

## **Efficiency and productivity in the port industry and the impact of port performance on the national economy: a case study of the Port of Colombo**

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Even though the Port of Colombo is a well-known transshipment hub on the main East-West sea route with its strategic location, it is dubious whether the port has maximized its production so far regarding the flat growth over the past years. This study attempts to recognize the challenges and offer solutions to mitigate the deficiencies by suggesting - areas that need to be prioritized in policy making in order to obtain the economic impact of the Port of Colombo. The three major container terminals in the port (JCT, SAGT and CICT) which are exceeding their physical capacities, productivity and efficiency of the port are studied in order to enhance the production capacity eventually. Moreover, productivity and efficiency have been alluded to as two terms where productivity refers to the ratio of outputs to which inputs are involved in port operations, and efficiency refers to the actual output of which form the standard output in the port. In simple terms, productivity shows how many outputs are produced by one unit of input while efficiency shows how well the resources have been utilized in the operations. Under this impression, port productivity and efficiency can be identified as two different yet combined factors when appraising their impact on the national economy. Consequently, a field survey was done to identify the factors behind efficiency and productivity, choosing a sample of 105 managerial level employees from the three terminals and the shipping lines using a *likert scale* survey questionnaire. The questions were based on nine influential factors of productivity and efficiency which have been referred to in literature. An *EFA model* was generated to analyse the survey data recognizing *infrastructure, technology, regulations, port size, location, capacity, and labour* as the most influential factors of productivity and efficiency. The findings of the study suggest that policy makers should strategize policies regarding the above factors in a suitable manner to develop the port as the major maritime hub in the region.

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