

LABOUR PRODUCTIVITY IN THE SRI LANKAN APPAREL INDUSTRY

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Subsequent to the liberalization of economic policy initiated in the late 70s, foreign investments were highly encouraged to establish foot-loose industries like apparel in Sri Lanka. Under the Free Trade Zone (FTZ) concept suggested by the Greater Colombo Economic Commission, a large number of large-scale export-oriented apparel factories were established in the western province. As a result, a large number of young village women shifted and settled in urban areas to occupy Export Processing Zones (EPZ). However, this transformation generated various socio-cultural issues as well. Later, local investors also were encouraged to invest in the industry by establishing factories especially in rural areas. Consequently, 200 garment factory scheme focused on the alleviation of poverty of people living in villages. However, in addition to the scheme, many more factories belonging to the small and medium enterprise (SME) sector were established around the country. Large scale multi-national apparel organizations also chose the geometric distribution strategy, keeping trust in rural labor productivity, regardless of the problems that might generate in transportation and infrastructure facilities. This spatiality-based transformation in the apparel industry made socio-economic transitions in the country as well. From this perspective, the research problem is whether the labor productivity of Sri Lankan apparel industry depends on the organizational degree of scale, geographic distribution and product diversification. Hence the research objective would be labor productivity comparison of large vs. medium scale factories, urban vs. rural factories and single vs. multiple product manufacturing factories. The labor productivity data (in terms of monthly factory efficiencies) has been collected to have 95% accurate results. Based on the findings of the pilot study, the sample size was decided as 504. Data were collected through progress reports submitted to the Ministry of Industry and Commerce by Productivity Improvement Project (PIP) of the Sri Lanka Institute of Textile and Apparel and through research assistants who collected data from factories. The overall efficiency of the Sri Lankan apparel industry was found to be 57% under an error tolerance of $\pm 4\%$. The standard deviation of the efficiency distribution is 14%. According to the 2 sample test done in Minitab software, the efficiency of large-scale factories (64%) is greater than that of medium-scale factories (48%). Further, research has shown that there is no significant difference of factory efficiency between rural and urban factories. Hence it seems that geographic distribution strategy and product specialization strategy have been nullified by spatial and socio-psychological factors.

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