

MANUFACTURING ADJUSTMENTS OF SMALL AND MEDIUM  
SCALE FIRMS IN METROPOLITAN COLOMBO, SRI LANKA

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This research focusses on the nature of manufacturing adjustments which occurred more recently in the Colombo Metropolitan Area. Three types of changes, viz, plant number and locational changes, plant size changes, and product changes are examined. The structural differences among the small and medium scale firm to some extent result the changing pattern of manufacturing firms in Colombo. Therefore an attempt is made to analyse the relationship between the organisational structure of firms and the different types of manufacturing adjustments. The study also examines the impact of government policy on recent manufacturing changes.

The data is derived from primary sources and a questionnaire survey. A sample of 136 firms selected from textile, rubber, and metal industries has been used. The time span of the study period was restricted to six years from 1978 to 1983.

Principal components analysis is used to define the structure of firms and to identify the significant characteristics of industries. The extent to which the organisational structure is reflected in the changing pattern of firms was investigated by means of correlation and stepwise multiple regression analyses.

The study highlighted frequent changes in plant size and products. Relocations were very few. Personal reasons have been the main factor responsible for small entrepreneurs to remain at their original locations. The results also suggested a relationship between the organisational structure and manufacturing adjustments. The differential impact of policy on small and medium scale firms have reflected the structural dichotomy between the registered and unregistered sector in Colombo.