# Stability through Resilient Leadership: A Qualitative Case Study on Employee Retention in Sri Lankan Apparel Sector

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## Abstract

Employee retention is a critical issue for small and medium-sized enterprises (SMEs), especially in developing economies facing economic and social disruptions. This study explores how resilient leadership contributes to employee retention in a medium-scale apparel SME in Sri Lanka. Using a qualitative single-case study design, data were collected through six semi-structured interviews, document analysis, and field observations. Thematic analysis revealed four aggregated leadership practices that supported long-term employee retention: emotional care during crisis, inclusive workplace culture, internal career development, and moral, community-oriented leadership. These findings demonstrate how resilient leadership is characterised by adaptability, trust-building, and ethical consistency which helps sustain employee commitment and workplace stability. The study also shows how elements of transformational and transactional leadership were embedded within a broader resilience leadership approach. This research contributes to leadership and HRM literature by offering empirical insights into how SMEs in resource-constrained settings can retain workers through informal, values-based leadership. Practical implications are provided for SME leaders aiming to build committed, inclusive, and stable workforces during and beyond times of crisis.

**Key Words:** Apparel Industry, Employee Retention, Qualitative Case Study, Resilient Leadership, SME, Sri Lanka

# Introduction

Employee retention has become an important issue for SMEs, especially in labour-intensive industries that face unstable economic conditions. In these situations, leadership plays a key role, not only in improving performance but also in keeping employees motivated, engaged, and willing to stay. While international research highlights the role of transformational and transactional leadership in improving employee retention (Bass & Bass, 2008; Avolio et al., 2009), recent studies focus more on resilience leadership. This form of leadership is seen as more suitable in uncertain and challenging environments (Duchek, 2020; Baah, 2015). Resilience leadership is the ability to handle disruptions, keep the organisation stable, and ensure continuity by focusing on employee well-being, adaptability, and ethical responsibility during difficult times (Duchek, 2020).

Even though there is growing interest in the concept, there is limited research on how resilience leadership helps employee retention in SMEs, especially in developing countries. In Sri Lanka, SMEs contribute about 52% of the country's GDP and provide many jobs in manufacturing (Central Bank of Sri Lanka, 2023). Yet, employee turnover remains a serious problem. The apparel sector, which is the largest export industry in the country, has been badly affected by repeated disruptions such as the COVID-19 pandemic and economic instability. This has caused increased employee turnover, skills shortages, and worker dissatisfaction. In this challenging situation, it is important to understand how leaders in SMEs manage to retain employees through resilience-based leadership.

This study addresses this issue by looking at Rowanthi Garments, a medium-sized apparel SME in Sri Lanka that has achieved unusually high employee retention, despite the instability in the sector and limited external support. The company is SEDEX-certified, operates in both local and export markets, and has introduced several resilience-related practices that not only keep production going but also build strong employee loyalty. These practices include crisis support for employees, a caring and inclusive work culture, structured career development, and strong ethical leadership from the owner. These actions are not required by external regulations but are based on the leadership values of the company's owner, showing how both transformational and transactional leadership styles support resilience.

To explore this issue, the study focuses on the following research question: *How does resilience leadership contribute to employee retention in a resource-constrained apparel SME in Sri Lanka?*

The study uses semi-structured interviews with the company's owner, co-directors, and staff from HR and operations. It also includes field observations and document analysis to explore how resilience leadership works in practice and how it supports long-term employee stability. The study combines resilience leadership theory (Duchek, 2020), transformational and transactional leadership theories (Bass & Bass, 2008), and research on employee retention in developing countries (Haney et al., 2020), to provide a clear understanding of how leadership works during times of disruption.

# Theoretical Framework

## Resilience Leadership

This study mainly uses resilience leadership theory, with support from transformational and transactional leadership theories. These theories help explain how leaders in low-resource SMEs retain employees during difficult times (Bass & Bass, 2008; Avolio et al., 2009; Duchek, 2020). Resilience leadership focuses on how leaders help organisations survive and adapt during disruptions and crises (Duchek, 2020). Unlike traditional leadership styles that assume stability, resilience leadership deals directly with uncertainty and focuses on both preparing for and responding to challenges (Lengnick-Hall et al., 2011). Resilient leaders promote learning from problems, build strong support systems, and maintain a clear direction during uncertain times (Baah, 2015). In SMEs within developing countries, this leadership style is especially useful because it helps maintain trust, emotional safety, and commitment of employees during health or economic crises (Denyer, 2017; Duchek, 2020).

A key part of resilience leadership is the ability to handle disruptions, reorganise operations, and learn from experiences (Duchek, 2020). In industries like apparel manufacturing, resilient leaders offer emotional and structural support, which helps retain employees (Williams et al., 2017). Leaders who show genuine care for employee well-being- such as job security, health support, and work-life balance build loyalty even in environments with limited resources (Boin et al., 2010; Baah, 2015). These actions reflect both adaptability and strong moral values, especially in small firms where owners are directly involved in employee matters (Spence, 2016). Resilience leadership also involves planning for future risks and creating systems to help employees deal with stress and uncertainty. This includes open communication, backup planning, and health support systems (Duchek, 2020; Denyer, 2017). When employees feel that their leaders are caring, stable, and committed to shared success, they are more likely to stay with the organisation (Vogus and Sutcliffe, 2007).

To add to this understanding, the study also draws on transformational leadership theory, which focuses on inspiring and motivating employees to do more than expected (Bass and Bass, 2008). Transformational leaders create emotional bonds, support creativity, and help employees grow professionally. These are key factors to improve employee retention (Avolio et al., 2009). Resilience leadership provides a more practical approach by including failure, learning, and adaptability in leadership (Duchek, 2020).

Transactional leadership, on the other hand, is about following rules, setting goals, and using rewards to motivate employees (Bass and Bass, 2008). This style may seem strict, but it helps SMEs by providing job clarity and performance-based rewards, which can increase job satisfaction (Avolio et al., 2009). When combined with resilience leadership, transactional practices can help set up systems like attendance bonuses, skill-based pay, or promotion paths that support employee retention. Hence, this study uses resilience leadership as the main framework to understand how SME leaders retain employees in difficult situations. It also uses transformational and transactional leadership theories to explain how motivation, structure, and adaptability work together in practice.

Resilient leadership, as used in this study, refers to the leader's ability to anticipate, absorb, and adapt to disruptions. It also involves maintaining employee trust, well-being, and stable operations during difficult times (Duchek, 2020; Denyer, 2017). This form of leadership includes moral values, care for people, and the flexibility to adjust strategies. These qualities are essential in SMEs that face uncertainty and limited resources. Resilient leadership is not a separate leadership style. It is better understood as a combination of both transformational and transactional leadership elements (Baah, 2015; Lengnick-Hall et al., 2011). Transformational leaders build trust and emotional bonds. They motivate employees and support their growth. Transactional leaders provide clear goals, monitor work, and offer rewards. Resilient leaders often shift between these two approaches, depending on the situation. For example, during a crisis, transactional methods can help ensure rules are followed and basic tasks are completed. At the same time, transformational behaviours such as empathy and encouragement can help employees feel hopeful and supported (Duchek, 2020; Avolio et al., 2009). In small businesses like Sri Lankan SMEs, where formal systems are limited, this balanced leadership approach is more realistic and effective. According to scholars, resilient leadership blends structure with care. It draws from both transformational and transactional styles but is grounded in ethics and strong relationships (Spence, 2016; Baah, 2015). This mix allows leaders to respond to disruptions while keeping employees committed and stable.

**Employee Retention in SMEs in Sri Lanka**
Employee retention means an organisation's ability to keep its employees over time, helping reduce staff turnover and maintain a stable workforce (Govaerts et al., 2011). In Sri Lanka, SMEs make up more than 75% of all businesses and play a key role in providing jobs and supporting the economy (Department of Census and Statistics, 2023). Because of this, keeping employees has become a serious challenge, particularly during recovery periods after crises like the COVID-19 pandemic and the recent economic crisis.

According to Opatha (2009), retaining employees in Sri Lanka depends not just on salary or financial benefits, but also on non-financial factors such as job security, respect, meaningful work, and emotional connections at work. These factors are even more important in SMEs, where relationships are more personal, supervision is close, and communication is often informal. Since Sri Lankan SMEs often work with limited money and resources, the quality of leadership becomes a key reason why employees choose to stay or leave (Opatha, 2009). Leadership practices such as honest communication, emotional and welfare support, chances for personal growth, and creating inclusive workplaces are therefore very important for employee retention in this setting (Spence, 2016; Gond et al., 2011). These actions reflect the ideas behind resilience leadership, where the leader's ability to manage stress, maintain trust, and protect employees during hard times strongly influences how loyal and committed staff remain (Duchek, 2020).

In Sri Lankan apparel SMEs, employee turnover is often made worse by low pay, unstable markets, people leaving for foreign jobs, and increasing living costs (Central Bank of Sri Lanka, 2023). Still, some companies- like the one studied in this research, manage to keep employees even in these difficult conditions. These businesses usually focus on internal promotions, staff health and welfare, and ethical leadership. These efforts are linked to resilience, transformational, and transactional leadership styles (Bass and Bass, 2008;

Baah, 2015). In such organisations, leadership is not just about running the business and it also involves strong relationships and moral values that create a workplace where employees feel cared for and respected. Therefore, in resource-limited countries like Sri Lanka, where SMEs are a key part of the economy, employee retention cannot rely only on financial rewards. Leadership that builds trust, fairness, and future opportunities plays a bigger role in keeping skilled employees, maintaining productivity, and ensuring long-term business success in uncertain times (Vogus and Sutcliffe, 2007; Avolio et al., 2009).

# Methodology

**Research Design**

This study adopts a qualitative single-case study design to examine how resilient leadership contributes to employee retention within a Sri Lankan SME. A single-case study is appropriate for this research because it facilitates an in-depth exploration of real-world leadership behaviours and organisational practices within the firm's natural context (Yin, 2018). The aim is not to generalise across all SMEs but to generate rich, context-specific insights into how one organisation leverages leadership to retain its workforce during challenging times. Rowanthi Garments was purposefully selected as the case due to its information-rich profile and theoretical significance (Patton, 2002), especially given its demonstrated success in maintaining employee retention amid post-pandemic recovery, labour shortages, and macroeconomic instability in Sri Lanka.

A single-case design is considered valid when the case is unique, extreme, or revelatory, offering new insights into phenomena that are poorly understood (Yin, 2018). Rowanthi Garments demonstrates unusually high levels of employee retention, a resilient and inclusive work culture, and proactive leadership behaviours during times of disruption. While many SMEs in Sri Lanka's apparel industry have experienced workforce reductions or closures during recent crises, Rowanthi has continued to offer job security, emotional and health-related support, and internal career advancement opportunities. These characteristics make it an ideal case for studying how leadership rooted in resilience can help sustain a committed and stable workforce in resource-constrained settings.

**Case Context and Selection**

Rowanthi Garments is a medium-sized, SEDEX-certified apparel manufacturer located just outside Colombo, Sri Lanka. Established in 1990, the company has grown steadily over the past 30 years and now employs more than 200 workers. Rowanthi specialises in cut, make, and trim (CMT) services, as well as full-package garment production for both local and international markets. Its product range includes shirts, blouses, dresses, and boxer shorts, with a strong focus on high-quality and ethically made clothing. The company operates a vertically integrated factory, meaning that all major processes including cutting, sewing, finishing, and packaging are completed in-house. It maintains strict quality control throughout production. About 60% of its customers are from Sri Lanka, while the remaining 40% are international buyers, mainly from the United Kingdom and the United States. Rowanthi is particularly recognised for its ethical business practices and commitment to social responsibility, as shown by its SEDEX and GOTS (Global Organic Textile Standard) certifications. The company is managed by a family-based leadership team, including the founders, co-director, and senior managers. Together, they have developed a strong internal culture focused on employee welfare, transparency, and

mutual respect. Their leadership combines formal systems with informal relationships, which supports flexible decision-making and employee-centred policies.

Rowanthi was selected for this study using purposive sampling, based on early knowledge of its exceptionally low employee turnover, strong crisis response, and leadership-led retention strategies. During the COVID-19 pandemic and the following economic crisis in Sri Lanka, the company retained its entire workforce, continued salary payments, and expanded staff support—including healthcare services, free meals, and subsidies for housing. These actions, led by the owner and senior management, clearly reflect resilience leadership in a resource-limited environment. Due to its ability to maintain workforce stability during difficult times, Rowanthi Garments represents an information-rich and meaningful case for understanding how resilience leadership contributes to employee retention in the Sri Lankan SME apparel sector.

**Data Collection**
Data were collected using multiple methods to ensure credibility through triangulation. These included:
Semi-structured interviews: Six interviews were conducted with individuals occupying different leadership and operational roles in the company, including the owner, co-owners, the HR manager, the technical manager, and the operational head. Interview durations ranged from 45 to 90 minutes. Interview questions explored leadership behaviour, employee support systems, motivation strategies, and retention outcomes. This sample size is appropriate for a single qualitative case study, where the goal is to gain depth rather than breadth (Yin, 2018). A purposive sampling strategy was used to select information-rich participants who had direct experience with the leadership practices under study (Patton, 2002). The six interviewees represented all key leadership functions in the company. Moreover, data saturation was reached by the sixth interview, as no new themes or insights emerged (Guest, Bunce, & Johnson, 2006). Therefore, the data collected from these six individuals provided sufficient depth and credibility to answer the research question.

Company documents: Internal documents, such as compliance certifications, organisational charts, and training records, were reviewed to understand the formal structure and systems in place.

Field observations: The researchers visited the site and observed interactions between managers and employees, workplace arrangements, and physical safety provisions. These observations helped validate and enrich the interview data.

All interviews were conducted in the participants' preferred language (Sinhala or English), recorded with consent, transcribed, and later translated into English for thematic analysis. Ethical clearance was obtained, and all names and identifiers were anonymised to maintain confidentiality.

**Table 1. Interviewee Information**

| Interviewee Code | Position | Gender | Years in Role | Language |
|---|---|---|---|---|
| R1 | Owner | Male | 35 | Sinhala |
| R2 | Co-Director | Female | 05 | English |
| R3 | Co- Owner | Female | 35 | Sinhala |
| R4 | Technical Manager | Female | 10 | Sinhala |
| R5 | HR Manager | Female | 10 | Sinhala |
| R6 | Operations Manager | Male | 09 | Sinhala |

## Data Analysis

The data were analysed thematically using an iterative coding process. First, transcripts were read multiple times to identify patterns related to leadership behaviour and employee retention. Initial codes were generated both deductively (based on theory) and inductively (emerging from the data). These codes were grouped into broader themes, such as health support, emotional safety, upward mobility, and inclusive leadership. To improve trustworthiness, triangulation of sources (interviews, documents, observation), member checking with key informants, and peer review of coding decisions were applied. This approach ensured that the findings accurately reflect the lived experiences of both leadership and employees within Rowanthi Garments. The final thematic structure is presented in Figure 1.

**Figure 1. Thematic Structure: Resilient Leadership and Employee Retention**
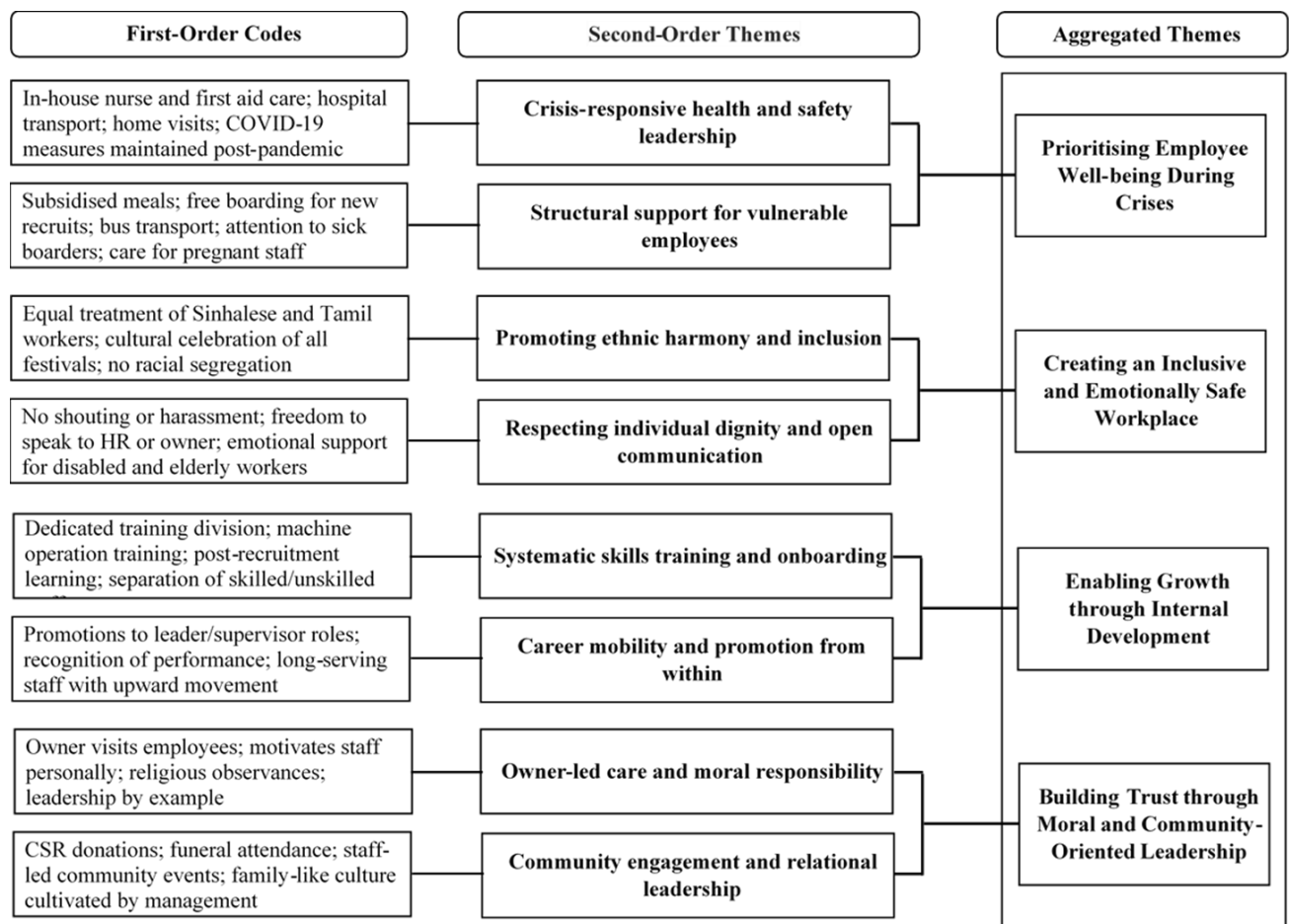
# Findings
## Prioritising Employee Well-being during Crises

Rowanthi Garments showed a strong dedication to employee well-being during the COVID-19 pandemic and the following economic difficulties. This dedication, based on both ethical values and practical planning, reflects the principles of resilience leadership, which focuses on supporting and protecting people during and after times of crisis (Duchek, 2020). Within this area, two key themes were identified: crisis-responsive health and safety leadership, and structural support for vulnerable employees.

### Crisis-Responsive Health and Safety Leadership

A key feature of leadership at Rowanthi Garments was its proactive approach to employee health and safety. During the COVID-19 pandemic, the company introduced strict safety measures, such as maintaining physical distance in the workplace, daily sanitisation, and even stopping production temporarily during high-risk periods. Employees recalled that these decisions were made quickly and firmly by the leadership, even when it meant financial losses, in order to protect workers. The owner said:

*"Even if we face losses, we must not risk workers' lives. That was the policy"* (Owner).
The company continued these safety practices even after official health guidelines were lifted. A full-time nurse is still available on-site to provide first aid and help arrange hospital visits. Employees mentioned that the nurse also accompanies staff in emergencies.

*"If someone faints or has a sudden illness, we have our own nurse… She arranges hospital transport, even sends someone to accompany the worker"* (Wasanthi, Co-owner).

These efforts highlight the anticipatory and absorptive strengths of resilience leadership, where leaders respond to crises with well-prepared and supportive systems (Duchek, 2020). They also reflect transformational leadership, as leaders consistently placed employee safety above productivity, helping to build trust and strong moral relationships (Bass and Bass, 2008). Many interviewees mentioned that even small injuries were taken seriously, with the owner or senior managers personally checking in. This visible concern created emotional security and a sense of shared responsibility between staff and management. These actions helped build a strong psychological contract, which supported long-term employee retention.

Such proactive health and safety measures represent key aspects of resilience leadership-especially anticipation, absorption, and adaptation which help companies protect their workers while continuing operations during uncertain times (Duchek, 2020; Lengnick-Hall et al., 2011). By putting employee well-being first, even when it led to financial costs, Rowanthi's leadership showed moral resilience (Baah, 2015; Boin et al., 2010). These actions fostered psychological safety, which is an important foundation for employee loyalty and commitment (Avolio et al., 2009). In Sri Lankan SMEs, where formal protection systems like labour unions are often weak, personal and visible leadership becomes even more important. When employees feel genuinely cared for, they are more likely to stay loyal and emotionally connected to the organisation (Opatha, 2009). In this way, resilient

leadership not only reduces the negative impact of crises but also actively supports long-term employee retention through trust and shared values.

**Structural Support for Vulnerable Employees**
Beyond responding to emergencies, the leadership at Rowanthi Garments introduced regular welfare practices to support the everyday needs of its employees. Workers from rural areas are provided with free accommodation, while others receive subsidised meals and bus transport. Pregnant employees and sick boarders are given extra care, including home visits and extended leave when necessary.

*"We give them food… we don't let the boarders suffer… even pregnant staff are taken care of specially"* (HR Manager).

*"If a boarder is sick, the co-owner personally checks on them or sends someone. It's not just HR's job"* (Technical Manager).

These actions show the stabilising role of resilience leadership by offering security, access to basic needs, and emotional support during uncertain times (Baah, 2015). This organisational care also reflects transactional leadership, as regular welfare support builds trust and encourages employees to stay engaged with their work (Avolio et al., 2009). Several employees explained that new workers from outside towns are not only given housing but also personally guided by team leaders and co-directors during their first weeks. These efforts help new staff adjust smoothly, reduce the risk of them leaving early, and strengthen the company's image as a supportive employer.

Such structured welfare support highlights the buffering strength of resilience leadership, which helps protect vulnerable employees from external pressures while maintaining morale and reducing turnover (Duchek, 2020; Lengnick-Hall et al., 2011). By offering consistent and reliable support, the leadership reduced uncertainty and created emotional safety- both of which are key for keeping employees committed during tough times (Boin et al., 2010; Denyer, 2017). Additionally, transactional elements like routine access to meals, housing, and transport created a sense of fairness and reliability, which are known to improve job satisfaction and lower staff turnover in SMEs (Bass and Bass, 2008; Avolio et al., 2009). In small business settings like Sri Lanka, where employees often depend heavily on employer-provided support, these leadership practices are essential for retention. When workers feel that their daily needs are cared for especially during national or economic crises and they are much more likely to stay loyal to the organisation (Denyer, 2017).

### Creating an Inclusive and Emotionally Safe Workplace
The leadership team at Rowanthi Garments focused strongly on creating a workplace where employees from different backgrounds felt respected, listened to, and emotionally supported. This approach reflects the relational and moral aspects of resilience leadership, which highlight the importance of inclusiveness, mutual respect, and trust-based communication to keep the organisation united during uncertain times (Duchek, 2020). Two key themes were identified under this broader area: promoting ethnic harmony and inclusion, and respecting individual dignity through open communication.

**Promoting Ethnic Harmony and Inclusion**
Unlike some apparel SMEs that face internal divisions or favouritism, Rowanthi Garments created a clearly inclusive and equal workplace. Employees from both Sinhala and Tamil backgrounds were treated the same in all areas of work and supervision. Cultural festivals like Deepavali, Vesak, and Thai Pongal were celebrated together, and no ethnic differences were reflected in job roles or employee recognition.
*"We never separate based on race. Sinhala and Tamil people work together, eat together... it's one team"* (Owner).

*"For Deepavali, we give sweets and let them take the day off. The same for Vesak. All cultures are respected here"* (Co-Director).

These inclusive actions show the integrative role of resilience leadership in building social unity during uncertain times. By showing respect for diversity and ensuring equal treatment, the leadership created a psychologically safe environment where employees felt valued and secure both important factors in retaining staff. These behaviours also reflect transformational leadership, as they support a shared vision based on dignity, unity, and respect for all (Bass and Bass, 2008). Field observations during the case visits confirmed this commitment to cultural inclusion, as visible in the religious and communal spaces maintained at the factory premises (see Appendix 1).

Workers explained that even during times of national ethnic tension, the factory environment remained peaceful. The leadership made a clear effort to avoid divisive language and encourage teamwork, helping to maintain trust and smooth daily operations. These actions highlight the relational and moral side of resilience leadership, where promoting inclusion helps protect the organisation from outside stress and builds a strong sense of belonging among employees (Duchek, 2020; Baah, 2015). Traits of transformational leadership- such as being a role model and treating each employee with care were clearly seen in how the company treated its diverse workforce, which increased mutual respect and teamwork (Avolio et al., 2009). In resource-limited settings like Sri Lankan SMEs, such inclusive leadership not only keeps the workforce stable but also builds emotional connection, which plays a key role in keeping employees loyal (Denyer, 2017).

**Respecting Individual Dignity and Open Communication**
A key feature of leadership at Rowanthi Garments was their strong commitment to treating employees with respect and dignity. Harassment, shouting, or public humiliation were not tolerated. Workers shared that managers and supervisors were clearly instructed never to scold employees in front of others. Instead, any complaints or concerns had to be brought directly to the HR department or the owner.

*"No one here shouts at workers. If there's a problem, it's discussed quietly. Even if someone is wrong, we correct them respectfully"* (HR Manager).

*"Even the disabled employees or older ones are treated the same. The owner always says: they are part of the family"* (Operations Head).

These practices show the adaptive and moral side of resilience leadership, where empathy and respectful communication are used to solve problems without harming employees' psychological safety (Duchek, 2020). They also reflect transformational leadership, where giving individual attention and keeping communication open helps increase employee satisfaction and loyalty (Avolio et al., 2009).

Interview data further revealed that many employees feel comfortable approaching the owners to share ideas, raise concerns, or seek emotional support. In some cases, senior managers even helped staff during personal difficulties, reinforcing a family-like workplace culture. Field observations supported these accounts: the owner was regularly seen interacting warmly with employees across roles, and several staff appeared visibly happy and relaxed at work. One senior worker, despite her age, continued working cheerfully as a sign of genuine emotional connection with the organisation. These interactions are documented in Appendix 2, which includes photographs of the owner engaging with staff and an elderly employee working contentedly.

These actions represent relational resilience, which builds strong internal trust and emotional security, especially important in contexts where formal support systems are weak (Denyer, 2017). In resilience leadership, these trust-building behaviours help stabilise the emotional environment during uncertain times, while transformational elements- like honest communication and moral leadership deepen employee commitment (Baah, 2015). In Sri Lankan SMEs, where workplace culture often depends on personal relationships, leaders who protect dignity and encourage open dialogue play a central role in retaining employees (Bass and Bass, 2008).

### Enabling Growth through Internal Development

Rowanthi Garments showed a strong, long-term commitment to building employees' skills and promoting them from within. This leadership approach helped both individuals and the organisation become more adaptable and resilient. Instead of focusing on seniority or formal qualifications, the company provided growth opportunities based on job performance. This helped keep employees motivated and encouraged them to stay committed to their careers.

This approach reflects the developmental and future-oriented aspects of resilience leadership, as well as transformational leadership values such as empowerment and recognition (Duchek, 2020; Bass and Bass, 2008). Two key themes were identified under this area: investing in internal training and skill mobility, and rewarding good performance through internal promotions.

### Investing in Internal Training and Skill Mobility

The company set up an in-house training unit to help new employees get ready for work on the production floor. At first, workers were trained in basic tasks, and then moved on to more advanced roles based on their interest and ability. This method was not only affordable but also helped create a culture of ongoing learning and career growth.

*"All the new girls come to our training section. We guide them patiently... then only send them to the line"* (Technical Manager).

*"We don't expect them to be perfect from the start. We teach everything inside... they grow step by step"* (Co-owner).

These actions reflect the investment-focused side of resilience leadership, helping employees build the skills they need to handle future challenges and contribute meaningfully to the company (Duchek, 2020). This also shows aspects of transformational leadership, which supports personal growth, builds confidence, and encourages long-term engagement by creating opportunities for development (Bass and Bass, 2008).

Interviews showed that training at Rowanthi Garments was not only about improving job performance but also about helping workers feel emotionally safe. Mistakes were seen as learning opportunities rather than reasons for punishment, which helped build a supportive and secure environment (Avolio et al., 2009). Supervisors regularly mentored promising employees and gave them chances to take on new responsibilities, showing trust in their potential. This type of continuous, in-house training helped reduce employee turnover by offering clear career paths within the company, especially important in SMEs, where access to outside training or promotion is often limited (Spence, 2016). In this way, the training unit served both as a tool for building skills and as a sign of leadership's commitment to employee retention.

### Rewarding Performance with Internal Promotions

Another important leadership strategy at Rowanthi Garments was its strong focus on promoting employees from within the company. Instead of hiring people from outside, the leadership regularly recognised existing staff and promoted them to supervisory or leadership roles based on their performance, discipline, and loyalty. Many employees had limited formal education. However, the merit-based system allowed them to earn promotions by proving their hard work and skills.

*"Most of our team leaders started here as helpers or machine operators. If they show discipline and interest, we promote them"* (HR Manager).

*"We don't go outside looking for qualified people... we make them here"* (Owner).

This approach reflects the transformational leadership quality of individualised consideration, where leaders support personal growth, mentor staff, and recognise their efforts (Avolio et al., 2009). From the perspective of resilience leadership, promoting from within helps keep the organisation stable by preserving experience, reinforcing shared values, and maintaining leadership continuity during uncertain times (Duchek, 2020). This continuity is especially important in SMEs, where trust and personal relationships are central to team unity (Spence, 2016).

Employees shared that promotions continued even during the COVID-19 crisis, showing the company's commitment to fairness and long-term development. This consistent recognition kept employees motivated and helped prevent feelings of being stuck- a common reason why people leave jobs in the SME sector. Many workers said they felt proud to be personally recognised and rewarded by the owner. This strengthened their

emotional connection to the company and their desire to stay. In this way, performance-based promotions not only improved employee skills but also increased loyalty by helping to build a strong, future-focused workforce from within.

### Building Trust through Moral and Community-Oriented Leadership

The leadership at Rowanthi Garments not only gave direction for daily operations but also built trust by showing strong moral values and genuine care for the wider community. Their actions went beyond basic give-and-take transactions and reflected ethically grounded and resi*lience-focused leadership,* especially in how they supported employees during difficult times and engaged with the community. Two key themes were identified in this area: showing moral responsibility during times of hardship, and linking leadership closely with community-oriented values.

### Demonstrating Moral Accountability during Adversity

A key feature of leadership at Rowanthi Garments was the morally driven decision to keep all employees and continue welfare support, even during serious financial difficulties. During the COVID-19 pandemic and the wider national economic crisis, the company's leaders made a clear choice not to lay off workers or cut back on benefits. Instead, the owners accepted financial losses in order to protect their staff.

*"Even when there were no orders, we didn't cut staff. The owner said: they are our people-we must look after them"* (Co-Director).

*"We could have shut for two months, but we didn't. We paid them, gave them meals, and kept things going"* (Owner).

These actions show the moral and caring side of resilience leadership, where leaders stay committed to their values, think long term, and put the well-being of their employees first during difficult times (Duchek, 2020; Baah, 2015). Instead of cutting costs, the leadership focused on protecting jobs, showing what Boin et al. (2010) call ethical preparedness-acting in ways that support both the organisation and human dignity. This also reflects transformational leadership, especially idealised influence, where leaders lead by example and make personal sacrifices to earn trust and loyalty (Bass and Bass, 2008).

Employees shared that while many nearby factories closed temporarily or laid off staff, Rowanthi Garments stayed open and supportive. Workers were given meals, safe transport, and full salaries- even when production was low. This rare level of care gave employees a strong sense of emotional security and made them feel deeply connected to the company. Many said this period was a turning point in their loyalty, as they felt the leadership treated them like family, not just workers.

By choosing moral responsibility over financial savings, the leaders at Rowanthi Garments built a workforce based on trust, gratitude, and shared purpose. This leadership approach helped reduce the impact of the crisis and also strengthened employee retention by reinforcing trust and making staff feel truly valued.

**Embedding Leadership Within Community-Oriented Values**

At Rowanthi Garments, leadership went beyond everyday work tasks and was closely connected to the wider social and cultural lives of employees. The owners often helped workers outside the factory by supporting family medical expenses, school fees, and joining personal and religious events. These actions were not just symbolic but regular and meaningful, showing a leadership style based on moral responsibility and a sense of community.

*"They helped one girl's father get medical treatment... they didn't have to, but they did it because they care"* (HR Manager).

*"Sir attends our poojas and functions... he is not like a boss, he is like an elder in the family"* (Operations Head).

These practices reflect the relational and embedded aspects of resilience leadership, where leaders take personal responsibility for employees' social and emotional well-being, especially in cultures like Sri Lanka where relationships are very important (Duchek, 2020). By caring about workers' lives beyond the workplace, leaders built strong personal bonds that helped keep employees during uncertain times. This also matches transformational leadership, particularly in moral role modelling and individual attention, where leaders act as mentors and caregivers, encouraging loyalty and commitment (Avolio et al., 2009; Bass and Bass, 2008).

Interviewees also shared that disciplinary issues were handled with kindness and long-term support rather than strict punishment. Employees saw the leadership as approachable and morally upright, which built trust even in difficult situations. The leaders took part in funerals, temple ceremonies, and family events, making them seem like family members rather than distant bosses. This was especially important in collectivist cultures where social ties strongly influence work behaviour (Spence, 2016). Together, these findings show that in low-resource, crisis-affected SMEs, even when formal HR systems are weak or absent, moral commitment, trust-based relationships, and shared cultural values provide strong support for employee retention. Rowanthi Garments, despite not using formal HR systems, follows a soft approach to managing people by treating them with kindness and care, as suggested by Opatha (2009). This approach has had a strong impact on retaining employees in the company studied. Leaders who act as community caretakers, not just company managers, create lasting loyalty, emotional stability, and a resilient workforce able to face long periods of uncertainty.

## Discussion

This study aimed to answer the question: *How does resilience leadership contribute to employee retention in a resource-constrained apparel SME in Sri Lanka?* Using qualitative data from Rowanthi Garments, the findings show that resilient leadership plays a key role in retaining employees by focusing on emotional security, moral consistency, and creating an inclusive workplace. Unlike traditional leadership that often focuses on rewards or performance, resilience leadership at Rowanthi built strong feelings of belonging, trust, and flexibility. These qualities helped employees stay loyal even during difficult times. This study expands on Duchek's (2020) idea of resilience by showing how its main parts-

anticipation, absorption, and adaptation and work not just at the organisation level but also in everyday leadership that supports employees and keeps the company running.

During the COVID-19 crisis, leadership actions such as keeping all employees, providing ongoing health support, and making moral choices despite financial difficulties showed the strength of resilience leadership. These actions assured employees that they would be supported during tough times, which built trust and strengthened their commitment. This matches transformational leadership ideas, where moral authority and role modelling help build loyalty (Avolio et al., 2009; Bass and Bass, 2008). Further, it is in line with the concept of a healthy organisational culture, one that is not toxic but instead makes people feel valued and respected (Greenberg and Baron, 2007). Unlike other companies that cut jobs, Rowanthi chose people over profit to maintain workforce stability. Resilience leadership also helped retention by creating a welcoming and emotionally safe environment. The company included workers from different ethnic, age, and ability groups, making sure everyone felt respected and valued. This shows the relational and inclusive side of resilience leadership (Duchek, 2020) and challenges earlier studies suggesting that SMEs with limited resources struggle to manage diversity. Rowanthi normalised diversity through shared traditions, respect, and culturally aware leadership, leading to a united workforce even when there were external tensions. This supports research that shows trust and cultural understanding can improve retention in SMEs (Haney et al., 2020).

Internal development, such as mentoring, on-the-job training, and promoting from within, was another important part of Rowanthi's strategy. This approach lowered the need for external hiring and increased employee motivation. It reflects the adaptive part of resilience leadership, where leaders prepare employees for new roles. In this case, Rowanthi Garments demonstrated how resilient and morally grounded leadership contributed to a supportive and inclusive organisational culture. This stands in contrast to leadership styles such as authoritarian or toxic leadership, which often create weak or harmful cultures where employees feel insecure or undervalued. The case highlights how visible, values-driven leadership can foster loyalty and emotional commitment in small business settings. Leadership at Rowanthi was also based on moral values and community care. Leaders helped employees beyond work by supporting families, joining personal events, and handling problems with kindness. This fits Baah's (2015) idea of embedded resilience leadership, especially in collectivist cultures where personal trust matters as much as formal plans.

Overall, the findings show that resilient leadership- built on trust, inclusion, adaptability, and moral care helps keep employees in small firms facing crises and limited resources. While elements of transformational and transactional leadership were present, they worked through a resilience approach that focused on long-term wellbeing rather than quick results. By including ethical care and cultural awareness in everyday leadership, Rowanthi Garments achieved high workforce stability during a very unstable time for Sri Lankan SMEs. This study adds to leadership and HR research by showing that employee retention in developing-country SMEs is not just about economics or technical fixes but is deeply connected to relationships and morals. It extends resilience leadership theory by grounding it in real challenges faced by firms after crises. The findings suggest further

research on how resilience leadership can be developed in similar firms and how informal, trust-based leadership can be used as a key HR strategy in small businesses.

## Conclusion

This study explored how resilient leadership helps keep employees in a Sri Lankan SME, using a qualitative single-case study of Rowanthi Garments. By looking at leadership during times of crisis and recovery, the study showed that resilience leadership is key to creating workplaces that are emotionally safe, inclusive, and guided by strong moral values- factors that are essential for retaining staff in resource-limited settings.Theoretically, the study expands resilience leadership research by showing how its main parts- anticipation, absorption, and adaptation are applied not just in major crises but also in everyday leadership actions. It also combines ideas from transformational and transactional leadership, explaining how these styles can be seen through a resilience perspective that focuses on moral responsibility and building long-term trust, especially in SMEs. From an empirical perspective, this study offers context-specific insights from a single SME in the Global South, contributing to the limited research on leadership in small business settings under crisis. The findings highlight how relationship-based and values-driven leadership supported employee retention in this particular case. However, this research is limited by focusing on a single case, which limits how much the results can be applied to other settings. While the detailed insights are valuable, future studies could compare different SMEs from various sectors or regions to explore differences in resilient leadership. Long-term studies could also help understand how these leadership practices change over time. Additionally, looking at issues like gender, leadership succession, or digital changes could deepen our knowledge of resilience in SME leadership.

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**Appendices**
Appendix 1
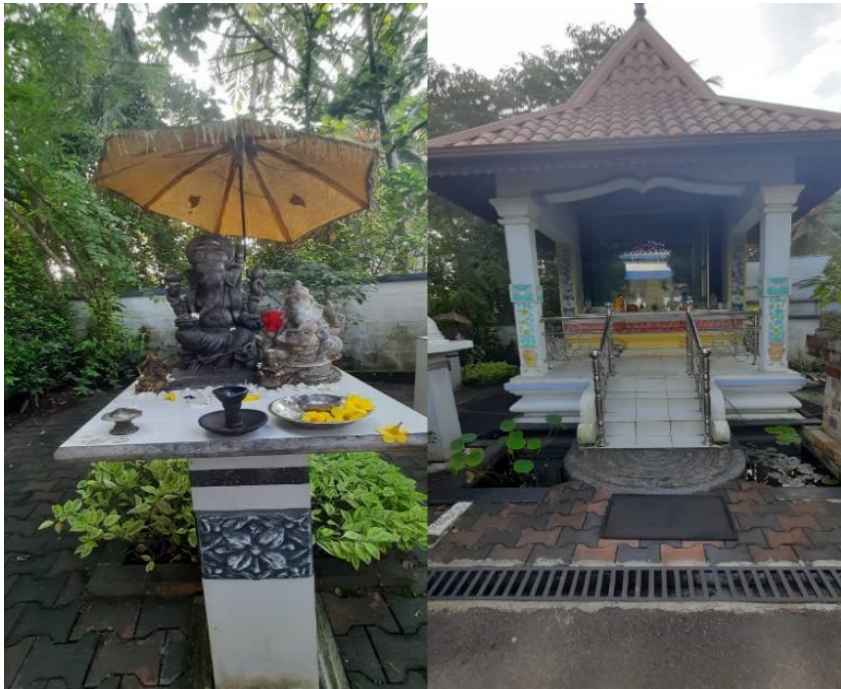


*Inclusive religious and cultural spaces observed at Rowanthi Garments premises*

Note: Photos were taken by authors during the field work (01st October 2024)

Appendix 2



Happy long-serving employee | Owner engaging warmly with employees on the factory floor

Note: Photos were taken by authors during the field work (01st October 2024)