

Impact of Traffic Congestion on Small and Medium Enterprises Productivity: Evidence from Kelaniya in Gampaha District of Sri Lanka

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Abstract

Building resilient infrastructure is important for sustainable industrialization and development. The 9th Sustainable Development Goal aims to provide infrastructure for industrialization, and one of the targets of the 11th Sustainable Development Goal is to ensure access to safe, affordable, accessible, and sustainable transport systems for all by 2030. Urban traffic congestion in Sri Lanka poses a significant economic problem, leading to several issues such as loss of productivity, increased production costs, income loss, and various health complications. In the context of struggling to overcome the effects of the economic crisis, improving productivity is essential. This research seeks to address the problem of how traffic congestion impacts industrial productivity. Therefore, the objective of this study is to examine the impact of traffic congestion on the operational efficiency of small and medium enterprises (SMEs) in Sri Lanka. This objective was achieved by analyzing primary data collected from a survey of 60 SMEs out of approximately 2,000 located in the Kelaniya area of the Gampaha district in Sri Lanka. The effect of traffic congestion was estimated using time delays and the additional fuel costs incurred due to traffic congestion. The operational efficiency of the businesses was assessed by dividing the total monthly income by the total input costs for the same month. Data were analyzed using multiple regression to determine the impact of traffic congestion on the operational efficiency of the businesses. The findings of the study reveal that time delays and increased fuel costs significantly and negatively affect the operational efficiency of businesses. Enhanced road infrastructure, which reduces both time and fuel costs, will improve the operational efficiency of businesses in urban areas.

Keywords: infrastructure, productivity, small and medium enterprises, Sri Lanka, traffic congestion