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The human capital and social capital of coir fiber pith industry in the North Western Province of Sri Lanka

M.U.M. Anas and Seetha I. Wickremasinghe*

Science & Technology Policy Research Division, National Science Foundation, Colombo 07

There is a growing policy interest in supporting the industrial clusters due to the fact that they can be used as a convenient and effective means to focus on resources and build up partnerships. In the present study, an attempt was made to investigate how the coir fiber pith industry in the North Western Province of Sri Lanka functions as a cluster, especially with respect to human capital and social capital of the cluster. The top management of eleven firms engaged in the industry was interviewed using a pre-tested interview guide.

Three main groups of firms were identified based on the scale of operation (i.e. number of employees) as large, medium and small, of which the majority were medium and small scale firms. Only the large scale firms had graduate employees and most of them were engineering graduates. The highest technically qualified human capital available in the medium scale firms were technical diploma holders, especially in mechanical subjects. There was a growing demand in the industry for trained manpower in quality assurance.

Large scale firms do not have any horizontal inter-firm relationships with other firms in the industry while subcontracting to selected medium scale firms is the only vertical inter-firm relationship maintained by them. Medium scale firms cooperate with the other medium and small scale firms by sharing knowledge/technology, equipments, workers and raw materials. Also they are vertically related to other medium and small scale firms by subcontracting. A considerable number of inter-firm relationships were not evident however, among the small scale firms. All these relationships had been developed and maintained at a personal level with a moderate strength.

In the case of knowledge and technology transfer, the large scale firms had moderate interactions with some local universities with respect to research requirements but they had weak links with research and other scientific institutes. Medium scale firms showed weak relationships in knowledge and technology transfer with universities and research/ scientific institutes. Most of them were willing to strengthen their links with universities and research/ scientific institutes as they were of the view that performing research and development activities on their own was very costly.

At present, the collective efficiency in the coir fiber pith industry cluster seems to be limited due to the poor inter-firm and external relationships. Such formal inter-firm relationships are vital for the development and maintenance of common quality standards of the industry. Therefore, the study highlights the necessity to have proper policies in place to facilitate University - Industry – Institute Partnerships (UIIP) or Public-Private Partnership (PPP) in the country.

Keywords: Coir fiber pith cluster, industry clusters, public-private partnership.