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Analysis the growth potential of coir substrate industry in Sri Lanka using SWOT

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Abstract

Sri Lankan coir substrate industry is a significant source of foreign exchange earnings and employment. Since 2013, the substrates industry has grown annually by over 15% because of the impetus of value addition. That allowed the sector to record 135 million USD in export revenue in 2019, which represents 22% of the total export revenue of coconut-based products. The volume of substrates exported has doubled since 2009. Nevertheless, the percentage rise between 2015 and 2019 is just 20%, and between 2018 and 2019, it was only 1%. There is a significant gap between demand and supply for these products in the world market. This SWOT study was conducted to identify barriers to improve coir substrate production and develop and prioritize strategies to overcome them. To develop a questionnaire, a list of strengths, weaknesses, opportunities, and threats were identified through library studies and personal interviews with industry familiars (directors of the Coconut Development Authority, company managers, and the secretary of the Exporters Association of Coir Based Substrates). The reliability of the Likert scale questionnaire was tested through the Cronbach alpha reliability test. Data were collected by holding in-depth telephone interviews with managers and owners of 30 companies out of 138 Coconut Development Authority registered coir substrate manufacturing companies using the questionnaire. The main three phases included in the research framework were the input phase, the comparison and correspondence phase, and the decision-making phase. Both descriptive and matrix analysis were used for the analysis of the data. Required strategies were determined based on the observed results of the IFE-EFE matrix, and developed strategies were prioritized using the QSPM matrix. Through this qualitative research, Prioritized SWOT Factors were; Strengths - Large market share for Sri Lankan Substrate Products in the world market, Weaknesses - Labor intensive industry, Opportunities - Growing world demand for washed and buffered products and Threats - Few low-quality products damage the well reputation of all the other high-quality products. The internal factor evaluation matrix scored 3.112, and external factor evaluation matrix scored 2.464. According to the results of the Internal and external factor analysis matrix (IFE - EFE matrix), the Sri Lankan coir substrate industry belongs to the competitive strategy quadrant, which is major in strengths over weaknesses internally and major in threats over opportunities externally. That means it needs more competitive strategies to achieve success in the industry. In decision- making phase, among seventeen strategies Understanding the gaps in the Sri Lankan coir substrate industry and developing strategic plan with the collaboration of Coconut Development Authority and related industry association was the mostly prioritized strategy in QSPM. The findings of this research will be useful to improve production capacities in an industrial scale and to investors, Coconut Development Authority, related industry associations and policymakers for further developments of the industry.

Keywords: Coir Substrate, Matrix, QSPM, Strategies, SWOT

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