

**MAPPING STRATEGIES ADOPTED IN THE BROILER CHICKEN INDUSTRY IN  
SRI LANKA**

By

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## **ABSTRACT**

During the recent years cost of production of chicken meat in Sri Lanka has sky rocketed. Poultry meat industry in Sri Lanka is undergoing a period of recession since 2005 due to escalating feed prices, electricity, labour, chick prices and medicine prices. On top of the above negative industrial factors, fixing a maximum retail price for chicken tends to aggravate the crisis situation in the industry. Survival of broiler farmers in such situations could be one of their key challenges. This research is undertaken to explore different aspect of the problem. Hence, this can be categorized as an exploratory type research. This research designed to map the strategies adopted in the broiler chicken industry in Sri Lanka by the various categories of individuals, organizations, operations in the industry. Further, research is focused to determine the effectiveness of the strategies they have already adopted to overcome the latest situation in the industry.

The research design and the data collection methods were restricted to suit the availability of resources and the time. The selected sample was interviewed by using an interview guide which can be defined as a semi-structured questionnaire. In which certain amount of flexibility is build in by combining open-ended questions along with semi - structured questions. The research followed case study method. Different ways of data collection methods were necessary to study the chosen organizations. Therefore, primary data were collected through planned interviews and secondary data collected from the annual reports, CIC feeds market information database, financial market information and economic indicators through Central bank web site.

Collected data analyzed by using various techniques and research reveals that the most common strategy adopted by most of the companies in this industry is forward and backward integration strategies. Due to the above reason excess capacities exist in different stages of the value chain; this has been strategically utilized by few companies as outsourcing model in order to get mutual benefit to both parties. Few companies doing only one activity in the value chain but are strongly positioned in the market. Individual companies have differences in their generic strategy formation and most of them focus on best cost provider strategies, low cost provider strategies and focused low cost provider strategies. Product differentiation strategies are very difficult to

apply in the present situation in the industry as brand concept is not fully established right now in the industry; most of the companies have equal resources, capabilities and capacities. As a new trend in strategy development it seems few key players are already concentrating on joint ventures and partnering strategic alliances. This trend has to be taken into account by the other players of the industry as it could change the industry position. Also identified that few large scale manufactures and producers in the market get together and strategically working for common objectives in order to keep the balance of the industry during difficult times for the entire industry. In addition to those strategies few operational strategies were identified. Feed millers are fighting for the share of available local raw materials as it results to reduce the cost of feed production. Local raw material utilization for feed formulation can be considered as one of the operational strategy which contributes to bring down the cost of production. When there is a drop in demand for Day Old Chicks (DOCs), the producers did not have options which resulted either to destroy or sold at discounted price. But now producers strategically manage that risk by raising those day old chicks in their own farms or by Post moulting the breeder flock. Post moulting is a process in which can shift the laying period of birds without much effecting to the hatchability of the eggs. Processors tactically avoid the maximum retail price control by promoting more profitable chicken part sales which are not covered by the maximum retail price control.