

EXPORT ORIENTED APPAREL INDUSTRY IN SRI LANKA: COMPETITIVENESS AND LABOUR PRODUCTIVITY

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Apparel has become the largest industry that accounts for 46% of the export income of the Sri Lankan economy at present. That value equals to US\$ 4.6 billion. But the international market share of Sri Lankan apparel has been retained at 1.5% for a considerable period of time. China that has captured 40% in the apparel market shares appears to have withdrawn from the industry gradually by about 16% according to the 2016 statistics of the World Trade Organization (WTO) including Hong Kong. Meanwhile Vietnam, Cambodia and Bangladesh have increased exports by 10%, 8%, and 6% respectively. Similarly, Sri Lanka has a great opportunity to boost its market share in the global apparel business. The Joint Apparel Associations Forum of Sri Lanka (JAAF) plans to increase the apparel income up to US\$ 8 billion by the year 2020. Hence, the Sri Lankan apparel industry needs to amplify its production quantitatively. Manpower is the main Sri Lankan contribution to this industry, and improving human productivity would allow the Sri Lankan apparel industry compete better in the global market. However, there is a considerable crisis in human capital within the Sri Lankan apparel industry with an overall efficiency of around 50% approximately. The objective of this research is to examine labour related challenges of the domestic apparel industry that has lost much of its competitiveness in the global market. This research probes into the conceptual, structural and practical factors that affect labour shortage and low human productivity problem in the Sri Lankan apparel industry. Quantitative and qualitative, primary and secondary methodologies such as industry site visits and the literature review respectively have been used in determining the impact of labour shortage on the level of competitiveness in the country's apparel industry. The sample for site visits unbiased sample that covers large, medium and small-scale factories, which are geographically distributed over the country, is selected to collect quantitative and qualitative data. Fifty factories that represent almost 10% of Sri Lankan apparel industry were taken into consideration in this research. Under the quantitative technique, industrial productivity indicators have been measured. Further, existing production systems and procedures, and management systems have also been recorded. Qualitatively, industrial interviews were conducted to determine the socio-cultural behavior of the human capital in the industry. Statistical correlation analysis has been used to understand the relationship between reasons and results or cause and effect quantitatively. According to the current findings, on average, recruitment, training, labour utilization, promotion and order acceptance policies seem to be erroneous. Due to wrong policies of management, the industry has to confront continuous tribulations. Thus, it is evident that scientific and behavioral management techniques could be applied successfully to improve the productivity of the Sri Lankan apparel industry.

Keywords: Labour productivity, Human Capital, Apparel Market Competitiveness