

Assessing the Impact of Causes for Low Labour Productivity in Garment Industry in Katunayake Free Trade Zone

J. K Vithanage¹

Sri Lanka's rate of open unemployment compared with other countries in the Asian region has been considerably high throughout the decades after 1950s. For solving this problem industrialization was promoted, first, following import substitution industries and then, particularly after 1977 adopting a policy of following export oriented industrialization. Most of the industries started under this latter policy were labour intensive industries. Out of them garment industry became the most prominent and absorbed a considerable rate of labour, providing employment particularly for females. Now this industry has become highly competitive since other similar countries such as Bangladesh, Vietnam etc. too have expanded this industry and are competing with the Sri Lankan products in the same western world markets. This study through literature review mainly identified low level of labour productivity as the most significant factor that has greatly reduced the competitive strength of the Sri Lankan garment industry. Accordingly, the study was carried out setting five specific research objectives and condensing them into three major hypotheses. Hypotheses were tested by collecting information taking a convenient sample of 98 operational grade workers in the garment factories in the Katunayake Free trade Zone, through administering a questionnaire for which the validity and reliability were tested with Cronbach's Alpha method. In addition, various secondary data sources were also used. As such a mixed methodology of inductive and deductive was employed in carrying out this study.

The study going to a deeper level identified a number of factors which have contributed to lessen the labour productivity particularly of operational level workers in the industry. Accordingly, certain problems related to factory layout have mainly contributed to reduce the labour productivity. Among other factors that have contributed to reduce productivity, the study found that lesser degree of motivation prevailed among workers, high labour turnover, less improvement of skills, inadequate salary levels and time based payment methods including various harassments and suffering from poor working and living conditions. Finally, study based on its research findings, a set of policy recommendations are given along with suggesting some areas for further research to make the Sri Lankan garment industry to be more competitive.

¹ Department of Commerce and Financial Management, University of Kelaniya, Sri Lanka