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Assessment of competitive position of Sri Lanka apparel industry and identifying key supply chain management solutions for improving its competitiveness.

CANDIDATE'S DECLARATION

I certify that this thesis is my own independent work and that I have not copied any other person's work without due acknowledgment. I also declare that this thesis has not been submitted in the pursuance of any other university's program.

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RJT/MBA/2008/76(A)

ACC NO	29834
CALL NO.	658.7 ARI

Rajarata University of Sri Lanka
Faculty of Management Studies
Postgraduate Diploma in Management
(PGDM) Length: 1000 Words
17 JUN 2011
Mihintale.

RAJMNLIB



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A Thesis submitted to the
Faculty of managements Studies of Rajarata University of Sri Lanka
In partial fulfillment of the requirement for the
Degree in Master of Business Administration

September 2010

ABSTRACT

Back ground of this research comes from Sri Lankan apparel industry which belongs to long history. Industry generates more than 350,000 direct employments and nearly a million of indirect employment. Also it has become country's number one income generator for last couple of years. Industry has been hit by three major blows in the recent past. Multi Fiber Agreement (MFA) had been with drawn in year 2005 and that was the end of quota facility of which Sri Lankan vendors were enjoyed. After that Sri Lankan garment vendors had to compete with fierce competitive market. With this challenge some of the vendors had to close down their business and those who could take the challenge positively survived and grow further. The second problem is the worst global recession. Global apparel demand has been gone down and prices for garment manufactures getting reduced. Same time world cotton process started increasing and Sri Lankan apparel vendors suffer in reducing price for garment as well as increasing raw material cost. Some bigger factories already closed down failing to earn desired profit further. The third strike is the ban on GSP+ which lead loosing last hope of developing EU market share. Objective of this research is to analyze current competitive position of Sri Lankan apparel industry and explore possible solutions through Supply Chain Management (SCM).

In the aspect of assessing competitive position, consider Porter's Five Forces industry analysis model which is widely used as industry competitive analysis tool in many industries. Also taken the global apparel import and export statistics to rank the position of Sri Lankan apparel industry. Further Strategic Group Map is drawn in the data analysis part. To obtain data, questionnaire administration is conducted with involvement of experience industry managers. Other statistics are extracted from various data sources such as Central Bank Annual Reports, Brandix apparel Ltd. ERP module, internet sources etc.

To extract best SCM practices, 25% of Brandix Casualare Ltd., customer GAP Cost sheets of main Central Business Unit, were critically analyzed, spending considerable time with merchandisers and other related supply Chain Department employees. The contribution from SCM activities are compared with profit by doing correlation analysis.

SPSS tool has been used in analyzing data for SCM contribution as well as assessing competitive position through Porter's model.

Final data analysis confirmed that Sri Lankan apparel industry competitive position is **weak** and industry is not harvesting desired profits. There is huge threat from neighboring countries like Bangladesh and India. Sri Lankan apparel industry has the highest unit cost of a garment compare to rest of the Asian countries. Therefore, industry must be thinking out side the box in order to reduce the cost. SCM contribution is significantly and positively correlated to the profit based on the data analysis within Brandix Casualware Ltd. The cost saving to company is really significant. The key supply chain initiatives explored here should be helping to rest of the industry members to bench mark their own process and implement best practices.

Key words: Supply Chain Management (SCM), Competitive position, Competitive Forces, Porters Five Forces model (5F), GSP+ , Multi Fiber Agreement (MFA)

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