

Changing Patterns of Employment in Export Processing Zones: A Study on Katunayake and Biyagama Export Processing Zones

Omala Perera

Department of Geography, University of Colombo

Since late 1960s, many developing countries have implemented export oriented industrial strategies to promote industrialization and to accelerate economic growth. The establishment of an Export Processing Zone (EPZ) is aimed at several distinguished objectives including the provision of employment opportunities to local individuals. While generating a number of direct employment opportunities, EPZs also create many indirect employment opportunities through the increasing demand for various goods and services. Employing a mixed approach, this study attempts to explore the changing patterns of direct and indirect employment of the people in the neighborhood emphasizing possible spatial variations between Katunayake and Biyagama EPZs in Sri Lanka. Secondary data were obtained from Abeywardene et al. (1994) and Board of Investments (BOI) unpublished data (2013) to compare the pattern of direct employment in 1992 and 2012, in terms of number of employees, occupation category and gender; primary data were collected through questionnaire surveys and interviews to identify the pattern of indirect employment. The study area consists of six Grama Niladhari (GN) divisions from Biyagama and eight GN divisions from Katunayake which are located within 3 km radius from the particular EPZs. Using a purposive sample method, 370 households in two categories namely residents who individually engage in any income generating activity and those who do not engage in such activity were selected for the questionnaire survey. Information collected through interviews with Grama Niladhari and local residents. EPZs are characterized by labour intensive and female dominant employment. But, as revealed in this study, total number of employees as well as the share of the female workers in both EPZs has declined between 1992- 2012. The annual accumulation of employment in both EPZs is fluctuating. While the share of unskilled workers is declining, the proportion of skilled employees and above categories is increasing. The gender difference in occupation categories is also changing and the dominance of male employees in supervisory, technical and administrative levels is increasing. There is a low tendency among the residents to do EPZ jobs at present. However, 32.8% of the respondents who are currently not working, had worked for a certain period of time in the EPZs. In contrast, majority of the local people have competently made use of indirect employment opportunities related to EPZs mainly providing boarding facilities and trading (retailing). Due to the ongoing practice of the EPZ companies to provide free meals, transport facilities and even accommodation to their employees, the indirect employment opportunities are decreasing. This situation is more evident in Biyagama.

Keywords: Export Processing Zone, Direct employment, Indirect employment