

316/C

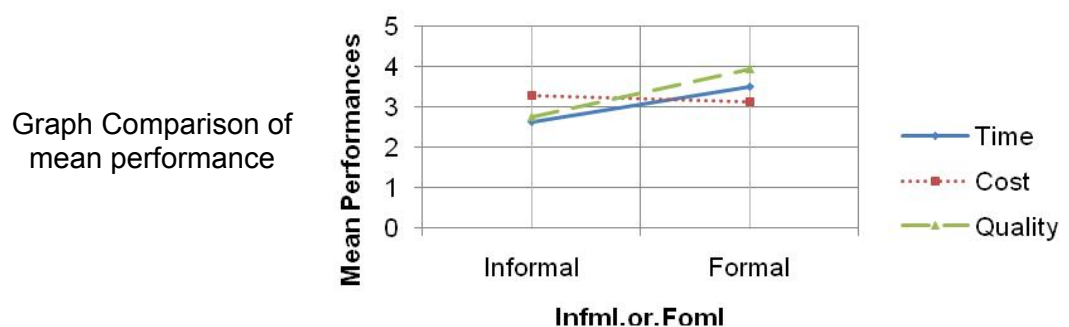
The informal construction sector and its effects on the construction industry of Sri Lanka

M. Lalith De Silva

The construction industry is an important sector of the economy of any country in the world. The construction industry uses a major proportion of the labour force from the total labour force, and that is from both formal and informal sectors. Informal construction groups provide almost all the constructions in rural areas of developing countries and 50 % of housing in the urban areas. Even though it is identified that the informal sector is a foremost part in the construction industry, in Sri Lanka there are no recent data, particularly in relation to the informal sector, describing how the informal sector contributes to the output of the entire construction industry. With this perspective, the present study was carried out to identify the informal construction sector and its impacts on the construction industry, focusing on the individual housing construction.

Research was backed by a comprehensive literature survey and a preliminary survey with house owners and informal contractors. Additionally, a questionnaire survey was carried out with key professionals (n=34) in the construction industry who were involved in both formal and informal individual housing construction. By using SPSS software and the one way ANOVA test it was possible to compare the time, cost and quality aspects regarding individual housing construction between formal and informal contractors.

The findings of this study identified major characteristics and main parties of the informal construction sector. Furthermore, according to the research findings, the informal construction sector of Sri Lanka was defined. When considering time, cost and quality aspects regarding housing construction, other than the cost in both other aspects, the performance of formal construction sector is better than the informal construction sector. Several limitations and ways to mitigate those limitations were identified through this study.



Findings of this research revealed that performance improvements are necessary with regard to time, cost and quality of informal contractors for an effective contribution to construction industry in Sri Lanka.

Key words: Construction industry, informal sector, formal sector, Sri Lanka, housing construction, time, cost, quality.

lalith@becom.mrt.ac.lk

071 8085129