

CHAPTER 6

6. Conclusion and Recommendations

From the findings discussed under 5, it is evident that the problems faced by the local textile weaving industry could be best resolved by taking appropriate corrective actions by the respective stakeholders of the industry. This includes employees and owners of firms, suppliers, creditors including banks and other financial institutions, buyers, industry associations and chambers and the government.

Certain measures such as elimination of wastes and improving labor productivity which are internal and firm specific should be taken up by the respective organizations. The macro issues such as inconsistent tariff structures and concessionary funding for new investments in the industry could be implemented with the assistance of the state and the private sector.



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6.1 Invest in new technology

Introduction of modern textile weaving methods will result improved productivity which would ensure higher profitability, low prices, enhanced quality of final products and growth in the industry.

Needless to say that export oriented garment factories will demand high quality materials with lowest levels of defects such as color variations, surface defects etc. Rework and rejections for such manufacturers due to defects in incoming materials will result in cancellation of orders, high cost of transportation and unwarranted risks and pressures built in the hierarchy. Any unobserved defects in final products exported may even result in claims, substantial financial losses and even to loose important buyers.

Besides the domestic consumers too would expect highest quality fabrics at the lowest possible prices as such materials are imported to the country from elsewhere.

Investing in new technology is costly and also risky unless a proper evaluation is carried out. However the benefits of such an investment both in qualitative and quantitative measures would obviously outweigh the cost and risk of such an exercise as introduction of new technology has become mandatory for a re-start. Having such technologies in a factory would be a merit for collaborations and alliances with export oriented garment manufacturers.

Excessive waste generation too could be addressed if new technology and new machinery are introduced. This would help textile weaving firms to lower their production costs.

6.2 Exploit opportunities available for strategic alliances

Formation of alliances is a common occurrence across industries and countries as it enables firms to share excess capacity, optimize resource utilization, extend market reach, lower operating costs, safeguard against competition and ensure long term sustainability.

Textiles and clothing are closely related both technologically and in terms of trade policy. Textiles provide the major input to the clothing industry, creating vertical linkages between the two. As the apparel industry in the country shows signs of improvements despite the major setbacks and doubts created with the termination of the quota system textile manufacturers may think of collaborations with established apparel manufacturers for mutual benefits. Developing backward and forward linkages in the textile and clothing industries will be mutually beneficial for the survival, growth and sustainability of both industries.

A well-established apparel manufacturer having all facilities locally where established marketing arrangements are available in major overseas markets may join hands with a local textile manufacturer to secure reliable raw material supplies. This would reduce the

demand uncertainties faced by the textile weaving firms. A tapered integration would minimize the risks.

This would form fully integrated clusters of firms and reduces the risk of individual firms in investments for fully integrated production facilities. As out-sourcing is becoming popular as a means of improving efficiency and effectiveness of organizations, formation of alliances would be an appropriate solution.

As high dependence on external parties in the weaving preparation stage as well as in dyeing and finishing has been identified as a major problem in the weaving industry, formation of alliances where the individual firms will act as a fully integrated production facility will help to overcome the issues. Concurrent engineering practices can facilitate the implementation of new technology in products by improving communication and co-operation among research, product design, manufacturing, marketing and sales and finance professionals in the cluster of companies.



6.3 Consistent Tariff Structures

It is of utmost importance to have consistent tariff policies to ensure growth and sustainability of the industry. Continuous lobbying with the government, foreign missions and other stakeholders is mandatory, as adverse effects of any changes of the tariff structures will have major negative impacts on the industry.

Whilst it is mandatory to understand that a country's domestic industry should not completely grow on the tariff protections provided by the government as discussed under the infant industry argument a favorable tariff system is vital to attract new investments including mergers and collaborations in enhancing the investor confidence.

Despite the level of transition, most of the emerging economies as well as developed countries have introduced tariff structures to ensure growth of key export oriented industries. As apparel industry, which has become a major export earning industry with

substantial employment creation is recommended to have backward linkages with fabric manufacturers a tariff structure that would foster the growth and sustainability of both the industries is vital.

6.4 Emphasize on HR and Organizational Development

Development of Human Resources is vital to revive the textile industry as the productivity levels are far below that of competing countries in the region. Moreover, the negative growth recorded in the industry coupled with low wages, fewer opportunities for career growth and advancements the human resources in the industry essentially requires comprehensive training and development. Properly trained workforce will help the industry to improve quality and delivery and will also result low waste generation.

Labor productivity measured in many ways in this industry is reported to be low in Sri Lanka compared to other Asian countries. Textile weaving facilities in Sri Lanka owned by foreigners where key operators are expatriates boast high productivity rates.



As the domestic textile industry is at an inherent disadvantage in competing with other countries in the region due to non availability of a raw material base, labor productivity is a factor to be considered very seriously. In order to have a positive growth in the industry and for its long term sustainability high labor productivity is a pre-requisite and cannot be compromised under any circumstances.

References

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Firms selected for the study

1. Lantex Associates Pvt Ltd,
Mudukatuwa,
Marawila
2. Impressions Holdings Pvt Ltd,
Suduwella, New Road,
Wennappuwa
3. Suntex Weaving Industries Pvt Ltd,
E 68, Polwatta,
Mawanella
4. Oshani Pvt Ltd,
Suwarapola,
Piliyandala
5. Kabool Lacc Ltd,
Mattegama
6. Kabool Lanka Ltd,
Thulhiriya
7. Naththandiya Co-operative Weaving Ltd,
Naththandiya
8. MVs Exports Ltd,
Kandawala Road,
Ratmalana

REVIVAL OF TEXTILE WEAVING INDUSTRY OF SRI LANKA
Research study – Questionnaire

Name of Organization

Address:

Telephone:

Fax:

E-mail:

Type of business: Sole proprietor/ Partnership / limited liability company

Name of the person providing information:

Designation:

Contact Telephone Numbers:



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Questionnaire

1. How long your company has been in the textile industry?

2. What were the best period/ periods for your company?

3. As per your opinion what were the favorable factors assisted your business in those periods?

4. Please comment on the current status of your business including monthly production, sales, number of machines and number of workers.

Capacity (monthly)	
Monthly production	
Monthly Sales	
Number of machines	
Number of Skilled Workers	
Number of unskilled workers	

5. In your opinion what were the major reasons to loose the market?



6. What was the impact of non-availability of raw materials locally?

10. Have you obtained long-term loans from any banks for your textile weaving facility? If yes, please comment on repayment, concessions given, rescheduling done etc.

11. In your opinion, what measures should the factory owners take to revive the industry?

12. In your opinion, what measures the government and other policy makers should take to revive the industry?



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Signature

Name:

Date:

The WHY Chart A vicious circle

