. Contingent workers are temporary workers used on specific projects because they bring a certain expertise. In such cases, leaders exercise friendly, rather than authoritarian, styles of relationship [25]. In strategic alliances, even though in theory the leader's role is less managerial and authoritative, in practice it depends strongly on the way they create and maintain corporate relationships by networking and alliances [9]. In outsourcing the leader's role is more diverse as they decide on the most efficient way to organize and allocate resources and the functions that have to be outsourced.

According to Brower, Schoorman and Tan, the family members of family owned businesses show a great deal of stewardship as compared to the non-family members within an organization [17]. The core feature of stewardship is to formulate careful management towards organizational success. Hence, if the practice of stewardship is targeted towards the non-family members of the organization, then the organization will benefit greatly. Thus, by using the theoretical perspective of Leader-Member Exchange (LMX) theory, the leaders of a family oriented firm could transfer stewardship practices amongst their employees. When transformational leadership practices are implemented within family firms, the leaders should try to instil stewardship characteristics amongst their employees [27,28].

A culture of stewardship could be established based upon the effective behavior of the leaders [27]. The leadership member exchange mechanism enables leaders to formulate reciprocal stewardship behavior. In this way, family firms offer a unique opportunity to explore the culture of reciprocal stewardship. Thus, family textile businesses in Pakistan could encourage the stewardship culture among their employees. When the feature of stewardship is promoted within the organization, it enables the company to build a competitive advantage as it increases employees' loyalty towards the company.

Further, leaders are also currently more focused on team-building and leading groups. There are two types of leader in a group: the first has the traits and qualities to lead a group of people, whilst the second possesses the social and task-oriented skills which define him/her as group leader.

Teamwork is regarded as an important factor that contributes toward organizational success as employees have the opportunity to share and understand the leader's vision. Teamwork theory suggests that leaders should "[…] define the team's mission and establish urgency, demanding performance standards and providing direction". This can only be achieved by a collective team effort as people bring together the many and different skills, experiences and expertise, which are essential for the accomplishment of a certain task/project. Leadership is also influenced by the external environment in which the organization is based.

Leadership and the external environment: Communication is a key to the fulfilment of a shared vision and could enable employees to become efficient followers. Leaders in today's world are deemed not only to be responsible for and aware of their duties internally but also externally, and this they do by managing and maintaining relationships with all stakeholders. For a firm to survive in our competitive world, it should take decisions in an ethical manner, thinking about the society in which it exists so that it builds an image of itself in the eyes of its customers. Ethical consideration and the role it plays in society will not only be socially desirable but also benefit the organization and the leader over the years [24]. A leader's role is to interact with a 'multitude of followers' as he/she builds and maintains relations with varied stakeholders [24]. The leader has to lead in today's business environment where companies are often exposed for misrepresentation of the truth and the inaccuracy of their statements of accounts, or for 'ethical misconduct' for example causing environmental disasters or using child labour for production purposes [24]. The new age leader is not only responsible to the shareholders of his/her organization but to society at large, in which the company is located, and to the people affected by the firm's actions.

To create sustainable business success three things are required: a) "[…] creating value for stakeholders"); b) making profits with principles and c) maintaining a reputation for being a 'great company' [29]. This is because customers are now increasingly aware that they value companies and have become more brand loyal to products which have a good image in society [24]. Since this trend has grown in recent years, leaders need to develop an appropriate culture in the workplace when dealing with all of their employees and stakeholders, as well as being aware of the company's impact on the local environment. Additionally, the building of ethical values in a company's employees is the leader's responsibility, and this is a part of corporate discipline [24].

Rost describes the leader as one possessed of a 'higher level of effectiveness' which, according to the triple bottom line theory, determines the purpose of leadership in a stakeholder society. The theory argues that the leader is responsible not just for profits but also for taking decisions incorporating the effects on the natural environment and on the needs and well-being of society. The leader can bring change; as Rost describes, he/she has the power to influence his/her followers thus he/she should engrave upon the followers' minds the importance of ethical considerations and their role in society's well-being. But this leadership effectiveness lies more in a hierarchical network setting. In organizations with vertical networks, the task of influencing his/her followers is challenging for the leader and requires various forms of communication.

A leader is a role model who works with employees towards achieving a goal. In the process, everyone works collectively to obtain greater levels of achievement. Creative leadership is a useful fundamental tool for convincing others to bring, and adapt to, change in the organization. The leader conceives an innovative idea and brings change collectively, in order to be successful. The effectiveness of the leader lies in the way he/she coordinates and communicates with his/her stakeholders and not on his/her individual capability as a great man or woman. To achieve the vision, his/her primary need is to maintain a relationship with related stakeholders and to influence them with his/her idea. These relations might be built through shared vision, trust, and conducting workshops where discussions and brainstorming sessions mean that decisions could be made and relations further developed with stakeholders [24]. The leader should reflect ethical and emotional considerations by demonstrating good behaviour, morals, and values in maintaining his/her relationships with the other stakeholders since the range of stakeholders may have conflicting interests.

Relations with external stakeholders are created and maintained through frequent talks and discussions as a basis for "[…] sustaining mutually beneficial and trustful stakeholder relationships" [24]. This includes resolving conflicts and sorting out ethical dilemmas between stakeholders so that all share common goals and objectives, which include but are not limited to "[…] business, social and ecological" matters [24].

Pakistan and its Textile Industry

Pakistan is a developing nation located in southern Asia, with India in the east, Iran and Afghanistan in the west, China in the north and the Arabian Sea to the southwest. It is a member of the Organization of the Islamic Conference and Commonwealth Nations. Over the years Pakistan has experienced both army-led dictatorships and democratically elected leaders and, as a result, the country has been affected by a constant change in governmental policies, which in turn have led to political instability and disruption to its economic life. Pakistan is an agricultural country and its cotton produce, which is regarded as world class, led to the growth of the textile industry. As a matter of fact, cotton and the textile industry do not only provide a major source of income for the country as a whole, but are a main source of income for rural households as well.

Power and wealth in Pakistan go hand in hand and have always been unequally distributed, with just 22 families in the 1970s owning "66% of industrial assets, 70% of insurance and 80% of banking". The textile sector in Pakistan has suffered at the hands of politicians, having been nationalized and denationalized again, by the two main political parties, namely the Pakistan People's Party (Bhuttos) and the Pakistan Muslim League (Sharifs). However, both these parties consisted of wealthy feudal landlords and industrialists and both held new wealth. This has a bearing on the long term development of Pakistan as the leaders of the country, and/or those in power in the various ministries, are wealthy people who entered politics, not because of their concern for Pakistan's welfare and well-being, but mainly for their own selfish motives; for example, protecting their companies, wealth and/or other self-interests.

"Pakistan's textile industry ranks amongst the top in the world. Pakistan is the world's fourth largest producer of cotton and the third largest consumer of cotton". Even though there is cheap labour (both skilled and technical), the capacity to increase production, and good entrepreneurship, Pakistan has a bad image due to terrorism which translates, amongst other things, into the loss of buyers, labour inefficiencies, and a shortage of new technology. According to the textile industry in Pakistan peaked during the 50s and 60s, due to the installation of new machinery as many new textile mills were set up, which gave the country a head-start in comparison to other neighbouring countries. However, during the 70s and 80s, the industry started to fall behind since the textile industry's leaders did not take the right steps to compete in the international market through modernization and innovation, mainly due to fear of the industry being nationalized as well as the lack of governmental support.

Today the textile trade worldwide is worth approximately USD $300 billion, and as the developed countries concentrate on the tertiary sector, there will be more scope for Pakistan and other developing nations to increase their production and market share and make profits. As textiles are the largest industry in Pakistan, they are directly affected by cotton prices and home production, as well as market demand. Accordingly, the sector needs to learn to take action in order to grow and face any obstacles that may come its way, such as increased yarn prices and the anti-dumping duty imposed by the European Union. It is important that the industry realizes its strengths and weaknesses in order to make the necessary changes to compete on the international stage.

Al Karam textiles

The Al Karam Textiles factory covers an area of one million square meters and has the capacity to take large, medium and small orders. It is one of the few textile companies that has its own yarn producing mill and is a supplier to the final customer in Karachi and also to international buyers. Al Karam Textiles, a pioneer in the textile industry, has a history which dates back two generations. The current owners took over in 1986, and since then it has expanded and turned into a modern company. The company used to have in-house designers, who were skilled artists in the textile field and aimed to provide best service to its customers and ensure on time delivery; however, this service no longer exists. Further, it cooperates with well-known international clients such as IKEA and Wallmart on a regular basis. The company is ISO 2000 certified and one of the two most popular firms in Karachi, its main competitor is Gul Ahmed Limited.

Al Karam Textiles, is a large, family run business with many owners. Currently there are ten owners directly involved in the running of the business. The company has 5,000 permanent employees and approximately 3,000 temporary employees, and it manufactures and supplies fabric both for the home and other wider industries. It produces bed linen (bed sheets, quilt covers, and pillow covers), which are only produced for export and not for sale in the domestic market, and it manufactures unstitched fabric-apparel purely for the domestic market. Other services provided by Al Karam Textiles are: spinning; weaving; knitting; dyeing and printing of woven and knitted fabrics; design; and lastly cutting and stitching.

Methodology and Research Design

An exploratory, qualitative, epistemological, phenomenological, and interpretive approach to research was adopted since the intention was to investigate the phenomena holistically from the stakeholders' point of view and study the structures of their subjective experiences and consciousness. This, in turn, allowed a better exploration of the Al Karam Textile company in terms of the challenges faced, and thus a better understanding of the dynamics and interrelationships involved, providing valuable and reliable knowledge that could be applied in the textile industry in Pakistan as a whole. Within this methodological framework, the aim of the research was to explore the extent to which internal and external environmental influences shape and direct leadership at Al Karam Textiles, one of the most esteemed textile companies in Karachi, Pakistan.

Over the summer period of 2010, semi-structured interviews were conducted using a convenience sampling method since one of the researchers had access to the top level of management and/or ownership. Thirteen people were interviewed in total. These included all ten owners, who were also the company's leaders and were involved in daily operations, and the three departmental heads from the financial, sales/marketing, and operations departments. These people ran Al Karam Textiles and had worked for the company since its establishment in the late 1980s. Thus, they were well placed to provide a thorough and in-depth picture of leadership within the company and to help uncover the factors that limited the company's growth. This in turn, increased the validity and reliability of the study.

Grounded theory was employed to analyze the data obtained, in an attempt to break down the data through open, axial, and selective coding stages. During the open stage, codes were identified which took the form of a word or a whole sentence (see Table 1: the codes are written in italic). Then the codes were compared and contrasted for similarities; similar themes were grouped together under the wider umbrella of concepts. Then, proceeding with the axial coding (Table 2), the concepts were further compared and contrasted and were grouped together based on similarities under a broader umbrella named categories. In this case, two categories were formulated: external environment/challenges and internal environment/challenges. Eventually, the data under categories were discussed under certain prepositions/headings. The wording of the prepositions was formed on the basis of the categories' themes and, therefore, similar themes were discussed together under common prepositions. Seven prepositions in total were formulated, the first five under the external environment/challenges category and the second two under the internal environment/challenges category. For the specific needs of this paper, however, some data were discussed under the introductory heading, Leadership in the Textile Industry in Pakistan. The reason for this was that it was considered important to provide some initial information on the way leadership is regarded within the industry in Pakistan. This initial introduction assists in the further comprehension of the subsequent prepositions.

The formulation of the prepositions was the final stage of analysis and no further analysis (in the form of selective coding) was carried out, since the purpose of the research was to come up with various factors that affect the application of effective leadership, rather than to derive a theory per se.

The *industry has become very competitive post the WTO quota regime* (code: industry has become very competitive post the WTO regime; concepts: economy; category: external environment). The market is growing but at the same time in the recent years there has been an increase in small competitors. *Cost of production* has increased because of *inflation* (code: cost of production; concept economy; category: external environment) which has grown rapidly. Thus at these times it is important to *maintain profits* rather than increase earnings (code: maintain profits; concepts: leadership effectiveness; category: internal environment). To be honest we have 85% of sales revenue coming from international customers namely IKEA and Wallmart so the local sales are not *significant, hence local competitors are not a major challenge but the increasing* costs of production such as rising *fuel prices, wage rates* increasing (code: increasing cost of production; fuel prices, minimum wage rates; economy; category: external environment).

Table 1: Codes identified in the form of word or whole sentence (in italics).

Categories	External environment/challenges	Internal environment/challenges
Prepositions	Managing raw materials is crucial in a textile company	Product quality is a crucial feature at Al Karam Textiles and products should reach the customer looking for high quality
	The factors that lead to increases in the cost of production have to be reduced	Branding is overlooked by Al Karam Textiles
	The removal of the quota regime in the textile industry, that was established by the World Trade Organization (WTO), hinders expansion	Investments should be made by entering the apparel market
	The government has a crucial role to play in the textile industry and in particular within Al Karam Textiles	There is a lack of proper human resource structure in the organization
	Corporate social responsibility (CSR) is paramount for Al Karam Textiles	

Table 2: Axial coding.

Reay argues in order to conduct a qualitative study, one must have sufficient systematically collected data of a high standard [14]. It is necessary for the researcher to ensure that the data meet this standard, and although there is no benchmark for determining the suitability of the qualitative data, it is the researcher's responsibility to make sure that it is both sufficient and appropriate. Secondly, the researcher had stated the importance of defining appropriate questions for the research interviews. The researcher must be very particular while formulating the research questions; they must be specific to the research topic and based upon a topic. Before formulating the research questions, the researcher must go along with the relevant literature review. The researcher must also explain the association between the research methods and the research topic [14]. This will enable the researcher to conduct the study successfully [30].

Findings and Discussion

External environment/challenges

Management of raw materials is crucial in a textile company: In the textile industry, the main raw material is cotton. However, yarn which is a semi-finished good also serves the purpose of a raw material since it is further used in the manufacturing process. Cotton based products such as textiles, apparel and yarn account for 60% of imports to Pakistan, yet the industry still suffers from various factors and is currently under-strength not strong enough. The production manager mentioned that a yarn shortage had recently been a problem. Although Al Karam Textiles has an in-house yarn mill it cannot supply sufficient yarn to process into finished goods. Hence, it buys from local suppliers. "The government is indifferent to that," he predictably said. Baqai reports that in January 2010 there was a global cotton crop shortage, thus there was also a shortage of yarn, and this resulted in great demand for products from big players such as China. In the first few months of 2010, China faced increases in the demand for yarn and its sales and export values also rose. Many Pakistani suppliers started selling directly to China since this was more profitable than selling to the local market. The production manager said "People were exporting yarn as there was a world shortage so it could be sold at high prices". He further added, "The local market has been suffering in the past two years because of the shortage in yarn supply".

India's ban on exports, imposed in May 2010, affected Pakistan as many Pakistani textile mills sourced their yarn from India. Although the ban was lifted shortly after, this created uncertainty for future orders, delays in the delivery of existing orders placed in India, and led to inflated prices because of the shortage created in the shorter term. The Al Karam Textiles production manager stated, "If the authorities intervene and stop the yarn producers supplying abroad this will result in a strike. A lot of times delays occur while negotiations take place and an agreement is reached". This has happened in the past leading to inefficiencies. All Pakistan Textile Mills Associations' (APTMA) Chairman, Anwar Ahmed Tata, said: "[…] because of the restriction on export of cotton yarn the spinners would be reluctant to import cotton and it is feared that there will be a shortage of raw cotton and yarn from April onwards. The government had placed restrictions on exports but this did not help as some shortage was still forecast because many yarn producers would be reluctant to import cotton". He thought the best idea would be to expand operations at their own yarn mill, owned by Al Karam Textiles, so that it could supply yarn, as needed, for production.

Al Karam Textiles has also tried vertical integration in the past, in order to expand and deal with the difficulties presented by the fact that cotton is a natural crop with annual variations in yield. However, as the owner argued, "[W]e have tried vertically integrating with the suppliers but it doesn't work in the longer run, since suppliers will sell their yarn where they can earn higher prices for it and send apology letters explaining that they couldn't deliver on time since there were issues outside the course of normal business, such as damage/theft of yarn stocks, amongst others". Al Karam Textiles tries to obtain the best prices by looking for short tenders offering a combination of reasonable best price and good quality available at a given time. This will help them to have greater control over the type/quality of yarn they choose from a varied range of suppliers, as supported by Subhani [31].

Al Karam Textiles should plan procurement of raw materials well in advance and invest in expansions such as acquiring another yarn mill. A possible solution could be negotiations with suppliers on terms that are beneficial for both, such as sharing a percentage of the profits with the suppliers, or prompt payment terms. As Ghani et al., argue, smart planning is required in order to achieve this, and the owners should invest in resources which will ensure a smooth supply of yarn for processing into finished goods [32]. An effective stewardship could be implemented within the organization, and the problem of raw materials could be addressed using the interpersonal skills of the leaders.

Cost of production is linked to ineffective governmental policies: "Inflation has led to a general rise in prices and it is an issue that has been dominant in Pakistan over the past decade," one of Al Karam Textiles' owners stated. Pakistan faced record high inflation in the year 2009, which in turn led to depreciation of local currency. Inflation has resulted in many problems such as labour demanding pay rises and an increase in the price of utilities. The chief financial officer at Al Karam Textiles pointed out that "[…] the minimum wage limit was Rs. 3,000 (approx. GBP 25) a few years back, it rose to Rs. 5,000 (approx. GBP 43) last year and this year again to Rs. 7,000 (approx. GBP 60)". Due to the recent inflation increase which led to low purchasing power, the low income group, to which most of Al Karam Textiles' workers belong, can now buy 50% less than they could buy in 2008. Thus, as one of the owners stated, workers always "demand a pay rise", and their call to increase the minimum wage every year is supported by the trade unions. However, so far, "[…] nothing of substance has been achieved".

Further, "[…] the fuel prices in Pakistan are very volatile and keep fluctuating," the chief financial officer argued. The price of petrol increased in February 2010 and, in total since July 2009, the price has increased four times and fallen twice. Therefore, it has increased over the longer term, adding to transport costs and hence an increased total cost of production. This makes the product more expensive compared to that of competitors in neighbouring countries. As one of Al Karam Textiles owners noted, "[O]ne of the main problems that Pakistan's textile sector faces is the high cost of production and electricity shortages". For instance, "[T]he power generation requires petroleum. However, the petroleum supply and products have been decreasing over the years. Massive electricity shortages lead to electricity load shedding for long hours every day," said the chief financial officer at Al Karam Textiles. This has affected the production of the manufacturing sector. Raheel Paul, the Marketing Director of Paul Textiles, said "[…] many factories have shut down because it is not feasible for small scale companies to run production units on in-house power generators. If they outsource half of the production, then the quality will suffer, or it will result in an increase in the cost of production." Around 25% of textile mills have closed down because of electricity shortages. The ineffective government policies have influenced the Al Karam Textiles's family run business to a huge extent. The role of stewardship leaders in overcoming those policies and formulating organizational objectives for their employees is challenging. Family run businesses in Pakistan have been greatly affected by the nationalization of the industries and the majority of them have suffered devastating effects. Thus, it is the challenging role of the leaders in a family run business to manage the governmental policies as per the organizational needs [33].

The government also increased the cost of electricity by 6% in 2009. One of Al Karam Textiles' owners said that "[…] the government should put a cap on electricity prices for the next couple of years so that companies can budget accordingly and will not suffer unavoidable increases in the cost of production. This is one of the reasons Al Karam Textiles has invested in gas generators for the entire company so that production will not be disrupted. Thus, production remains unaffected from the point of view that the machinery is running on-schedule but the cost of production is higher when power generators are used." The chief financial officer also added, "[T]here is a gas shortage in the country which is increasing every year as Sui Gas reserves have depleted and if this remains the case or the government keeps increasing the price of gas then soon the power generators will be useless to the company [...] since the time these power generators were installed, it has been beneficial to the firm as they are able to deliver to the customers on time but the cost of production is high". It is crucial that inefficiencies in the company are identified by applying different forms of analysis, so that ways of reducing the cost of production can be brought to bear to improve those areas [34,35].

With regard to handling fuel costs, "[…] alternative sources of fuel are being given consideration or bigger trolley trucks should be used so that a higher quantity of stock can be moved at one time," one of the owners noted, since petrol has a relatively inelastic demand and this cost has to be borne despite the increasing fuel prices. The textile industry should use gas as an alternative source of energy, a project that the government encourages currently as well, in order to aid the industry to better plan and manage its production process.

Another problem that increases the price of production is the cost associated with the storage and maintenance of buffer stocks. The sales manager said, "[…] there is stock lying in retail units". This is a liability for Al Karam Textiles if it remains unsold as the retailer does not own it but is merely a middleman who helps the product to reach the final customer.

"Their protection, storage and maintenance are costs to the firm since the stock needs to be protected. Buffer stocks have to be maintained on the basis of forecast sales to comply with the rules set by the international buyer," the sales manager revealed. Al Karam Textiles has two main buyers, IKEA and Wallmart, thus a constant supply has to be provided based on their forecast sales as the nature of the product is such that the 'just in time' method will not be feasible, mainly due to the availability of cotton and yarn. Secondly, "Al Karam Textiles owners would not risk spoiling their image in front of their international buyers if they are not able to deliver on time. If Al Karam Textiles produces the quantity of units as per actual demand then the whole supply chain could get disrupted," the sales manager continued. This could lead to a shortage and an inability to satisfy demand at a particular time. "Maintaining the buffer stocks is a cost to the firm and hence adds to the cost of production," the chief financial officer said. Flynn et al. and Rushton et al. argue, increasingly, logistics are becoming an essential part of corporate strategy since they can create value for customers, can save costs, implement marketing discipline, and intensify production flexibility, thus enabling the company to compete better in international markets [36,37].

The chief financial officer said, "[…] there is an increase in the cost of production because of increasing prices of raw cotton in recent times. The raw cotton prices are very volatile and keep fluctuating." In early 2010, cotton prices hit a record high and there was a shortage of 2.5 million bales, hence a better idea would be that cotton spinners and textile owners should jointly adopt 'long positioning'; that is, they should plan their stock in advance in anticipation that raw cotton prices will further increase.

Owners of the firm should think of ways in which storage and related costs, such as damage, pilferage, and loss, can be reduced to a minimum. They should also ensure that adequate security measures are adopted, such as the use of proper locks on warehouses, the granting of access to only restricted personnel, and ensuring that the warehouse environment is clean and organized. Moreover, Al Karam Textiles has no appropriate methods of choosing best tenders; at any given point in time, what seems appropriate is selected for procurement. A more organized way of collecting quotes for tenders through various suppliers should be devised and they should be analyzed and a choice made based on the price, quality and delivery time. Al Karam Textiles should bring changes through improvements in the engineering department so that wastage is minimal. Gallmann and Belvedere argue warehouse management is as important as inventory management for service delivery. This is because it accelerates and increases the accuracy of customers' delivery [38]. However, efficiency and accuracy are guaranteed when appropriate technology is adopted and relevant warehousing equipment used. Naruzzaman et al., also note that supply chain management practices, which entail bonded warehouses in Bangladesh in the textile and garment industries, create a competitive advantage from the business processes perspective [39].

Further, Kazmi states that Pakistan's textile industry faced a fall in exports as other competitor countries, which are equipped with advanced technology, skills, and better advertising, are speedily producing goods which are in demand and up to the latest fashion. It has become difficult for Pakistani companies to keep up with the general trends and lack of technical know-how which they need in order to compete. "Al Karam Textiles faces problems such as inflation, high cost of borrowing, electricity failures and regional competition," the marketing manager said.

The removal of the quota regime in the textile industry, which was established by the World Trade Organization (WTO), hinders expansion: Until January 1st, 2005, the WTO set export quotas for each country, so that Pakistan knew that it was able to annually export a fixed quantity. However, when the quota regime expired in 2005, after 30 years, it opened the doors for countries to trade on a competitive level [40,41].

One of Al Karam Textiles' owner says, "[…] looking from the broader perspective, post the WTO finishing the quota regime, it has been of benefit in helping Al Karam Textiles compete at an international level over the years. The difficulty that Al Karam Textiles faces since then is that the international buyers require compliance with certain standards which have to be fulfilled otherwise they will not purchase from us." Al Karam Textiles is able to comply with the requirements of these foreign buyers, concerning health insurance for all labourers, no waste disposal policies, being green, and other ethical considerations. This results in a constant increase in the cost of production as timely investments have to be made since the company is not competing just with local textile mills but internationally. Furthermore, he said, "[…] what helps Pakistan and the company is the availability of cheap labour, and loyal customers such as IKEA and Wallmart". Nevertheless, compliance with ethical codes of practice is essential in an ever-growing global environment especially when cooperation is with big players who try to avoid risks by being socially responsible [40]. Reis and Taglioni also note that many other orders were taken from buyers apart from these two main customers but due to the global recession their numbers have reduced [41-43]. These orders helped Al Karam Textiles to earn extra profits and the owner explained that, in accounting terms, "[…] fixed costs borne by the company are the same but these extra sales would bring extra profits which would be helpful in bringing the necessary improvement since competition is very high post expiry of the WTO quota regime". This has made it difficult for Al Karam Textiles to grow in recent years [42,43].

Governmental support is pivotal for development and growth of the textile industry and in particular within Al Karam Textiles: Before 2009, interest rates were as low as 3% - 4%, but since then they have more than doubled, making borrowing very expensive for the textile mills. The chief financial officer noted, "[…] despite easier channels to get loans for further investments they prefer not to borrow". The government supports the textile industry and has made it easier for textile companies to take out a loan than for other types of company. The chief financial officer continued, "[…] the international buyers have applied a risk management strategy", which means they do not buy from just one supplier. So, he added "[…] it's not worth the financial cost borne to bring necessary advancements for expansion" as the suppliers will not increase the quantity purchased. They usually buy from seven different suppliers. The financial costs have increased and the global recession in the last few years has resulted in a fall in demand, making investment decisions more risky. In 2009, investments in textile plant, equipment and machinery were reduced by 6.4% compared to the previous year.

The chief financial officer went further, saying "[…] the government offers a subsidy of approximately 2% on the year's turnover for research and development". Although this money at Al Karam Textiles usually adds to the profits, there is pressure from the IMF to stop subsidizing the textile industry. He also added "[…] that many opposition political parties are in favour of the textile industry standing on its own feet and no support should be granted since the textile industry has been dependent on the government since 1947". These funds should be used to support other business sectors in the economy. The IMF has asked the Pakistani government not to reduce the discount rate due to the recent increase in inflation in Pakistan since lowering the discount rate would increase the money supply in the economy and increase inflation yet again [42].

The government has prepared a case giving reasons for Pakistan to become a 'preference state' and this should quicken the process of negotiating with the European Union and other countries so that they buy from Pakistani exporters, giving them priority over other countries exporting similar goods. An owner of Al Karam Textiles said that "[…] reasons for Bangladesh to thrive in the textile sector are primarily that they are treated by all the major companies as a 'preference state'". They have built up an image, in the western world, for being credible. This means if the international buyers have a choice of buying similar items, available both from Pakistan and Bangladesh, then they will prefer to buy from Bangladesh. One opportunity came from the Kenyan government, which asked Pakistan to export textile items and machinery. This is an immense opportunity which the Pakistani textile exporters should definitely explore. The government should assist by making it easier for textile exporters to channel their products to Kenya and to similar countries with which Pakistan can build good trade ties and which welcome Pakistani businessmen with trade opportunities [44].

Another challenge that the industry faces is the issue of security that makes foreign buyers reluctant to come to Pakistan. An Al Karam Textiles owner of says, "Bangladesh does not produce a cotton crop and has to import it but it is still doing better than Pakistan today since they have unity among their people, the security system is good and foreign buyers are willing to buy from them." Furthermore, the image of Pakistan was tarnished post 9/11 and the war on terrorism with the United States of America, since Pakistan is an Islamic state [45,46].

Additionally, there are different political parties in Pakistan with varied self-interests and when the government acts in ways that are not favorable to them they resort to violence and strikes. There are frequent calls for strike action when their interests are not supported by the government leading to a loss of productivity [47,48]. Al Karam Textiles is sited in the area where all the factories and mills are located in Karachi, Pakistan. "This location in Karachi makes it too difficult for the workers to work late hours at night as it is unsafe for them to get back home," the sales manager said.

He also pointed out that, "[…] there are too many textile associations and too many different policies that they keep setting on a regular basis for the textile sector. The ministry keeps making different amendments to the policies on issues raised by the textile or governing bodies; […] it makes it difficult for the owners to plan a course of action for the firm". The government should ensure the security system is good and should keep the political conditions steady, since political instability makes international buyers unwilling to deal with Pakistan. The government should work hard towards improving the image of the country and the ambassadors of Pakistan to other countries should explore trade opportunities for the textile sector in those countries [48].

Corporate Social Responsibility (CSR) is paramount for Al Karam Textiles: The chief financial officer noted, "[…] there is a strong influence from foreign buyers to comply with ethical, environmental issues. This results in business increasing through increasing orders with the customer […]. Al Karam Textiles has invested in an effluent treatment plant and it believes in a zero-discharge policy. Thus there will be no harmful waste disposal from the manufacturing plant." The owner complemented this by saying, "[…] Al Karam Textiles, as part of its CSR policy, invested in schools and health programs such as health insurance for all the workers". This is also one of the prerequisites for international buyers like IKEA and Wallmart. The chief accountant said, "[T]hey require that suppliers they deal with should get 100% health insurance for their workers and socially comply with standards such as a no waste policy and policies regarding going green". This corporate self-control, due to external pressure, could become general practice and part of the system in the textile industry so that even companies who do not have these external influences will be willing to invest in equally high standards [49-52].

Internal environment/challenges affecting Al Karam Textiles

Product quality is prime at Al Karam textiles and marketing and branding should target quality focused customers: The quality of the goods and services sold makes a big difference when chasing loyal customers and repeat sales. Al Karam Textiles has always had high quality standards, in many cases bearing the extra costs to maintain and upgrade its technology and processes to retain that quality. "This is a problem at times when the customer doesn't require a certain level of high quality," the sales manager said. The customer specifications vary in terms of the quality they require, as these customers demand a wide range of goods for households of all incomes. Al Karam Textiles provides one type which is high in quality but the customer does not pay for that high quality but rather pays as per the specifications demanded. This means that Al Karam Textiles loses out on the extra profit that could be made if it did not spend on producing only high quality goods. He further added, "[…] the owners at Al Karam Textiles do not specify what class/grade yarn is being used to produce the bed sheets and other goods line". Different quality variations should be produced as per the international buyer specification, as the extra costs incurred to provide a higher quality are not valued or paid for by the international customer. It is vital that efficiency is improved in the company as intense competition and the current economy make it quite difficult to sustain the market share. This is also supported by Raja et al. (2011) and Rajput et al. [53,54].

Further, the marketing manager argued, "[…] recently many new entrants have come along as the government reduced entry barriers. These new firms captured a portion of the reducing total market share for Pakistani textiles as they compete on efficiency and quality," and, therefore, it is very important to balance cost and the quality needed by the buyer, thus satisfying them without bearing the extra costs. "If the customer requires high-quality he will be willing to pay an additional price for that premium quality," he further added. Thus, Al Karam Textiles should produce variations in quality of the different lines of goods, but this can only be done if the process and technology used supports the move and the owners need to take steps in this direction. As Soomro et al. note, brand quality is the reason why most consumers choose a product while price and packaging are of subordinate significance [55]. The quality-focused customers will take an interest in the company's products if encourages to look at the brand value of the company. The brand value of a company might be developed by promoting the brand image of a family run business. Family run businesses have significant resources which give them a competitive advantage over non-family run businesses. When the non-family run business is competing for a brand image in the marketplace, it has to overcome the brand image of the family run business. However, the family run business has to maintain the quality of its products and services in order to retain its value in the marketplace. Therefore, it is the primary duty of the organizational leaders to communicate to their employees the need to maintain quality of products and services. When the employees are able to understand the need for quality of products, the organization will be able to transform and provide an effective service for its customers.

Branding can make or break a product. It helps the product reach its target audience. The marketing manager argued, "[…] branding is important for finished goods". The lawn that is available for the local market is for high-income people and is of very high quality. The lawn product needs to be branded and marketed accordingly and it suffers because of this. The marketing head added, "there is no branding strategy […] the market is growing so we need to tap into it". Therefore, as the lawn is made in different prints and colours suitable for all age groups, Al Karam Textiles should create different labels and pricing strategies for their range of goods to better target the diverse market segments that they want, based on the segment's profile. Market research could help in understanding how to brand the lawn range making it easier for the customers to choose [56].

Moreover, the marketing manager suggested that Al Karam Textiles should expand into retail. He stated, "Al Karam Textiles should brand its products to reach the local customers directly since other distributors and suppliers will not be able to communicate the message in the best possible way." The image of Al Karam Textiles providing a high-class contemporary lawn range could convince customers to pay a high price because they think they are receiving value for money. The image can be created with a brand name but the product should also satisfy the customer's expectations [57]. Additionally, the marketing manager pointed out, "[…] at times there is conflict between the owners and distributors of Al Karam Textiles. Since, the distributors are in direct contact with the customers, the feedback on customer demands mainly comes to the owner through the distributors. […] the owners having a more traditional approach do not approve of new designs and colours. They want to stick within the popular colours and patterns rather than experiment with innovative design prints and colours." Opening a flagship store could give direct contact to the customers, hence giving a better insight into consumer demand [58].

Al Karam Textiles has established its name in the textile industry and is profitable enough to experiment with its range, therefore the owners should use this as a strategy within the company. For instance, in 2005 many famous designers were hired, such as Rizwan Beyg and Hassan Shehryar (HSY), as guest designers for lawn prints. The chief accountant stated, "[…] this proved very successful in terms of sales". However, the owners of Al Karam Textiles did not venture to do this again as they thought they would lose control over the designs and would become too dependent on the external designers. This shows that an orthodox approach to leadership exists, which has to be changed for the benefit of the company and for the industry to improve as a whole. Equally, as the marketing manager argued, "[…] the leaders are of the opinion that, since they are earning profits they can't be bothered to enter new ventures and take risks". However, experience has indicated that this mind-set has to change in order for the company to retain and increase its successes, while taking risks, which could lead to innovation, is paramount in a constantly changing global environment [59,60]. Further, the company lacks a strategic vision, while lack of governmental support which would facilitate investment in the apparel industry hinders even further the chance of it taking an investment risk [61].

The profit margin is high in producing and selling clothing, as the sales department head said: "[…] the yarn used to make a double bed sheet, which is a single product, has a fixed profit margin in its selling price. However, the same yarn can be used to make maybe four shirts, which means the profit margin is multiplied by four thus high profits can be earned."

In bed linen lines or even denim goods the margin of error is big, as variations are acceptable because of the nature of the goods. In contrast, apparel goods such as shirts and tops need to be perfect, and international fashion houses will not accept any mistake that does not comply with the specifications. The chief of operations said, "[…] the government should give protection to the companies and assist them, so that the risk of investment can be taken and they can expand business". Since Al Karam Textiles operates in a competitive international environment, entry into the apparel business would definitely increase textile earnings and also gain for it a wider world market share of the textile sector [61]. Associating Al Karam Textiles with a well-respected international apparel company and designer could help to create a trusted and reputable brand name for the company. As the marketing head stated, "Al Karam Textiles should tap this market because it is huge, and it should try to associate itself with an international brand, so that finding international customers is not an issue". He continued by adding that another competitor "[…] is associated with international designers and clothing houses such as Marks and Spencer," which means the product is available in the international market and has a brand name too. "The brand name is already known by everyone and trusted for its quality and high-class reputation," he further added. The quality of cotton is high and this is a unique selling point for the textile companies in Pakistan when they seek to associate with international fashion houses to capture the international market [62].

Inadequate human resource structure hinders operations within the organization: Too many owners of Al Karam Textiles are actively involved in the running of the company. This means decisions cannot be made quickly as they have to be approved by all the owners first, and they might disagree on the action to be taken. The sales manager said, "[…] there is a lot of 'fire-fighting' that basically means there are far too many things the owners are looking at on a daily basis so that they cannot devise a plan for the future". The culture of the company is to face challenges as they arise, including labour issues, equipment failure and operational issues, and political crises in the city such as strikes. The sales head noted, "[…] no quick decisions are taken and most of the time is wasted analysing the issue". There is no human resource department, thus no policies and procedures exist to deal with staff related problems, so whenever an issue arises the owners have to decide how to address it, as the managers are not at liberty to decide on their own. He further added, "[…] the decisions of the owners are based on intuition and are not based on facts". This indicates that if the owners felt that a certain product was in fashion, they would venture into production without conducting proper market research and weighing the disadvantages and advantages before implementing a proposal. This is also supported by the research of Tipu et al. [60].

Within the company, the owners are called 'Seths', an Urdu word which means 'lord', and even though the 'lords' are friendly, this is indicative of an autocratic and rather traditional style. This is a big issue as even the managers refer to the owners as Seths, which implies that there is a certain distance between employees and owners. There are ten owners, all of whom actively participate in the day-to-day running of the company. This shows that there is no independence between management and ownership.

Further, the owners do not focus on the broader aims of the company, such as studying market trends and identifying new investment opportunities, whilst no time and resources is spent training staff, which is of paramount importance for the organizational success of a firm, as Hansson argues [63].

The head of sales said, "[…] time and commitment has to be put in by the owners to take the company towards a successful direction". Furthermore, the staff should be given more motivation by involving them in regular meetings with low level management on either a weekly or monthly basis. These meetings should provide an opportunity for the workforce to voice their opinions, for instance on how the company can be improved, or on the market. He further added, "[…] maintaining good relations with workers is important as it leads to team building and instils a sense of ownership among the employees. Bonus incentives, acknowledgement of good performance, do not exist in Al Karam Textiles as there are no specific ways of measuring exceptional performance." It is important that policies and procedures are formed to further motivate staff, whether they take the form of bonuses, or encouragement to become involved with operational procedures [64,65].

The chief operations manager pointed out that "[…] staffs are usually recruited on references and recommendations rather than on a merit basis". There are 'ghost' employees also which means that when political parties come into power they ask the textile companies to employ their party workers. "These workers never show up for work as they are busy doing their political party work but salaries are dispersed to them every month as their name is on the payroll," he further added. The owners have accepted these 'ghost employees' as extra costs to the firm that have to be borne. Ozler and Buyukarslan argue that in developing countries favouritism has created an ethical problem in many companies since more often than not it is confused with altruism, reciprocity and/or other benevolent behaviours [66]. Consequently, hiring based on kinship or friendship might violate ethical and fair decision-making and lead to discrimination and loss of profits. It is the duty of the organizational managers to provide human resource management which ensures that the productivity of the company is maintained. The leaders of a family run business should provide effective training and development programs to non-family members in order to promote in them the idea of organizational growth. It is the principle duty of the managers of family run firms to maintain the skills and qualities of their employees using proper human resource management techniques [67].

Further, the children of the owners have acquired foreign education from renowned universities and have joined the company. "They are very enthusiastic as they join at first but as they see that they cannot change the views of their father and uncles, over time they give in and become one of them," the marketing head argued. The young owner is treated as inexperienced, and his/her ideas require too much investment, which can be risky for the company. The traditional owners are more content with the way they have practised for years. Change comes slowly and gradually and Al Karam Textiles, being a popular textile company, is cautious about being the pioneer of change. However, Khattak and Khan note there is a direct link between economic growth and education in Pakistan. This is because it contributes not only to an increase in income per capita but also to economic sustainability [68].

Conclusion

In Pakistan, most textile companies like Al Karam Textiles are family owned businesses run and managed by their owners. Al Karam Textiles requires a more robust and effective leadership style to bring about the changes needed to tackle current challenges and promote expansion. In particular, it is crucial that three factors are addressed:

more robust and effective leadership; more efficient use of resources; and maintaining strong links with its suppliers. The style of leadership adopted in the company is a traditional autocratic one. There is no devolvement of power and it is only the owners who make decisions. There is no awareness of new managerial trends; there is no investment in employees; there is a lack of communication between all levels, and they take no account of constructive feedback and innovative ideas. Nevertheless, a participative approach to management could lead to more efficiency while a delegation of authority could improve operational work, and team building could create a sense of ownership among the employees. It could be concluded that, with the help of a transformational leadership style, the leaders of family run firms can communicate the issues of the business to non-family members of the organization. Stewardship is one of the core aspects of family run businesses that enable the transformation of organizational values to the non-family members of family run firms.

Further, it is important for Al Karam Textiles to maintain a strong relationship with suppliers so that it can achieve good prices, instead of being overly dependent on factors that affect the cost of raw materials. Steps should be taken to reduce the costs related to the theft of expensive buffer stock while goods are in the warehouse in the form of semi-finished and finished goods. These goods are prepared in advance to meet the heavy demand during busy seasons. Radio Frequency Identification (RFID) could be implemented in the textiles industry as this would increase security, hence the chances of pilfering would be minimal. Also, this would lead to time savings, resulting in efficiency, as each item would no longer need to be scanned through a barcode reader. Thus, the stock counting process would be faster and more accurate since the chances of making an error would be eliminated. It would be interesting to see future work exploring the change that young new leaders could bring to the industry if given the chance to implement innovative ideas away from the current autocratic leadership style.

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