THE MANAGEMENT READER

Contemporary Management Challenges

Volume 01 | Issue 01 | January - June 2018

Faculty of Management
University of Peradeniya

Contents

Editor's Note

It is with great pleasure that we bring out the first edition of 'Management Reader' the biannual magazine of the Faculty of Management, University of Peradeniya. The edition of the Management Reader is compiled under the theme 'Contemporary Management Challenges'. This magazine carries a wealth of research findings emanating from the academics of the Faculty of Management, in a manner so that it will be understandable to non-experts whilst making new knowledge available for dissemination. Thus, the magazine is a mode of communication for not only the management community in Sri Lanka but also for the general public, especially those who are interested in current issues related to management.

This magazine has two important aims. Firstly, it encourages senior and junior academic members of the Faculty to jointly engage in research activities. Secondly, this magazine also motivates scholars within and outside the Faculty to express their opinions openly in a balanced and impartial manner.

This magazine is structured under four sections. The first section of the magazine provides contemporary and provocative 'opinion' articles on issues pertaining to management and economics while section two covers a critical review of management related problems. The third section is concerned with research briefs and articles and the final section deals with news relating to departments and faculty level activities. The first section of articles were "by invitation" while the second and third sections were open for faculty members.

The Faculty of Management as a research oriented faculty, keeping up with the duty of generating and disseminating new knowledge is highlighted through the 'dialogue" by Prof. B.N.F. Warnakulasooriya, University of Sri Jayawardenepura and Mr. R.K. Galanga, KPMG, Kandy on the invitation made by the editorial board.

Needless to say, any papers that you wish to submit, either individually or collaboratively are much appreciated and it will make a substantial contribution to the early development and success of the magazine.

I sincerely thank all the members of the editorial board for their commendable contribution towards completing the first issue of the magazine.

Editor in Chief.

Workshop Series on Human Resource Development

Sri Lanka Army organized a workshop series on 'Human Resource Development' in collaboration with scholars from Faculty of Management, University of Peradeniya under the themes of Career Management, Employee Discipline Management, Grievance Handling and Safety Management. The aim of this programme was to expose Army Officers towards the professionalism of their career. The initial workshop was held at the 23 Infantry Division of the Security Force Headquarters - East, Army Camp, Welikanda on 28th February, 2018. General Officer Commanding, Brigadier B.V.D.PAbeynayaka extended his support to the event. The second phase of the workshop series was held at the Volunteer Force Training School, Army Camp, Diyathalawa on 21st June, 2018 with enthusiastic participation of Officers. Dr. Athula Ekanayake, Mr. Nagarajah Agilan, Mr. Amila Bandara and Mr. Sameera Fernando contributed to this programme by delivering informative lectures, splendid presentations, interactive activities and panel discussions.

Faculty Events

Undergraduate Internship and Research Symposium - 2017

The 'Undergraduate Internship and Research Symposium - 2017' organized by the Faculty Internship Committee and Faculty Undergraduate Research Committee of the Faculty of Management, University of Peradeniya was held on June 08, 2018 at the Faculty Auditorium. The occasion was graced by the presence of Vice Chancellor, Dean - Faculty of Management, Deans of other Faculties, Academic Staff and Industry Experts.

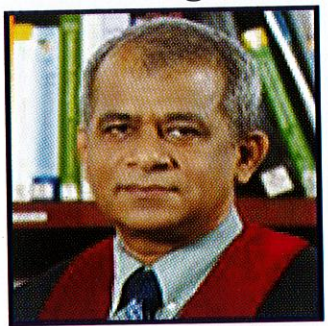
Faculty's 'Undergraduate Internship and Research Symposium - 2017 (Volume II)', which provided the platform for our undergraduates to showcase researching skills through presenting the results they gained through the project and research, is a key milestone in the Faculty's journey.

Two publications were launched in parallel to the event namely 'Undergraduate Research Symposium - 2017' which is a collection of research briefs and 'Management Internship Diaries 2017' which is a collection of write-ups on the internship experience of best students from each Department of the Faculty.

Another important juncture in the event was the knowledge sharing session conducted by the experts from the industry upon the completion of the presentations of the interns, highlighting the industry expectations from a graduate. The industry experts were the panellist of the Undergraduate Internship Symposium 2017 representing top blue chip companies in Sri Lanka. Conversely, Faculty lecturers from different disciplines were the panellists of the Undergraduate Research Symposium 2017.

The best presenters were selected from both research and internship sessions. Mr. E.K.P.S. Epa, and Ms. B. Dissanayake from the Department of Business Finance were awarded as the Best Intern and Best Research student respectively.

Sustainable Development in Sri Lanka through the Marketing Lens



Prof. B.N.F. Warnakulasooriya
University of Sri Jayewardenepura
neville@sjp.ac.lk

What is your opinion on economic growth in Sri Lanka?

First, one should know the commonly agreed meaning of economic growth; it is a persistent growth in the real or potential output in a country over a long period of time such as 10 – 15 years. In general, it is the increase in productive ability–the ability to produce goods and services. Economic growth is an essential but not a sufficient factor of economic development, which is a process of increasing the standard of living (SOL) of the people. Economic development should emphasize on improving the quality of the SOL and social, economic and political environment that supports increasing the self-esteem of the people. In this sense, economic development refers to the improvement in qualitative aspects of the lives of people. Therefore, the achievement of economic growth of a country should help the people to gain a higher degree of SOL, increase employments, decrease poverty, encourage investment, receive efficient public services, deal with trustworthy business, enjoy inequality in the distribution of income, and experience price stability. From this point of view, most important sources of economic growth are increased endowment of resources such as human, physical, natural and social capital, increased productivity, and achievement of economic, political and social stability. In Sri Lankan context, are we achieving all or some of these feats? My evaluation on the performance of materializing of these activities is very unsatisfactory.

What is your overall assessment on resource utilization and management in Sri Lanka?

To answer this question, it is necessary to define what resources are. According to my opinion, resource is anything, which is limited or scarce, that can be used for satisfying individual needs and wants. The major characteristic of resources is the opportunity cost in consumption. Some resources are replaceable while others are non-replaceable. Resources that can be regenerated, can be reused, and not reduces in quantity due to consumption are replaceable, while resources that can't be regenerated, can't be reused, and reduce in quantity due to consumption are non-replaceable.

As I mentioned earlier these resources are utilized to satisfy human needs and wants. Human needs are felt deprivation of basic satisfaction, (e.g. hunger, thirsty etc.) while wants are individuals' unlimited desire for various kinds of goods and services (e.g. satiate hunger, any type of food can be taken). As we know, for a given need, wants are myriads. All products, services, and economic and social institutions such as banks, schools, universities and roads are developed for satisfying the human needs and wants. If human beings do not have the needs and wants the necessity of any resource may not arise. Adam Smith states that the sole purpose of production is consumption. Since resources are limited or have opportunity cost, their capacity to meet all these wants is confined. To bridge the gap between the myriad of wants and the scarce resources, the necessity of management arises. As one of the roles of economic development is to improve the quality of the SOL (the number of products and services an individual consumes in a given period of time), resources should be so managed that human needs and wants can effectively be met. Management- planning, organizing, directing, and controlling efficient and effective usage of the physical and human resources – plays a big role in solving basic economic questions – what is produced, how is produced, and for whom to produced - in macro sense.

In Sri Lankan context, is our utilization of resources managed efficiently and effectively to achieve this end? According to the famous management guru, Peter Drucker, the meaning of effectiveness is "doing the right thing" and efficiency is "doing things right." In general sense, effectiveness is the ability of selecting the right objectives or making the right decision as to basic economic questions. For example, to answer the basic economic question 'what is to be produced', alternative decisions can be taken such as what proportion of total resources should be spent on defense, what proportion should be spent on protecting the environment, what proportion should be manufactured goods and what proportion services and so on. Efficiency is the achievement of a maximum output for a minimum input or output over input ratio.

If utilization of resources is managed effectively and efficiently, our country should be able to give people a higher quality SOL and economic environment than we enjoy today. Is our country doing so?

Do you think that resource depletion correlates with economic growth of a country?

We know that economic growth can be gained through the increment of resource endowment. Such resources are human, physical, natural and social capital. Some resources are replaceable while others are non-replaceable. For example, gold, oil, coal and lands are the non- replaceable resources, and forest and human are replaceable. And even, the major characteristic of resources is the opportunity cost in consumption. For an example, if the lands are used for agriculture, the same lands cannot be used for construction of roads simultaneously. It is clear that output cannot be materialized unless input is utilized. Direct correlation is visible between cause (input) and effect (output). No input, no output. However, the resources are wasted, kept idle, given free of charge, and stolen; no economic growth can be achieved. On the other hand, if the resources are endowed for uplifting the standard of living of people, increasing employment,decreasing poverty, establishing price stability and so on, yes, resource depletion correlates with economic development of a country.

How do you relate the concepts of sustainable development to sustainable economic growth?

There is an understanding that production activities can damage the environment (water pollution, forest depletion, noise pollution, global warming, air pollution, environmental disasters etc.) and that in future we may well have to stop consuming certain product if we are to safeguard the environment. In brief, it is important of meeting humanity's needs today while protecting the environment for future. That is what commonly agreed meaning to sustainability.

As I earlier stated, the difference between economic growth and economic development should be highlighted. Economic growth shows the percentage increase in real national product, GDP can be used as a proxy measure. Economic development refers to the improvement in qualitative aspects of lives of people. It underlines the process of human development. Economic growth is necessary to alleviate poverty and unemployment problem and thereby to obtain a higher level of living standard. It is necessary to have a favorable economic, social, political and institutional set up to achieve economic development. Therefore, economic growth should be achieved by mitigating the negative impact of the same on the environment. Some investment should be made to reduce the water pollution, forest depletion, noise pollution, global warming, air pollution, environmental disasters and so on. The lower the level of consumption today relative to the level of investment on the environment protection, the higher will be the level of consumption in the future.

What is your view about adapting the Sustainable Development Goals (SDGs) into the Sri Lankan context?

The SDGs are the blueprint to achieve a better and more sustainable future for all. These goals are: no poverty, zero hunger, good health & well-being, quality education, gender equality, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry, innovation & infrastructure, reduced inequalities, sustainable cities and communities, responsible production & consumption, climate action, life below water, life on land, peace, justice and strong institutions, Partnerships for the goals. These goals are related to the benefits a country can enjoy through achieving economic growth and development. In Sri Lankan context, it is very easy to adapt these goals if policies for mitigating the negative impact of human activities on communities and the environment are formulated and implemented. And, the current attitudes of people should be changed to protect the planet from being damaged since we depend on the environment for obtaining input for production and output for consumption. For this purpose, education and awareness programme for people can be designed and conducted.

How you look at economic growth, resource depletion and sustainability in the eyes of marketing?

Marketing highlights the use of resources for satisfying customer needs and wants in a profitable manner by protecting the environment in which business organization operates. Marketing considers three aspects: satisfaction for customers, profit for business organizations, and benefits for the society. Since business organization uses scarce resources to provide solutions for customer problems it should be rewarded. Therefore, profit is the reward for marshalling scarce resources in an efficient and effective manner. Nothing is given free in marketing. Marketing produces solutions by researching what customer problems are. It does not produce unnecessary products nor does waste resources. And, it also takes action to mitigate existing or anticipated adverse effects from business activities on society and environment as a whole. From this perspective, if resources are utilized for satisfying customer needs and wants in an efficient and effective manner, while protecting the environment, marketing can be viewed as one aspect of the economic growth.

Can we weave marketing orientation into the fabric of sustainable economic growth & development? If so, how things would be changed?

The answer is yes, economics tries to answer how the needs and diverse and unlimited wants of people can be satisfied by utilizing limited resources. In this endeavor, it tries to answer the basic economic questions such as what product is to be produced, how the production is to be organized, and for whom production is to take place. In the same vein, sustainable economic growth and development alleviates poverty and unemployment problem and provides a higher level of living standard. It also creates a favorable economic, social, political and institutional set up to achieve economic development.

And, as in economic, in marketing, we have to utilize our limited resources to satisfy needs and wants of the people while protecting the planet from which we obtain input and even output. Marketing address the basic economic question in micro level. Since business organization cannot satisfy all customers in large, broad, or diverse market with limited resources, skills, knowledge, and expertise. Marketing solves this problem by dividing the total market into groups of consumers or segments with distinct needs and wants. And, then it selects one or more market segments where business organization can perform with limited resources better than its competitors and develops a marketing strategy combined its resources into marketing mix to serve customers effectively and efficiently. And, in the same time business organization should earn profit, which is the reward for marshaling scarce resources efficiently and effectively.

However, most of the business organizations operate in the competitive environment, which significantly affects its ability to carry out their strategy, especially in the long run. We have to ensure the health of the competitive context which may in turn increase the benefits for both the company and the community. To ensure the competitive context, one has to increase the quality and quantity of available business inputs; enact the rules and incentives that govern competition; generate policies that protect intellectual property, ensure transparency, safe guard against corruption, and encourage investment; and make local supporting industries and infrastructure.

Given our history, would it be realistic to mingle the essence of marketing with economic theories in the Sri Lankan context?

It is a fact that everybody knows that needs and myriads of wants of people should be satisfied and the resources that are utilized for this end is very limited. Needs and wants are the foundation for every economic, political and social activity in this world. No needs and wants, no problem arises. Every economic theory, model, and concept tries to explain how these unlimited wants are fulfilled by limited resources. Even though marketing has been developed as a separate discipline for study purposes, it is obvious that marketing has borrowed many theories, models and concepts from economics for solving this dynamic and ever changing problem. Basic objective of marketing is also to satisfy customers profitably. No argument over that marketing has been derived from economics. It is universally accepted fact.

In conclusion, according to your point of view what would be the stepping stone for such a blend of concepts in reaching sustainable development in Sri Lanka?

As it is important of meeting humanity's needs today while protecting the environment for future, we should protect the planet where we live. Any economic and marketing theory, model or concept should try to understand the cause of the problem; that is customer needs and wants. And even we should not forget that we are utilizing scarce resources to meet these human needs. Most of the resources we use are generated by the planet. These resources have some economic value, they should not be wasted. Every possible action should be taken to balance the satisfaction of needs and wants of human beings and the resources generated by the planet. Therefore, from my point of view, any theory, model, or concept should be based on this reality. Any theory, model, and concept that would help a country to develop favorable economic, social, political and institutional set up by balancing balance the satisfaction of needs and wants of human beings and the resources generated by the planet.

Governance of State Universities in Sri Lanka: Roles of the Key Stakeholders

Dr. E. M. A. S. B. Ekanayake
Department of Business Finance
athulae@gmail.com

Introduction

Governing public sector organizations is always a challenging task given the multiple objectives of their existence. For instance, although many private sector organizations aim to mere maximize profits for the owners, public sector organizations would want to contribute to the welfare of the society by large and perhaps to run them as self-sustain entities. Thus, the governance of former type of organizations may mean the formal system of accountability of the management to the owners (only) (Keasey, Thompson and Wright, 1997). On the other hand, the governance of latter type of organizations can be described as a framework of accountability to users, stakeholders and the wider community, within which public sector organizations take decisions, and lead and control their functions, to achieve their objectives (Audit Commission, 2003). This means that, in establishing good governance, public sector organizations need to consider the diverse objectives of their various stakeholders (not simply the owners as in the case of private sector organizations) to ensure that the varying interests of stakeholders are appropriately balanced; that decisions are made in a rational, informed and transparent fashion; and that those decisions contribute to the overall efficiency and effectiveness of the organization.

Aim and Motivation

This essay aims to examine the role of key stakeholders in the governance of state universities in Sri Lanka. By doing so, it intends to propose a model to improve the degree of governance of the state universities in Sri Lanka. Over the years, frequent rise of key stakeholders for their demands has been a common factor within the state university system in Sri Lanka highlighting the deterioration of the level of university governance. For instance, in its 2011/2012 trade union action, Federation of University Teachers' Association (FUTA) demanded to enhance the autonomy of universities, and ensure the de-politicization of appointments to university bodies because such politically appointed people were often inclined to pursue their own interests or the interests of pressure groups rather than the interests of the public at large (See FUTA framework for discussion on MOU). Further, report of the workshop on University Governance, Autonomy and Accountability: Directions for Change (2015) highlights two aspects that have threaten the degree of governance of the state universities in Sri Lanka. Firstly, the universities have been experiencing poor state funding, low employee salaries, lack of infrastructure development, poor management, continuing bureaucratization and political control. Secondly, crisis of governance within the universities was visible in terms of increasing political control of university affairs, politicization of university administration, continuing student unrest, and breakdown of the trust between university authorities and academic as well student communities. The politicization of the universities may mean that they cannot be thrived as autonomous institutions fulfilling the objectives of various stakeholders.

Stakeholder View of Governance

Stakeholders can be seen as those individuals and institutions that are influenced by the firms' actions or inactions (Freeman, 1984). The stakeholder view of governance suggests that organizational practices are influenced by a variety of stakeholders, and thus it is important to act 'responsibly' towards all of them. Organizations have economic and legal responsibilities towards the owners while ethical and discretionary responsibilities towards the employees, community residents, consumers and various interest groups-social returns. Therefore, it is required that organizations should consider the interests of various stakeholders in governing their organizations. This is particularly true in the case of public sector organizations such as the state universities.

There can be several arguments for why should organizations adopt a stakeholder view in governing their organizations. The first is the ethical argument which posits that firms are compelled to behave in a socially responsible manner because it is the morally correct thing to do. For example, a state university does not seek to maximize the difference between tuition fees and costs, but it is required to simultaneously concerned with the welfare of its students, faculty, administrators, and the government. Therefore, many decisions of the state university involve the balancing the sometimes conflicting interests of these groups (Carlton and Perloff, 1994). The second is the economical or long-run self-interest argument which claims that stakeholder orientation actions will benefit the organization over time economically. This means that the long-term maximization of the university's value and of its social welfare would depend on the degree to which it is being social responsible. The third is the legitimacy argument which asserts that stakeholder orientation will bring legitimacy to the organization. For instance, the state universities can justify its existence as long as it provides service to the stakeholder community in an acceptable manner. The final is the political argument which proposes that effective stakeholder strategies can bring political benefits to the firm. In relation to the state universities, this may mean that they could be allowed to function as autonomous institutions provided that it serves for the best interests of their stakeholders.

Key Stakeholders and their Roles in Governance of State Universities in Sri Lanka

Within the state universities in Sri Lanka there seem to be several important stakeholder groups, namely the government, administrators, faculty and students, that influence the degree of governance. This essay argues, however, that their effectiveness in the governance of state universities are hindered due to various contextual influences and competing interests. The following sub sections explain briefly the potential role of each stakeholder in the governance of state universities in Sri Lanka as well as the low level of actual performance as a result of the influences from the environment.

The Government:
The government being the owner involves the governance of state universities via regulation by directives, for example, *Universities Act No.16 of 1978 and subsequent amendments, Establishment Code and University Grant Commission Circulars.* By the provisions set out in these regulations, the government prescribes in detail what universities have to do under particular circumstances. Thus, in state university systems, the government plays an important and influential role in governance. However, the excessive government influences can lead to politicization of universities. In particular, there are many criticisms over the appointments of the Vice Chancellor and the members to the Council of the state universities during the past. Also, politicization of state universities in recent years has had adverse impact on the fulfillment of the objectives of various stakeholders. Hence, it is required that state universities are allowed to function as autonomous institutions redefining the nature of the relationship between the

universities and the government, its political authorities and regulatory institutions.

Administrators:

The administrative staffs who are responsible to govern state universities is a key stakeholder within the university governance system. The leadership that they provide in goal setting and strategic decision making is an important aspect of university governance. The undue government influences over the appointments of key positions of the universities can hinder the effectiveness of administrators in university governance as discussed above. Further, outdated administrative and financial regulations are also likely to drag their decisions unnecessarily. Long procedures and poor internal controls also increase the risk of system failures. For instance, delays can be expected in multiple level approval process of the university administrative system. It will take at least six months to obtain approval of the Senate of the University for a proposal submitted by a Department if it passes through each approval level at the very first time. Furthermore, although administrators provide the university with strategic direction through the preparation of corporate plans and annual budgets their implementation has not been monitored closely. In other words, it appears that such reports are prepared merely for compliance requirements, and thus their role in the governance is at a minimum level. One of a main reason for this problem would be the lack of knowledge of the administrative staff of the use of such reports. This situation has serious consequences on implementation of the proposals promptly and thereby achievement of university goals. Overall, these characteristics undermine the effectiveness of administrators in the governance of the state universities.

Faculty:

Faculty is a key stakeholder and an important governance element within the university governance system. The academic self-governance is the traditional role of professional communities within the university system and it is institutionalized in collegial decision-making within universities and the peer review-based self-steering of academic communities (Baldridge, 1971). However, there also seems to have several operational weaknesses in this system. This type of a system may not be implemented effectively in the absence of a strong ethical framework and a performance evaluation system. For example, academic members may not be directed to conduct research and other academic activities in such a situation and their focus could only be limited to teaching. There is also a possibility that competent staff will leave the universities due to lack of recognition and appraisal. Also, the administrative burden of the academic staff is considerably high in the Sri Lankan state universities compared to the universities in the developed world. As a result, academic staff experience problems in prioritizing their work, for example, time allocation for research. In sum, these situations could limit the potential that the Faculty playing an effective role in the governance of universities.

Students:

Students are a key beneficiary as well as an important stakeholder of the universities. Because students have an incentive to monitor administrative decision-making, for example, those decisions that affect the quality of academic and student life, they can also be an important element of the university governance (Brown, 2001). Frequent student voice and protests are very common within the university system in Sri Lanka but their impact on establishing governance appears to be less. On the one hand, some of the demands coming from student unions seem to be unreasonable and politically motivated, and on the other hand, even reasonable demands may not be honored by the politicians, and ruling party favored and rigid administrators.

The analysis of role of the key stakeholders in the governance of state universities in Sri Lanka suggests that various contextual influences deteriorate the level of university governance. At times, the context does not promote or encourage each stakeholder playing their potential role in the governance, and in other times, the competing interests of the stakeholders hinder their governance actions. None of these stakeholders have a true residual claim on the performance of the university. However, each stakeholder category attempts to maximize its own wellbeing, which at times may be inconsistent with maximizing the overall performance of the university. Thus, these competing interest groups with competing goals create the need for a system of shared governance and mutual monitoring for the best interests of the whole stakeholders of the state universities in Sri Lanka (see Brown, 2001).

Conclusion

This essay discusses the roles of key stakeholders in the governance of state universities in Sri Lanka, and proposes a shared governance and mutual monitoring model to improve the degree of governance. In that shared governance and mutual monitoring model, universities should be allowed to operate as autonomous institutions, while the government should provide policy level guidance to universities and monitor their major decisions in a regular time. Administrators are expected to play a greater role in decisions concerning the use of financial resources and broader issues of university governance and management. Faculty is expected to have a greater influence over decisions concerning curriculum and general faculty governance. Students can play an important monitoring role overseeing the administrative decisions that affect the quality of academic and student life which will have a direct impact on them. It is hoped that this type of shared governance and mutual monitoring model may address the governance crises of state universities in Sri Lanka at least to some extent.

References:

Audit Commission. (2003). *Corporate Governance: Improvement and trust in local public services*. The Audit Commission for local authorities and the National Health Service in England & Wales, UK.

Baldridge, J.V. (1971). *Models of university governance: Bureaucratic, collegial, and political*. Standard center for research and development in teaching.Research and development memorandum no.77.

Brown Jr., W.O. (2001). Faculty participation in university governance and the effects on university performance. *Journal of Economic Behavior & Organization*. 129–143.

Carlton, D.W., Perloff, J.M., 1994. *Modern Industrial Organization*, 2nd Edition. HarperCollins, New York.

Federation of University Teachers' Association.(2012). *Framework for discussion on MOU*. Federation of University Teachers' Associations Sir Lanka 03/07/2012.

Freeman, R.E. (1984). *Strategic Management: A Stakeholder Approach*. Pitman, Boston.

Report of the workshop on University Governance, Autonomy and Accountability: Directions for Change. (2015). University of Colombo.

CHAMPIONS - CEYBANK TROPHY

The Department of Accountancy and Finance, Faculty o Management Studies, Sabaragamuwa University of S Lanka in collaboration with the Ceybank Asse Management Limited organized an Inter University Qu Competition at the Investors' Day 2018 event held on 17t and 18th January, 2018. A team of fiv undergraduates representing the Department o Business Finance won the competition and wa awarded the Ceybank Trophy and a cash price of Rs 25,000. A felicitation program has been organized b the Department of Business Finance to recogniz the remarkabl achievement of th students of th Departmen which wi encourag them to partici pate at th similar events i the futur

Department of Business Finance

APPOINTMENT OF NEW HEAD OF THE DEPARTMENT OF BUSINESS FINANCE

Dr. E.M.A.S.B. Ekanayake was appointed as the Head of the Department of Business Finance with effect from January 01, 2018. He is a Senior Lecturer II and a Chartered Accountant by profession.

AGREEMENT BETWEE UNIVERSITY OF PERADENIYA AN BRANDIX LANKA LIMITE

The University of Peradeniya and Brandix Lank Limited have entered into an agreement with th initiatives taken by the Department of Busines Finance, Faculty of Management. Through thi agreement, a Gold Medal will be awarded annually to th best performing student in Accounting & Finance at th General Convocation of the University. This agreement als provides internship opportunities, sponsorship for the student projects, seminars, workshops and conferences with the partic pation of resource personnel from Brandix. By this way, student specializing in Accounting&Finance are expected to be benefite greatly by this arrangement.

Built In Quality (BIQ)

"Quality must be built in – It cannot be added on"

Ms. S. P. Aryarathne
Department of Operations Management
samurdhiea1988@gmail.com

Business organizations around the world practice different strategies and techniques to improve their sales and profits by enhancing customer satisfaction. How well you satisfy the customer is decided through the level of the quality that is delivered to the market. According to W. Edward Deming, Quality is "Meeting or exceeding customer expectations" of a product or a service. Since customer expectations vary among each other, organization has to focus on a wide scope to enhance the quality of a product or a service. Customers will expect various dimensions (or services?) from a product or service in different aspects such as how well the product or service perform, features, reliability, conformance and durability etc.

In order to satisfy customers in an effective manner a concept named as "Built In Quality" (BIQ) was introduced to the business world. Organizations face many issues relating to product quality which finally brings forth low productivity and less efficiency. Built In Quality is a major solution introduced to the business world to mitigate the stated problems. This concept focuses on doing things right in the first time. People are trained to function in an effective system where the defective products will not be produced at the time of production and at the same time it will not pass on to the next process. Quality is achieved in a systematic way by building the quality of the product from the designing stage onwards. This concept uplifts the thinking pattern towards the concept of quality by stating a new perspective on quality as, "quality must be built in and it cannot be added on".

This concept focuses on two main elements.

1. Defects are detected and prevented from being passed on to the next process.

A product or a service has its own production process. These processes could be a combination of man, machine, material and methods etc. Once the required part of the product has been produced by one work department it should be passed on to the next process. The Built In Quality concept suggests that every operation assures that a product will not be defective when it is passed on to the next operation. Creating a zero defect culture is the main objective of this concept.

This element is supported by three criteria's. The culture of a Built In Quality environment enhances its value by conveying three golden rules to the workers in a production process towards achieving a defect free culture.

- Do not accept a defect
  If a person is working in the middle of a production process he or she will have a supplier for the process. This rule emphasizes that workers are not allowed to accept a defective product, tool, and material from its upstream process. The thinking pattern of workers should be changed to emphasize that accepting a small defective part of a product will causes bigger damage to the final output at the end of the day. If a defective product is detected it should be given back to the original work station asking the relevant part to be fixed and given back. Ex: An engine of a car cannot be started if a door has not been closed well.

- Do not make any defect
  This rule focuses on doing your job right the first time, which will make people not make any defective product

by their own. People are trained and motivated to a culture where they highly focus on their work by not making any single defect from their own production station. As the first rule emphasizes on returning products to its original place, workers are given a self-responsible working environment. "Do not make any defect" rule will avoid retuning of products and parts from upstream departments and workers will pass only zero defective products to the next work station. This assures a zero defect environment.

- Do not pass any defect
  Once a process is completed by one works department or by an individual, if it carries a defect it should not be passed. Passing errors to others in order to avoid your mistakes is a common feature seen from most of human beings. This rule brings a self-reliable atmosphere where workers will not tend to pass any defect to the next process. Ex: Error messages displaying once an incomplete document is to be sent via a website.

2. Causes of defects are found on a problem solving approach

Built In Quality (BIQ) also suggests an environment which promotes problem solving. These systems are commonly seen in the Toyota production System. When a defective product is been produced and identified from a particular department, the production will be stopped immediately. Workers will get together and try to identify the root cause for the problem by using different problem solving techniques. Once countermeasures are identified through team discussions it will be implemented on the production process and the results will be checked. If it works successfully without creating any defect to the product, process could be started again. If it does not works accordingly the team will test different alternatives until the required results are generated. These elements ensure that a product will not be passed to the next works department until it has been fixed and tested. Consultants on BIQ concepts believe that it is better to stop the production line rather than continuing a production process with defects. This thinking pattern encourages workers to do the job right first time and to see the problems in a very positive manner. The culture of hiding problems will be avoided through this which motivates workers to solve the problems at the earliest to start the production again.

Making the quality of a product as per the customer requirement is a team based approach which should be practiced at every level of the organization. The total supply chain of the organization starting from the supplier to customer should focus on this concept which will lead to achieve organizational goals and objectives. When selecting raw materials to the organization, it should be zero defect material which then starts the BIQ concepts from the source level. This continues at the self - check level where each and every employee is encouraged to check the product assuring zero defects.

Concept of Built In quality (BIQ) facilitates a defect free atmosphere while motivating employees to do a right first time job. This will reduce the cost of the organization by reducing unnecessary costs allocated for repairing and reworking products. Quality is not a process of adding, it is building it in to the product through the commitment of the workforce of an organization.

HRM in the Eyes of Environmental Sustainability

Ms. F. Dawood
Department of Human Resource Management
fahimadawood@gmail.com

Traditionally, success and sustainability of a firm was determined only by the firm's financial performance and the firm's economic value. But during 1990s, the world had begun to be concerned more on the firm's ability to focus on proactive environmental management. This was mainly because of the environmental forces such as customer boycotts, dynamic preferences, and new customer requirements affecting basic business strategies to control pollution and to prevent pollution. Hence, it was considered essential that firms' economic and financial outcomes were accompanied by minimization of ecological footprints and attention to social and environmental aspects got increased. Therefore, the purpose of this essay is to discuss environmental sustainability in managing human resources of an organization.

Organizations in late 1990s started to focus on developing green management initiatives, which involved maintaining a sound balance between the firm's growth and safeguarding natural resources, so that future generation may not have to sacrifice their basic needs and wants. Here, the organizations concentrated more on the employees and expected employees to be inspired, empowered and to be environmentally aware. This is because, the employees are the only organizational resources who develop and execute green management initiatives. Thus, the concept of Green Human Resource Management (GHRM) emerged from companies, which tends to engage in practices that protect the environment and maintain ecological balance.

Green HRM refers to HR policies that promote sustainable use of resources within the organization, which in turn, promotes the cause of environmental sustainability. Simply, GHRM is all about integrating environmental management with HRM. Further, GHRM emphasizes the alignment of HR policies and practices with sustainability goals that reflects eco-focus.

Organizations nowadays include green initiatives in the process of "Going Green" and making the environmental concern a cultural value of the organization. The organizations implement green initiatives with the help of its employees; managers are liable to ensure that the organization implements green HR initiatives in an appropriate manner. Thus, modern organizations are expected to promote technical and management skills among all employees in order to execute the green HR initiatives effectively. Green initiatives for HR are as follows:

- Green Building-
  Green buildings are alternative to traditional office buildings, which helps to reduce the exploitation of natural resources that are utilized by an organization. Green buildings also include green practices such as Energy Efficiency, Renewable Energy and Storm Water Management. This will also enable cost savings for organizations.
- Paperless Office-
  Paperless office is a workplace where the use of papers is restricted or eliminated, and the documents are automated with the use of IT systems. Here, the information is stored and retrieved using different technological sources such as intranet, internet, e-library, webinar and so on. This initiative reduces the consumption of papers and costs of paper related actions (copying, printing and storing) to a greater extent. Also, through this initiative, organizations can save the

time spent on searching paper documents.

- Conservation of Energy-
  To provide more efficient and eco-friendly services, modern organizations implement different conservation initiatives such as introducing solar lightings, car-pooling or bike pooling or sometimes providing transportation to employees for their daily commute to the workplace so as to save fuel and lessen traffic, thereby ensuring faster commute and reduction in carbon emissions, sometimes, even encouraging employees to cycle to work, wherever possible.
- Recycling and waste disposal-
  As a part of green initiatives most of the organizations nowadays implement recycling programmes to increase the amount of recycled products and to reduce the amount of waste.

The effective execution of the corporate environmental management system and the green initiatives for HR is highly dependent on the strength of Green HR policies. Hence, it is emphasized that all the HR activities of an organization should be environmental friendly in order to enhance Organizational Environmental Management, which help to reduce organization's carbon footprint in areas such as staffing, induction, performance management, training and development, compensation and recognition and rewarding.

The organizations can make the HR activities green in the following manner:

- Job Analysis-
  - Include environmental dimension as a duty in the job description
  - Include green competencies as a special competent in job specification
- Recruitment-
  - Create strong employer brand through environmental friendly policies and practices
  - Implement paper-free recruitment process; carry out recruitment via email, online application forms and so on.
- Selection-
  - Include questions in interviews that are tailored in a way that reflect organization's green goals.
  - Select candidates who engage in "greening" as consumers in their private lives.
- Training and Development-
  - Show 'green citizenship behavior' in both the induction programme and training programmes
  - Design training programmes in a way that emphasizes greening and enhances knowledge and skills for greening.
- Performance Evaluation-
  - Evaluate the performance of employees based on green related criteria
- Recognition and Rewarding-
  - Recognize and praise employees for their ability of going green
  - Give rewards for employees for their good green performance at work

Creating sustainable environmental practices through HRM can bring various benefits to organizations. Green HRM practices help organizations to grab the attention of environmentalists, government and environmentally conscious consumers; this in turn helps organizations to create employer brand. Being employer of choice will help organizations to attract and retain unique talent and to improve employee commitment and engagement.

Moreover Green HRM helps organizations to improve their financial ability by decreasing the costs through car-pooling, telecommuting, job sharing, online interviews, online application forms and teleconferences. GHRM also reduces time spent on knowledge sharing, through introducing IT systems and helps to make better decisions regarding change and creating green culture within the organization with the support of the employees.

Even though Green HRM brings many advantages to organizations its execution can cause various problems. Converting the HRM practices to 'green', such as introducing IT systems to manage human resources may require high initial investment and this would affect the profit of the organization in the short run. Also, going green through HR practices may not work if the people inside the organization are unaware about the importance of environmental sustainability. This would make the situation more serious if there is no or less support from the top management. Therefore the organization will have to spend more money on organizing awareness programmes and providing training to employees. Therefore some scholars claim that Green HRM is not suitable for small businesses.

Furthermore going paperless is risky, because, evidence for certain business decisions, contracts and other HR functions such as interview results of new recruits, results of performance appraisal are expected to be in document form for later references; but if IT systems are hacked or destroyed by viruses, then the organization may lose the evidence of such decisions, contracts, and other employee related decisions.

Overall, Green HR practices help organizations to find alternative ways to reduce cost without losing high caliber employees. Hence, modern organizations should implement green HR practices in order to sustain their success in the global marketplace.

References:

Cherian, J. & Jacob, J. (2012). A Study of Green HR Practices and Its Effective Implementation in the Organization: A Review. *International Journal of Business and Management, 7*(21), 25-31.

Mehta, K. & Chugan, P.K. (2015). Green HRM in Pursuit of Environmentally Sustainable Business. *Universal Journal of Industrial and Business Management, 3*(3), 74-81.

Pandey, S., Viswanathan, V. & Kamboj, P.(2015). Sustainable Green HRM – Importance and Factors affecting Successful Implementation in Organizations. *International Journal of Research in Management and Business 2*(3), 11-29.

Sudin, S. (2011). Strategic Green HRM: A proposed model that supports Corporate Environmental Citizenship. *2011 International Conference on Sociality and Economics Development, 10*, 79-82.

Dean's List

2016/2017 - 2nd Semester

	100 LEVEL	
	Reg. No.	***Full Name***
1	MG/15/081	Manikrama M.R.M.U.
2	MG/15/096	Panamaldeniya A.A.M.A.K.
3	MG/15/049	Harivarman M.
4	MG/15/007	Ameer F.R.
5	MG/15/131	Shamath N.S.A.
6	MG/15/030	Edirisighe V.P.

	200 LEVEL	
	Reg. No.	***Full Name***
1	MG/14/003	Afross N.F.
2	MG/14/056	Kaviyaa V.
3	MG/14/072	Masinghe M.A.Y.P.
4	MG/14/101	Senarath B.T.D.N.
5	MG/14/008	Asma M.A.F.
6	MG/14/085	Pramodi K.P.T.
7	MG/14/026	Dhiviya M.

Losing Competitiveness in Sri Lankan Cricket: An Analysis based on Resource-Based View

Dr. B.A.N. Eranda
Department of Marketing Management
nuresh80@gmail.com

"What a victory for the Sri Lankans! A fantastic effort by them!" was the comment made by Tony Greig in 1996 when Sri Lanka won the World Cup Finals against mighty Kangaroos. This victory has made Sri Lanka a famous country in the world and this strong momentum was continued for several years. However, when we look at Sri Lankan cricket in the recent past a clear loss of competitiveness is evidenced. This was clearly confirmed by losing the 50 over series to Zimbabwe in July 2017. How can we analyze this eroding Sri Lankan competitiveness from a management perspective?

The doyen of living management gurus Michael Porter opined that all the organizations should be concerned with building and sustaining competitive advantage. So how should we sustain and build it? According to resource-based view, an organization's ability to perform better than the competition depends on the unique interplay of human, organizational, and physical resources over time. Therefore, the internal environment of the organization should be crafted comprehensively for enhancing the competitiveness. Sri Lanka cricket is no exception. Hence all the above three types of resources have shown a clear collapse over the last several years.

Human resource – Did we have replacements for Murali, Vaas and Sangakkara? The answer is probably not. This is mainly due to the lack of Human Resource Development (HRD) and succession planning. We were unable to develop and unleash skills and competencies of our cricketers for improving the performance. We do not have a properly organized first level or famously known as club level cricket. School cricket has also got *Kudammaa's Salakili* (stepmother's treatment). Instead, when someone looks at the retirement of Tendulkar, the replacements were several including Kohli, Yuvraj, Rohit, Jadeja, Dhawan and many others in the pool.

Organizational resource – Do the policies, rule of the law, ethics and governance contribute to uplift the cricket in the recent past? Once again the answer might be probably not. Sri Lanka cricket is managed by a handful of people every time within a highly bureaucratic environment. The composition of the selection committee is always changing and also there is a lack of proper co-ordination between the cricket board and the ministry. Particularly, the absence of long term relationships among the relevant stakeholders has influenced on losing competitiveness. Needless to state, today's intense competition of cricket playing nations requires not only high performance of players but strategic thinking and commitment from all the relevant stakeholders.

Physical resource – Do we have adequate and up-dated infrastructure to support Sri Lankan cricket. Repeatedly the answer might be probably not. Quality of cricket grounds is diminishing due to the lack of maintenance and financial allocations. Rangiri Dambulla and Hambantota Sooriyawewa international stadiums are classic examples for this built by the public money. Sri Lankan batsmen and fast bowlers have still not adapted for fast pitches due to the unavailability of these pitches in Sri Lanka. But technology can be used to make these kinds of pitches artificially in modern day cricket but instead we stuck with the same kinds of dried pitches. The quality of infrastructure at school and club level should not be uncovered since the situation is pathetic to examine.

Resource based view has also pointed out that the resources most likely to generate a competitive advantage are those having the characteristics of valuable, rare, inimitable and organized well (VRIO framework). These are also the questions one should ask about a resource or capability to decide organization's competitiveness. Let's see the VRIO stance of today's Sri Lankan cricket.

The question of value: A resource should be able to create value for the organization either by outperforming rivals or reducing its own weaknesses. It is hard to find openers, middle order and lower order batsmen consistent enough to challenge the opposition. It is even hard to see batsmen who can build innings like the legendry Aravinda de Silva when the team is in chaos in terms of batting. Therefore, a competitive disadvantage is frequently visible in recent cricket match series.

The question of rarity: A resource should be rare to add value to the organization and in other words a resource is acquired only by a particular organization captures the competitive advantage. We could not find a rare bowler like the mighty Muralitharan who can play test, limited overs and even T20 in the same caliber. He proved the continuous rarity by inventing 'doosra' as an off-spin bowler to outperform oppositions which enhanced the competitive advantage of the Sri Lankan cricket during his tenure.

The question of imitability: A firm can achieve a sustainable competitive advantage if competitors are unable to duplicate firm's resources. In modern cricket duplication becomes easier due to the use of up-dated technology. Therefore, it is paramount to build up competitive advantage based on intangibles which are difficult to imitate as practiced by innovative companies in the world. The winning-culture with passionate and committed cricketers in 1996 was inimitable to godfathers' of cricket. So now it is high time to take a U-turn for creating such intangibles to make us different in world cricket.

The question of organization: A resource does not generate competitive advantage for the organization if it is not properly organized to capture the value of it. For an effective organization, leadership would be the best friend. A clear cut ineffective leadership can be witnessed in recent Sri Lankan cricket in the areas of captaincy, administration and politics. We had a pinnacle level match winning leadership in the history and it should be reestablished to gain our higher brand equity in international cricket.

All in all, Sri Lanka has to reconceive its internal cricket environment to recover and sustain the competitiveness. However, it should be undertaken in a way matching with the changes in the external cricket environment consisting of volatile technology, changing executive powers in world cricket, governance, and ethics etc. Finally, we hope that Sri Lanka will be able to flourish once again as a trailblazing team in world cricket!

References:

Barney, J. B., (1991). Firm resources and sustained competitive advantage. *Journal of Management,* 17(1), 99-120.

Barney, J. B., (2001). Is the resource-based view a useful perspective for strategic management research? Yes. *Academy of Management Review*, 26(1), 41-56.

Field Visit to Coca-Cola Beverages Sri Lanka LTD

The final year students who are specializing their degree in Human Resource Management were visited Coca-Cola Beverages - Biyagama Plant on 02nd February. The field visit was organized to nourish their theoretical knowledge and give an exposure to practical applicability of several HR practices such as Human Resource Information System, firmspecific training methods, and performance evaluation practices.

Department of Human Resource Management

Guest Lecture on CV Writing

A guest lecture on 'CV writing' for final year undergraduates was held on 19th May at faculty auditorium. The aims of this event was to educate students what makes a good/bad CV and prepare them to write their own CV. Mrs. Bishmi Rajapakshe, Deputy General Manager-Human Resources, MAS Intimatesconducted the lecture with a number of interactiveactivities withe participants.

Mock Interviews for Final Year Undergraduates

Going beyond the traditional assessment metods, the final year undergraduates got an opportunity to experience a mock interview session with industry experts. The programme was organized as one of the continuous assessments of 'Personality and Skills Development' subject. Mr. Niluka Amarasinghe, Senior Manager-Hatton National Bank; Mrs. Bishmi Rajapakshe, Deputy General Manager - Human Resources - MAS Intimates; Mr. Kalpana Rodrigo, General Manager - Screenline Holdings and Mr. Niroshana Chandradasa, HR Busines Parner - Ceylon Tobacco Company were contributed as the panel of interviewers. The programme was held on 09th June at faculty premises.

Beyond Corporate Social Responsibility

Mr. T.S.S. Fernando
Department of Management Studies
fernandotss28@gmail.com

Managers and theorists have been discussing about organizations' responsibility towards society for many years. According to Carnegie's view (as cited in Stoner, Freeman and JR, 2009), there are two principles which focus on social responsibility. Charity principle is about doctrine of social responsibility requiring more fortunate individuals to assist less fortunate members of society. Stewardship principle is biblical doctrine that requires businesses and wealthy individuals to view themselves as stewards, or caretakers, holding their property in trust for the benefit of the whole society. According to Friedman (as cited in Stoner, Freeman and Gilbert, 2009) "there is one and only social responsibility of business is to use its resources and energy in activities designed to increase the profits. Thus, those are two different viewpoints of social responsibility that scholars had. With the evolution of social responsibility, organizations are looking at different perspectives rather than focusing only on shareholders. They have to consider all the stakeholders who are interested in organizations in order to survive and grow in the society.

Problems faced by the world

When we consider the world's scenario each and every individual has to think beyond social responsibility since the world is facing a great deal of problems. As emphasized by theorists, practitioners and scholars poverty has become one of the major problems that the world encounters as a whole. According to Dias (2016) nearly half of the world's population i.e. more than three billion people live on less than $2.50 a day whilst more than 1.3 billion who earn less than $ 1.25 a day live in extreme poverty. One billion children worldwide are living in poverty. As stated by UNICEF, 22,000 children die each day due to poverty. Africa is the region most affected by poverty in the world. Countries such as Madagascar and the Democratic Republic of Congo severely suffer due to extreme poverty.

In addition to that third world debt crisis, fluctuations in the world economy, unemployment, inequality of income distribution, food and water security, lack of education, lack of enough health services, HIV AIDs and other diseases, pollution, global warming, natural resource depletion, waste disposal, loss of biodiversity, deforestation and ozone layer depletion are economic, social and environmental problems which entire world is looking at to be addressed and they are challengeable too. In September 2000, the United Nation Declared Millennium Development Goals in order to combat against poverty, hunger, disease, illiteracy, environment degradation, and discrimination against women for 15 years. Again in 2015 Sustainable Development Goals were developed and adapted by countries to end poverty, protect the planet, and ensure prosperity for all. It consists of 17 goals and it is expected to be achieved in 2030. These all evidences proved that the entire world has already stepped forward to fight against poverty and related issues expecting to secure the world, people and their future.

Who is responsible?

There is an amazing question as to who is responsible for addressing these kinds of major world's problems. Every individual, organization, government and the world as a whole is responsible. It seems that individual level, organizational level and system levels are required to concentrate on them. Especially organizations created many problems to the environment. The organizations of which aim is to maximize profits do not take into consideration economic, social and environmental problems though they should engage and involve with these problems as social entities. Why organizations have more responsibility than other levels? People make organizations in order to achieve goals and objectives. One of the major parts of the organizations is people. In the point of view of management they are called stakeholders. Shareholders, employees, managers and trade unions are internal stakeholders. External stakeholders are debtors, creditors, competitors, suppliers, government, and community and etc. It is required to fulfill the expectations of these stakeholders so as to make sure the long run survival and growth of the organizations. If not, the stake and support provided by them towards business can be given up even though they have different levels of importance and power towards the organizations. In addition to that organizations are a part of the society and thus, they are open systems which operate with the external environment and take inputs from the environment and release outputs to the environment. Having interacted with environment, organizations expect to survive and continue the growth by adapting environmental changes. Thus, as a part of the entire society, organizations have more responsibility towards the emerging world problems.

Strategies adopted by organizations

As noted at the outset organizations are adopting various kinds of strategies to balance stakeholders, to a line with the changing environment and to take competitive advantages. Among these strategies, philanthropic responsibility, Corporate Social Responsibility, Sustainability measures are vital. The concept of Corporate Social Responsibility (CSR) first appeared in 1970s. It is a practice taken up by organizations in order to take in to account interest of stakeholders and it is as a part of organizational strategy to a line with the environment. According to Daft (2013) Corporate Social Responsibility refers to the obligation of organizational mangers to make choices and take actions that will enhance the welfare and interests of society as well as the organization. Carroll (1979) identified four primary criteria of Corporate Social Responsibility. They are economic, legal, ethical and discretionary. Economic responsibility encourages organizations maximizing profits for fulfilling expectations of owners and shareholders. Organizations are expected to comply with rules and regulations imposed by government and other constitutional institution. That is called legal responsibility. As explained by Daft (2013) ethical responsibility includes behaviors that are not necessarily codified into law and may not serve the corporation's direct economic interests. Organization decision makers should act with equity, fairness and impartiality, respect the rights of individuals and provide different treatments of individuals only when relevant to the organization's goals and tasks. Obviously, organizations have already taken series of steps at their sole discretion to uplift the social lives through developing health, education, sports, culture and to upgrade social wellbeing as a whole. They too expect to get corporate advantages such as to increase customer retention, to develop networks with stakeholders, to improve the business reputation, to attract and retain competent and contented work force, to generate positive publicity by implementing such kind of programs. However it is still doubtful whether these organizational attempts really could resolve material social issues of the concurrent world. Can they address world issues as to what should immediately be resolved? Do concurrent organizational attempts make positive impact on existing issues? Are they good enough to resolve the world issues? Past experiences clearly exemplify that the responsibilities which have been taken by organizations are not adequate and more reactive. In Sri Lankan context, collapse of the Meethotamulla garbage mountain is one of the best examples. The collapse killed more than 30 people, destroyed more than 100 houses. At that moment the government, organizations, individuals expressed their views and they were eager to find out some practical solutions but they are reactive and we were lost lots. Again someone might raise another important question, "what is the feasible solution?"

Creating Shared Value (CSV)

As cited by Karmer and Pfitzer (2016) Poter and Kramer (2011) argued that companies can move beyond corporate social responsibility and gain competitive advantage by addressing social and environmental considerations in their strategies. They suggested treating social challenges as opportunities, and it is the most important dimension of corporate strategy and the most powerful path to social progress. Further, they emphasized that shared value results from policies and practices that contribute to competitive advantage while strengthening the communities in which a company operates.

The strategy of CSV is a proactive and integrated process compare to corporate social responsibility which is a reactive and non-integrated process. According to Karmer and Pfitzer (2016), to advance shared value efforts business must foster and participate in multi-sector coalitions and for they need a new framework. Government, NGOs, companies, and community members and all have to play a significant role in this regards. As mentioned earlier, social and environmental problems arise from the combination of all levels thus finding solutions should also be a coordinated efforts of all. That is why it should be an integrative approach. That movement is known as collective impact introduced by John Kania and Mark Kramer (2016). In addition, a business is able to explore opportunities through social and environmental issues prior to its competitors. Thus it can be treated as a proactive strategy.

There are five elements in the collective impact: A common agenda, a shared measurement system, mutually reinforcement activities, constant communication and dedicated backbone support. A common agenda says that there should be a shared vision for change and a joint approach is a must. This common agenda motivates all participants to prove their devotion and dedication. Measuring and reporting success is also vital owing to joined effort. A shared measurement system helps developing common indicators to make the success ensured. Mutually reinforcing activities do not mean that all participants should involve same level whereas each party engages with what it is able to do the best. Constant communication is also very central throughout the effort, since several participants are differently involved with it. It enhances the trust among each other and reduces the suspicions. The last element is the dedicated backbone support. It means that there should be a separate, independently funded staff to carry out these initiatives.

The world is abundant of economic, social and environmental problems. They are immense and challengeable to address. Individuals, organizations, governments and NGOs are responsible for finding feasible solutions and the organizations possibly play a major role. CSR is one of the strategies used by business to share their profits for the benefit of the society in which they operate. But CSR is a reactive and non-integrated approach. Thus there should be a proactive and integrated approach to address the world's problems. That strategy is called Creating Shared Value (CSV) which is beyond CSR.

References:

Daft, R. L. (2013). *New Era of Management* (10 ed.). South-Western: Cengage Learning.

Dias, K. (2016). Retrieved July 20, 2017, from www.newsfirst.lk:http:// newsfirst.lk/english/2016/10/poverty-eradication-year sri-lanka-2017/151976.

Kramer, M. R., & Pfitzer, M. W. (2016). The Ecosystem of Shared Value. *Harvard Business Review*, 80-89.

Stoner, J. A., Freeman, R. E., & Gilbert, D. R. (2009). *Management*(6th ed.). India, Pearson.

Dean's List

2016/2017 - 2nd Semester

	300 LEVEL	
	Reg. No.	***Full Name***
1	A/13/BBA/121	Sheeba A.J.I.
2	A/13/BBA/002	Abesundara P.H.
3	A/13/BBA/035	Fahmitha M.A.
4	A/13/BBA/037	Fasna M.F.F.
5	A/13/BBA/085	Nishshanka N.A.A.L.
6	A/13/BBA/086	Niwarthana H.M.W.R.
7	A/13/BBA/098	Rajapaksha S.M.
8	A/13/BBA/150	Wijesinghe P.H.A.W.
9	A/13/BBA/072	Madara G.A.J.
10	A/13/BBA/113	Sangeerthan R.
11	A/13/BBA/122	Shouketh M.H.
12	A/13/BBA/149	Wijesinghe K.A.S.K.
13	A/13/BBA/102	Ranaweera B.G.M.K.D.
14	A/13/BBA/123	Silva H.N.L.
15	A/13/BBA/140	Watawala M.R.
16	A/13/BBA/105	Rathnasiri G.G.D.A.

STUDENT CENTERED LEARNING ACTIVITIES AT THE FACULTY OF MANAGEMNT

Global Trends and Challenges of Managing People

Ms. T. A. N. Gangadari
Department of Human Resource Management
gangu.uop@gmail.com

Even though HRM is a fundamental management field in modern organizations, the concept of Human Resource Management (HRM) emerged recently. But currently HRM has come into practice after years of evolutionary development through several stages. HRM was first known as Personal Management with the aim of merely managing people with rules and strict modes of control. It was more oriented towards administrating than concentrating on employees' future potentials. During this time, the means of managing people have become more organized and specialized. The functions of HRM today are far different to what was referred to as personal management. Modern organizations consider human resource as a "resource" that could be developed rather than just managed and have focus on employee motivation and career advancement. Despite the importance of HRM, contemporary organizations face with global challenges in the dynamic business environment. This essay attempts to identify some of those major trends and challenges

With the expansion of modern organization, the field of HRM has to be adjusted to the new trends in the world. As a result, the concept of Contemporary Human Resource Management came into practice. Contemporary human resource management refers to new initiatives and changes in existing HR policies and practices which are appropriate adding value to achieve organizational objectives. There are lots of challenges in contemporary HRM and some of them can be listed as below.

- Managing a diversified workforce that has differences in education, race, gender, culture, language, age and many other factors. And direct them into one organizational goal.
- With the complex work schedules, employees are unable to balance their professional lives with the personal lives.
- Knowledge Management issues may arise when an organization fails to capture, share, use and retain knowledge to enhance organizational learning and performance.
- Employees in the organization are unable to understand their own and other's emotions.
- Getting employees' commitment and creating the pool of an engaged workforce to voluntarily engage in organizational activities.
- Establish the concepts of Learning Organization and Organizational Learning beyond the traditional learning culture.

In order to successfully face those challenges, there are contemporary human resource strategies aligned with each and every human resource activity. Those are Human Capital Management Strategy to collect, analyze and record data about human capital and report them in an appropriate manner; High Performance Work System to facilitate employee involvement, skill enhancement and motivation through open and creative culture, education and measurable performance outcomes; Employee Engagement Strategy to creates employee willingness to do the job by voluntarily engage with organizations' activities; Knowledge Management Strategy to gather, create, store and liver knowledge to learning and performance of the organization; Talent Management Strategy to identify, attract, develop, deploy and retain talented work pool to secure the flow of talent within the organization; Work-Life Balance Strategy and Family Friendly policies to create comfortable equilibrium between workforce obligations and personal responsibilities; E- Learning to observe changes through electronic learning by using digital technology; Continuing Professional Development to direct employees for their own development on an ongoing basis by tracking and documenting the skills, knowledge and experience that gain both formally and informally.

Future Trends in Human Resource Management

When the world turns into a "Technological era" with the rapid technological enhancements, the whole organizational processes are needed to replace with smart software. Then software (technology) works as the main driver of the organizations to reduce the complexity of its processes and get the workload done faster. As a result Human Resource Information System (HRIS) comes in to the field of HRM as software a solution for HR functions to maximize capacity, accuracy and reliability by keeping all employees' information in inter-related databases. HRIS operates at each operational, tactical and strategic level.

With this technological innovation, it would change HR functions and there may be no viable future in the field HR. The jobs performed by HR professionals will be replaced with software and it will lead to rapid reduction of employment rates. As an example, organizations tend to choose social media to hire and recruit employees and there is no need of manpower to carry recruitment process. Thus, people working in the HR department will lose their jobs.

With the extensive use of social media, future HR will be a master of social media and online communication that connects users in the virtual world. HR will highly focus on how to connect internally and externally through social media without taking excessive risk as it reduces the location cost significantly. The emerging concept of E-learning changes the traditional training and development methods by using digital technology. E-learning tools such as internet, intranet, video conference, webinar and smart phones will be massively used in future HR development. Then we can see a paperless HR office in the future.

Managing global operation and focusing on cross boarder recruitment is another challenge for future HRM. Globalization refers to integrating world economies through the exchange of goods, services and capital. Globalization as a future HR trend should be paid more consideration to strongly compete with Multi National Enterprises and employees have to engage in international assignments among the countries. The future requirement of globalization is to develop new leaders to act globally and operate worldwide but it won't be expected to practice centralized global practices further more. It means HR professionals should be trained to decentralize global practices with the knowledge of managing global cross cultural teams.

The future role of HR will be more open to the creativity of employees. Innovation as a trend should empower employees to elaborate new ideas and provide freedom for them to be creative. Therefore the role of HR is to give training courses to managers on how to provide freedom to their employees.

Another trend of modern organizations is that the risk of operation due to a lack of effective leadership. Many organizations do not survive when the founder leave because there are no successors for leadership. Therefore future HR should make sure that new leaders are created within the organizations. As a solution, the concept of Continuous Professional Development can be applied to professionals to enhance and maintain their talents as a development method. It is the process of tracking, documenting and reviewing once owns knowledge, skills and the experience gained through the work which will help in the long term.

Rise of contracted workforce is an upcoming trend in the field of HRM. Independent contractors or outsourcing partners offer business needs based HR functions. So the HRM department is required to redefine mandates of contractual employees to give more strategic value to them. Expanding the HR needs is another challenge for future HRM and it should be turned into inter systematic HR functions form stand-alone HRM functions

The concept of fairness will be confused with treating everyone in the same manner because learning styles and personalities differ from one to another. HR will need to take the tools of customization for people and apply them to talent segmentation. Accordingly, employees should be given customized compensation packages and allow them to choose their career ladder. On the other hand, Work Life Balance schedules such as a compressed work week, flex time, job sharing and tele-commuting will significantly help to apply the customized HR practices. Accordingly adopting to ever changing work profiles is a challenge for HRM with newly evolving job roles and responsibilities as well as changes in benefits and incentives.

Finally winning the "War for Talent" can be identified as another challenging concept of Human Resource Management. It is a long term recruitment strategy which creates winning employee value position to attract talents for the purpose of efficiently control the labour flow. Here strengthening the talent pool by investing in A players, developing B players and removing C players are challenges for Future HRM.

This essay has been focused on how the concept of Human Resource Management is used to managing people, its evolution into modern concept of contemporary HRM, the underlying future HR tends and challenges as well as how HR professionals can effectively handle those challenges to achieve competitive advantage from Human Resources.

References:

Armstrong, M. (2008). *Strategic human Resource management: a guide to action* (4th Ed.). London and Philadelphia: Kogan Page.

Stone, D. L. & Deadrick D. L. (2015). Challenges and opportunities affecting the future of human resource management. *Human Resource Management Review,* 25(2), 139-145.

Pinzlau, M. (2016). What does the future of human resource management look like?. Retrieved from https: // blog. hrn.io

Dean's List

2016/2017 - 2nd Semester

	400 LEVEL	
	Reg. No.	***Full Name***
1	A/12/BBA/043	Weeratunge K.D.M.K.
2	A/12/BBA/028	Prashanthini A.
3	A/12/BBA/113	Hunsul Rila M.H.F.
4	A/12/BBA/112	Gannoruwa K.M.S.P.
5	A/12/BBA/122	Sampathge S.D.
6	A/12/BBA/153	Egoda Arachchi E.A.N.H.
7	A/12/BBA/157	Dias C.M.
8	A/12/BBA/015	Induja S.
9	A/12/BBA/035	Ruwini S.K.K.W.
10	A/12/BBA/049	De Silva M.T.C.N.S.
11	A/12/BBA/050	Liyanage B.L.D.D.N.
12	A/12/BBA/095	Harshani V.G.S.
13	A/12/BBA/077	Senanayake P.M.C.H.K.
14	A/12/BBA/104	Nishadari H.M.A.
15	A/12/BBA/149	Ediriweera U.R.
16	A/12/BBA/102	Wedagedara N.C.
17	A/12/BBA/087	Rajapathirana K.M.K.T.D.
18	A/12/BBA/009	Epa E.K.P.S.
19	A/12/BBA/100	Priyashani L.N.

Department of Management Studies

A workshop on the Trade Facilitation Agreement (TFA) of the World Trade Organization

Five students those who are specializing in Organization Management in the BBA degree programme.represented the Department of Management Studies in a workshop organized by the National Chamber of Exporters, Sri Lanka. The workshop was held on 10th and 11th May, 2018, at the Queen's Hotel, Kandy.

The participating students gained valuable knowledge on a range of contemporary matters relating to the TFA and international trade. Topics discussed relating to the TFA include, identifying and addressing inefficiencies between borders, the need for transparency across borders, access to information, promoting fairness and non-discrimination of TFAs, organizations' ability to promote activities carried out by interim border agencies, and proposed actions to improve TFAs. Students engaged in group work and discussions on these topics.

Organizational Capabilities and Competitive Advantage

Ms. Y.M.A.H. Jayarathna
Department of Management Studies
adee.pdn@gmail.com

This essay analyzes the organizational capability of a company in winning the competitive advantage. The paper broadly discusses the capabilities, resources, knowledge of employees and competitive advantages. This further argues the application of these aspects to become the market leader and shifting the business from Red Ocean to Blue Ocean. Various literatures refer to the aspects of organizational capabilities, economic capabilities and individual human capabilities. There are many definitions to capability in the literature, such as an outcome (a capable worker, capable nation, and informed citizen), an output (productivity, performance) and an input (knowledge, ability to perform). Organizational capability is the ability to manage resources of the company. This should focus in meeting customer demands and it should be unique in the perspective of the company to win the competitive advantage over others. Developing organizational capability will help a business in gaining advantage and to survive in a turbulent environment.

Organizational capability as per to the final discussion paper on "Overview of Finding on Developing Human Capability" by Bryson and O'Neil (2008) generalizes statements on capability as a contested one. This literature discusses the factors which lead to improved organizational performance. Organizational capability is a useful important device to think about and put together developments across various management disciplines which each has improvements in management as their aim. According to Ulrich & Smallwood (2004) in HBR spotlight article, strengthening organizational capability is vital when rivals are seeking to beat you and take the competitive edge. Intangible assets like leadership, efficiency and innovation are the key factors to win the competitive advantage when you are dealing with similar products and services. Most of the business ventures in a country are providing same services and products to their customers. Maintenance of customer service standards in the highest level and minimizing the service gaps are recommended to win the competitive advantage. Bélangeret. al. (2002), argue that it is crucial to consider all three spheres of the workplace in order to make sense of the diverse array of workplace practices. The construction of capability provides a means or device to do this as illustrated by Tamkin (2005) in her '4A' model of workforce capability which is reproduced in Figure 1.

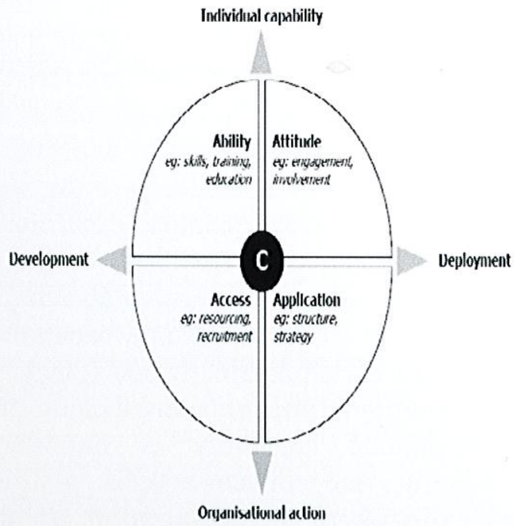


Figure: 1(Tamkin, 2005, p. 35)

According to Belanger et. al. (2002) conceptualization, Tamkin's model draws upon the diverse literature on workplace change and considers the elements which constitute the effective deployment of the workforce within an organization. She identifies two dimensions of workforce capability: the development, deployment of the workforce on the one hand and the interplay between the individual and organizational capability on the other hand. Having these dimensions together Tamkin arrives at four quadrants: access; ability; attitude and application. By access, Tamkin is referring to those policies and practices to be done with the entry of workers into the organization or in to the new roles within the organization. Such policies and practices include recruitment policies and practices and the processes for internal job filling. Identification of resources and competencies is an important aspect in wining competitive advantage. Resources are inputs like employees, production process, finance, patents, may be tangible or intangible in nature. Competitive advantage is formed through optimum functioning of these resources. "Examples of resources are: brand names, in-house knowledge of technology, employment of skilled personnel, trade contracts, machinery, efficient procedures, capital, etc." (Wernerfelt, 1984, p172). Out of these aspect of human resource and interference are vital in running a profitable business. Competences are used in a with these resources. Core competences are the way in which, a firm or a company can make the most effective use of their resources. Perfroming capacity of a task or an activity with in a set of resources is a capability. According Ulrich & Smallwood (2004) in HBR spotlight article, strengthening the organizational capability is important. Capabilities are collective skills; abilities and expertise of an organization are the outcomes of investment in staffing, training, compensation, communication and other human resource areas.

Further, the concept of RBV (Resource Based View) and impact of capability are factors to be concerned about. RBV sees resources as the key aspect of the performance of a firm. This statement is correct where resources are the key factor behind number of successful businesses. The RBV is based on the company's internal environment in terms of resources and capabilities. RBV suggests that strategy should be based on the company's unique resources and capabilities in winning the competitive advantage. This is true where the formulation of a strategy needs to be based on the resource availability of a firm. The company or a business will run according to the strategy if the planned events happens exactly planned. If the key land marks are not passed or the key goals are not achieved, the company will not reach the ultimate targets and end up as failure or a lost venture. The following figure further elaborates RBV.

	Resources	Competences
Threshold capabilities	**Threshold resources** • Tangible • Intangible	**Threshold competences**
Capabilities for competitive advantage	**Unique resources** • Tangible • Intangible	**Core competences**

Figure: 2 (Grant, 1991)

Threshold resources are the resources that are needed to meet the minimum requirements of the customer. Threshold competences are basic knowledge, skills, traits, motives to meet minimum requirements of a customer. Unique resources underpin the competitive advantage and are difficult for competitors to imitate. Core competences create an identity or a personality to the organization defining what the company is good at. Each and every successful business has a unique set of resources and core competences. This is one of the reasons for the concept of head hunting of the employees. An employee with a mastered skill always provides uniqueness for the company that he/she works. Other competitors are always eyeing for such a skilled worker and always want to hire/recruit such mastered worker for their company. This is an important factor for business owners to sit and re think about the learning culture of the organization where special skills of tacit knowledge (kind of a knowledge that is difficult to transfer) of an employee needs to be shared with another employee. The reason for this is, if a tacit knowledge employee leaves the organization, it is difficult to overcome the vacuum quickly.

Study of the relationship of capability and competitive advantage are important factors to look in to in becoming the leader in the industry. When the resources and capabilities of a firm are valuable, rare and costly to be imitated by others the company will sustain competitive advantage over others. According Ulrich & Smallwood (2004) in HBR spotlight article strengthening organizational capability, with rare resources and capability with a high cost to imitate by others, the company is stable and it is more difficult for the competitors to copy other than capital market access, product strategy or technology. They are not easy to measure and so the managers often pay far less attention to them than to tangible investments. Further, when a resource manifests VRIO model attributes (figure: 3) the resources enable the firm to gain and sustain competitive advantage over others.

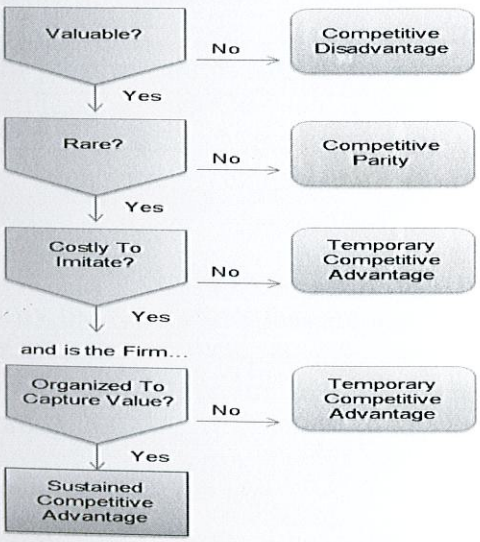


Figure: 3 VRIO (Barney, 1991)

If the resources are valuble, winning the competitive advantage is easy and when rare resources are available the competitive parity is protected. Competitive parity is to protect the brand name or competitive position in the marketplace without overspending. Further when rare resources are available and very costly to imitate by competitors which will result in sustaining the competitive advantage. Another important fact is all the resources need to be organized in a planned manner within the company or business to win the competitive advantage and to sustain in a dynamic environment. Today businesses are like battlefields thus, the business of today requires a strategy. In formulating a strategy identifying resources, competencies and looking at the RBV is vital.

The recommendations are identified according to the whole discussion of this article based on the described theories and literature is as follows. Most of the business entities today expect profits and all stakeholders urge in maximizing the profits of their company day by day. As discussed to run a business in a profitable manner it is very important to have unique resources within the company and effective core competences. Every company in the Blue Ocean has a clear process of operating the unique resources with a maximum output in strengthening the core competences. The concept of Blue Ocean is all about creating new markets instead of competing and battling in the existing space. According to Radzi and Zahari (2015), some companies are able to succeed in the new market spaces while others fail. Most of the companies are fighting in the same market overcrowded with a number of competitors facing a stiff competition each coupled with reduced profit margins. These existing markets are called Red Oceans. Even though creating a new market space may be a high cost impact to the profits. According to Kim and Mauborgne (2005), Blue Ocean strategy involves not competing, but making the competition irrelevant by creating a new market space where there are no competitors. Therefore all stake holders urge to come to Blue Ocean from the Red Ocean. Unique resources underpin competitive advantage and core competences create identity and personality for a company. Therefore keeping unique skilled employees with fringe benefits and head hunting of tacit employees is recommended. Further defining and executing a strategy in a company needs to be aligned with the available resources to win the competitive advantage. According to Ulrich and Smallwood, the important capabilities which are responsible for carrying out the company strategy needed to be quantified and measured through a capability audit. According to Tamkin (2005), ability and attitude of individuals should be matched with the process of resourcing, recruitment, structure, strategy and compensation policy together with effective deployment and practices. As discussed in detail competitive advantage could be reached through capability and resources of the company.

References:

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, *17*(1), 99-120.

Bryson, J., & O'Neil, P. (2008). Developing human capability: Employment institutions,organizations and individuals. *Victoria University of Wellington Developing Human Capability Project [Online]. Available:www.victoria.ac.Nz/vms/disciplines/IRC/DHC Publications. Reports.aspx. (*Accessed 24 April 2017).

Belanger, J., Giles, A., & Murray, G. (2002). Towards a new production model: potentialities, tensions and contradictions *Work and Employme--nt Relations in the High Performance Work place. London: Continuum*, 15-71.

Grant, R. M. (1991). The resource-based theory of competitive advantage: implications for strategy formulation. *California Management review, 33* (3), 114-135.

Kim,.W.C. & Mauborgne, R.,(2005). Blue Ocean Strategy: From Theory to practice.*California Management Review*, *47*(3), pp. 105-121.

Radzi, S. M. & Zahari, M. S. M., (2015).Blue Ocean strategies in hotel industry. [Online]Available from: https://www.Research. gate.net/profile/Mohd_Salehuddin_Mohd_Zahari/publication/283526531_blue_ocean_strategies_in_hotel_industry/links/563d708808ae45b5d289ae37. pdf.*(* Accessed 25 April 2017).

Tamkin, P.(2005). Measuring..the Contribution of Skills to Business Performance. *A Summary*.

Ulrich, D., & Smallwood, N. (2004). Capitalizing on capabilities. *Harvard business review*, 119-128.

Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic management journal*, *5*(2), 171-180.

Risk Associated with Investing in Initial Public Offerings: An Investor Perspective

Mr. D.D.C. Kavinda
Department of Business Finance
Chalith407@gmail.com

Initial Public Offerings (IPOs) is referred to as the first time a company offers its shares to the public (Investopedia). This lets the issuing company to benefit financially by selling its stock to the public. The issuing company needs to get assistance from an investment bank, who aids the issuing company by soliciting potential investors and most importantly to determine the price and the number of shares which IPOs should offer. IPOs are often issued by many start-up companies with an aim of obtaining more capital at their initial stage to help fund growth. These companies together with the investment bank decide the timing of the IPOs by considering the company's requirements as well as by observing the stock market performance. Companies are more enthusiastic to introduce IPOs at the time where stock prices are rising mostly, since the investors reflect a high tendency of purchasing those shares expecting future positive returns due to speculation. Regardless of whether an investor is rational or speculative, they are reacting to these high price changes in the bull market.

Therefore, the objective of this article is to identify the risk factors that are associated with investing in IPOs, in order to give a better awareness for the investors before investing in IPOs.

Associated Risk Factors

According to Robert W. Baird & Co. Incorporated (2009), there are several risk factors that are associated with investing in IPOs. As far as the investors' perspective about the IPOs are concerned, the biggest risk that investors are facing is purchasing the company's shares without evaluating and understanding the prospectus of the companies. Prospectus indicate the type of the business, what the company does or is proposing to do in the future, why it's making the offer, how it's going to spend investors' money, dividend policy of the company, management discussion and analysis, capitalization, recent financial highlights and risk factors etc. It is highly essential for investors to have a clear understanding of these aspects before stepping into the financial markets. In practice it is very difficult to predict the direction of the share price of IPOs on the initial day and thereafter. For this, investors require certain historical data together with certain analytical skills with the intention of having a certain cognizance about the companies' key financial indicators. Thereby, investors may able to tackle the direction of the company. Else they will not be able to enjoy a fair return to their investment.

Another risk element would be the IPO price or the offering price. The market price and the IPO price are two different things. The market price is the price at which shares are traded in the stock market. There are some situations where the initial market price (open price) can fluctuates from the IPO price. Consequently, it will lead to underpricing and overpricing. The IPO is said to be underpriced if the issue price is lower than its market price on the first day of trading. Correspondingly, overpricing refers to where the market price of the first trading day is lower than its issue price. Thus, the difference between the IPO price and the market price on the first day of trading is the amount of instant profit or loss for investors in that initial public offering, and it often indicates whether IPO shares are expected to increase or decrease. So why does this offering price have an element of risk? It's a matter of who is having the right to exercise the option. The company together with the investment bank has an option to decide at which price they make the IPOs. They will exercise their option whenever it is beneficial to them. It is always better to keep in mind that the prime objective of the company is to get the maximum amount of money for its shares. Once these two parties decide the issue price which is relatively higher (overpriced IPOs), an investor ends up paying as much as the company wants, lots more than what is financially worth. This is one of a reason why most of the IPOs are not in a position to provide a better return for the investors in the long-run.

Market risk and price volatility can be identified as other risks, associated with investing in IPOs. The price of a particular share will move up and down as a result of various factors. These factors include government policies, consumer and investor sentiment, companies financial health basically earnings per share and price earnings ratios, industry in which the company operates, future prospects of the company and other macroeconomic factors. These factors will lead to create a supply and demand for shares in the stock market, which will then determine the market price of that particular share. The supply of stock is based on the number of shares a company has issued. The demand is created by people who want to buy those shares from investors who have already own them. The more that investors desire to own a stock, the more they are willing to pay for it. For an instance, Union Bank of Colombo PLC. a bank operating under bank finance and insurance sector has offered its IPO in 2011 at a price of Rs. 25.00 per share. The current market price of the share is Rs. 15.00 as at 11th July 2017 (Colombo Stock Exchange [CSE], 2017).

Another risk factor is the Market capitalization: This is a key component in achieving proper diversification in an investment portfolio precisely because there are different levels of risks between large and small capitalization stocks. Companies which are having small capitalization stocks are considered to be riskier investments than large capitalization stocks. This is mainly because the companies do not possess the required potential to face the shocks in the macroeconomic environment. As a result, stocks are more likely to be affected adversely by poor economic or market conditions. These companies are also lack in managerial experience as a result of low depth in management skills, financial resources: which makes it difficult for these types of companies to obtain necessary finances to bridge gaps in cash flows, to fund growth, to meet large capital expenditures, and a diversified products and customer base. Thus, this will make these companies more vulnerable to market pressure and business failure. Further, there may be a lower liquidity in trading for shares which do not allow the investors to purchase them at a right price when investors wish to buy shares. This is because other investors may feel it difficult to sell shares quickly at favorable prices.

In practice, it is impossible to have an idea about the market capitalization at the time of the IPO. Hence, the investors have to be more concerned on other factors while keeping in mind to have a look on market capitalization in regular basis.

IPOs refer to as the first time a company offers its shares to the public. This lets the issuing company to benefit financially by selling its shares to the public. Investment banks provide the advisory services for companies to conduct each and every procedure of IPOs. Though IPOs benefit companies, for investors there are some risk factors. One risk factor would be purchasing the company's shares without evaluating and understanding the prospectus of the companies. By doing this investors would not be able to capture the direction of the company. Second risk element is overpricing and underpricing of IPOs. This results in the fluctuations of returns of the investment in long-run. For this reason an investment would not be able to provide a better return in long-run. Market risk and the price volatility are other risk elements. Price of shares is fluctuated based on several factors such as government policies and financial health of the company etc. This would lead to create a demand and supply for the company shares and determine the market price of those shares. Due to the change in such factors, market price can be changed in significant portions. When considering market capitalization, companies which have small capitalization stocks are considered to be riskier investments than large capitalization stocks.

Therefore it is very important to understand that companies and investment banks are salesmen. Hence, the advice is: not to buy a stock only because it's an IPO, do buy because it's a good investment and because you believe in the company's future prospects. Otherwise, you will end up selling shares below the offering prices within the year.

References:

Daily FT. *Union Bank IPO scores 350 times!*. Available online at: http: // www. ft.lk/2011/03/04/union-bank-ipo-scores-350-times/., accessed 14 July 2017.

Getting in on an Initial Public Offerings. (2016, November 28). Daily Mirror

Investopedia. Under pricing. Available online at: http: // www. investopedia. com/terms/u/underpricing.asp, accessed 14 July 2017.

Investopedia.Initial Public Offering – IPO. Available online at: http: // www. investopedia.com/terms/i/ipo.asp, accessed 12 July 2017.

Robert W. Baird & Co. Incorporated. (2009). From Important Information about Initial Public Offerings. Available online at:http://content.rwbaird.com/RWB/Content/PDF/Help/Important information-about IPOs. Pdf accessed 12 July 2017.

NEW YEAR CELEBRATION - FACULTY OF MANAGEMENT

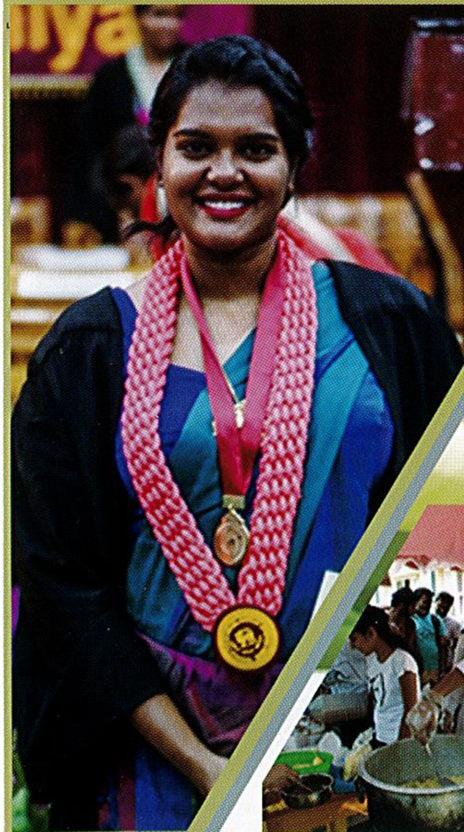
Presentation session of Research Circle "Validation of Measurement properties"

The monthly presentation session of research circle organized by the Department of Marketing Management was held on 14th June 2018 at the Faculty Auditorium successfully. The session was on "Validation of Measurement Properties" which was conducted by Prof.B.N.F.Warnakulasooriya, Senior Professor in Marketing Management, University of Sri Jayewardenepura. The purpose of this session was to fill the gaps of the body of knowledge of validation of measurement properties in developing cutting-edge research components for both academia and undergraduates. The session was graced with the presence of Dr.M. Alfred, Dean, Faculty of Management, Ms. W. H. M. U. Wijethunga, Head, Department of Marketing Management, Heads of the Departments, academic staff members and the third year and final year undergraduates of the faculty.

Department of Marketing Management

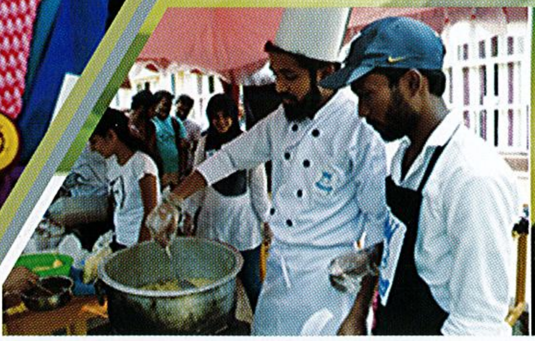
Peradeniya University Gold Medal for Scholastic and Extra Mural Excellence- Faculty of Management

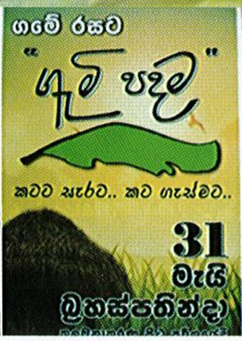
Ms. K.D.M.K. Weeratunge, a student specialized in Marketing Management has won the Peradeniya University Gold Medal for Scholastic and Extra Mural Excellence from the Faculty of Management, at the 80th General Convocation held at the University Of Peradeniya. This is the first time the Faculty nominated astudent for the above medal. The department organized an event to appreciate and recognize her remarkable achievement on 14th June 2018 with the participation of the Department staff members.



'Lorem Ipsum' Student Enterprise Project

A food stall campaign was organized by the BBA third year students of the Department of Marketing Management on 31st May 2018 at the Faculty premises. The purpose of this programme was to practice the theoretical knowledge gained from the subject of Product and Brand Management on how to create and deliver superior value proposition to the customers by achieving the bottom line of the company. Two foodstalls were orchestrated successfully to the themes of "GemiPadama" and "Lord of Food" representing both Eastern and Western cusines respectively.





Small and Medium Enterprises (SMEs) as Prominent Business Entities

Ms. K. H. M. A. R. Kolongahapitiya
Department of Marketing Management
akolongahapitiya@yahoo.com

There is no universally accepted definition to define a SME (small and medium enterprise). However, those interested about the SME sector asks as to what exactly is a SME, and when does it become medium or large scale. In the fields of research and management, to describe a 'SME' the following definition is used:

> "A certain group of enterprises and their behaviors as well as to analyze how they run"(Stokes & Wilson, Small Business Management, 2010).

According to researchers' worldwide, it is difficult to provide a single generic definition to define a SME. So far researchers and scholars, describe that micro, small and medium sized enterprises fall under a certain group. They argued that, those kinds of business entities have specific characteristics and management concerns in common, and that distinguishes them from other business organizations as a separate group. Most of the research findings showed that SMEs do not have perfect parameters to define them and they revealed that the available precise definitions are mainly based on the industries which the SMEs operate in along with the behavior and ambitions of the business owners. In the marketplace there is plenty of SME business units' inexistence and those are different from each other. Among this diversity it is very difficult to generate a common definition to define a SME. Otherwise, if we attempt to provide a common definition to define a SME, while neglecting the diversity of business dissemination in the marketplace, it will be an imprudent effort.

Currently most of the researchers who are new to begin research careers are confused about the abbreviated term 'SME'. They have no clear cut idea as to which businesses line up under that specific abbreviation. While some include only small businesses others include small and medium businesses. The purpose of this essay is to provide them (who is this them?) with a clear understanding of what a SME is and which kinds of business categories are to be categorized under the term 'SME'. So far most researchers include organizations which are exclusive of the large and above scales in the marketplace as well as market space as SMEs (Stokes D. , 2000),(Blankson & Stokes, 2002),(Stokes & Wilson, Small Business Management, 2010),(Chaston, 2014),

Why are SMEs important to the world economy?

Within the periods of 'barter system', birth of trade and commerce, SMEs were recognized as the most prominent business concept. But the industrial revolution which occurred in the nineteenth century made a strong move towards developing a large scale business sector and SME sector was badly threatened in front of the benefits and favorable outcomes which was brought out by the large scale businesses, such as, economies of scale, easy access of international markets, new product developments with new technology etc. Further, until the mid-twentieth century the SMEs sector was neglected in economic development. In 1950s and 1960s SME sector was written-off as an out-of-date concept in economic activities and by the late 1970s and 1980s the situation had changed and the sector was considered as the new saviors of western economies which then propelled research interest and motivation to study about SMEs.(Stokes & Willson, Small Business Management and Entreprenurship, 2010). So far, after 1990s it was recognized as an employee absorber and turbulent for economic growth. Further, in the meantime literature on behalf of SMEs arose and mainly in the UK regular newspaper columns were allocated to give advices to small firm owners and share information regarding their environment. Thus, until today the sector was globally acknowledged as a key economic developer. According to most of the researchers and management writers, at present, SMEs play the role of the collaborator to generate healthy economies regardless of size or any other characteristics of countries generally and they believed that the sector has more strength to be the backbone to give an enormous support to arouse economies worldwide. Further, the sector is considered as an energetic growth engine, which could accelerate economic growth as well as sustainable development worldwide.

Today, a first-world country, the United Kingdom acknowledged the sector as an employment and innovation generator; and in the meantime more than 90% of business entities in the country has been defined as SMEs. In the USA, the SMEs relative employment creation ratio was 75%. In developed countries SME contribution to the GDP (gross domestic productivity) was generally considered as more than 50% (Marjanova & Stojanovski, 2012). In developing countries, mainly the Southeast Asian countries, and South Asian countries, such as Malaysia, Indonesia, India, Pakistan, Maldives and Sri Lanka SMEs are considered as a powerful economic sector which accelerates the growth of the economy and helps to maintain sustainable development continuously. However, the accepted truth among the researchers and scholars worldwide is that SMEs in most countries regardless of any boundary, face common problems and due to that situation more than 50% of the SMEs collapse within the first sixty months of operations. Nevertheless, at present as a business entity, a SME plays a vital role by absorbing various constraints which are influenced to create unhealthy economies. So far from the period of industrial revolution until today, the importance of the concept of SME is systematically growing regardless of any other characteristic in economies globally.

How to Define SMEs?

Nevertheless, to define SMEs so many quantitative and non-quantitative definitions are available, and mainly the quantitative definitions are used to policy making purposes and government requirements. Those focus on numerical parameters of employee headcount, annual turnover and the balance sheet total.

Quantitative Definitions

In 1996 and 2005'The European Commission had initiated the most important set of definitions to define SMEs consisting of three groups of business entities, small, medium and micro. The below mentioned definitions are considered as accepted quantitative definitions worldwide (Stokes & Willson, Small Business Management and Entreprenurship, 2010).

Category	Headcount	Turnover (Euro)	Or	Balance Sheet Total (Euro)
Medium	50-249	<€ 50m		<€ 43m
Small	10-49	<€ 10m		<€ 10m
Micro	0-9	<€ 2m		<€ 2m

(Source: Small Business Management and Entrepreneurship; Stokes & Wilson)

Those quantitative definitions are used for policy making purposes of the countries which belong to the European Union, mainly to determine SMEs eligibility for finance assistance and other services. Other than that the quantitative definitions are used for research purposes and statistical analysis. In USA, quantitative definitions were provided especially for the purpose of receiving government by the Small Business Administrator (SBA) (Burns, 2011), an official authority to ensure consultation to the SMEs sector. They derived definitions based on different trades. Their basic definitions were:

>500 employees- SME in manufacturing trade
100 employees - wholesale operations

Non-quantitative Definitions

However, due to issues associated with quantitative definitions, non-quantitative definitions were derived based on the Bolton Report (1971) (Stokes & wilson, 2010), and it described the following three essential characteristics to define an SME as a non-quantitative definition:

i. A small firm managed by its owner in a personal way
ii. It has a relatively small share of the market
iii. It is an independent unit and does not form a part of large or any other scale.

Further the above general non-quantitative definitions have been enriched by the following supplements of specific quantitative measurements which mainly depend on the industry. If any business has fulfilled the above mentioned non-quantitative characteristics as well as the following quantitative characteristics in different industries, then it is accurately recognized and defined as a small business unit.

Small Firm Type	Definition used
Manufacturing	200 employees or less
Construction	25 employees or less
Road transport	5 vehicles or less

(Source: Small Business Management and Entrepreneurship; Stokes & Wilson)

Accepted Definitions to Define an SME in Sri Lanka

However, at present Sri Lanka does not have a common definition to define a SMEs, and generally different definitions are used by different institutions (Department of Census & Statistics, 2014, 2015)to define SMEs as follows.

i. The Department of Small Industries
A business organization having the employee number less than 50, and having the capital amount less than five million rupees is defined an SME.
ii. The Export Development Board
A business organization with the investment amount less than eight million rupees and having the annual turnover of less than fifty million rupees is defined as a SME.
iii. The World Bank
A business organization having the employee number less than ninety-nine is defined as a SME.
Moreover, in the 2013/ 2014, financial year the department of Census and Statistics in Sri Lanka provided a range of substantial definitions to define a SME based on different trades which uses the quantitative parameter of the number of employees' as below:

Trade	SMEs	Criteria (employee number)
Manufacturing and Construction	Micro	1-4
	Small	5-24
	Medium	25-199
Trading	Micro	1-3
	Small	4-14
	Medium	15-34
Services	Micro	1-4
	Small	5-15
	Medium	16-74

(Source: created using the data by Census and Statistics Department, Sri Lanka, 2013-14).

References:

Blankson, C., & Stokes, D. (2002). Marketing Practices in the UK Small Businesses Sector. *Marketing Intelligence and Planning, 20*(1), 49-61.

Burns, P. (2011). *Entrepreneurship & Small Business, Start-up, growth & maturity* (3rd ed.). 175, Fifthe Avenue, New York, NY 100 10: palgrave macmillan.

Chaston, I. (2014). *Small Business Marketing* (2nd ed.). New York, NY 100 10: palgrave macmillan.

Department of Census & Statistics, C. B. (2014, 2015). *Annual Reports.* Colombo: Government.

Marjanova, T. J., & Stojanovski, M. (2012). Marketing Knowledge and Strategy for SMEs: Can They Live Without It? *Thematic Collection of papers of international significance: "Reengineering and Entrepreneurship under the Contemporary conditions of enterprise business*(ISSN 978-86-6125-065-1), 131-143.

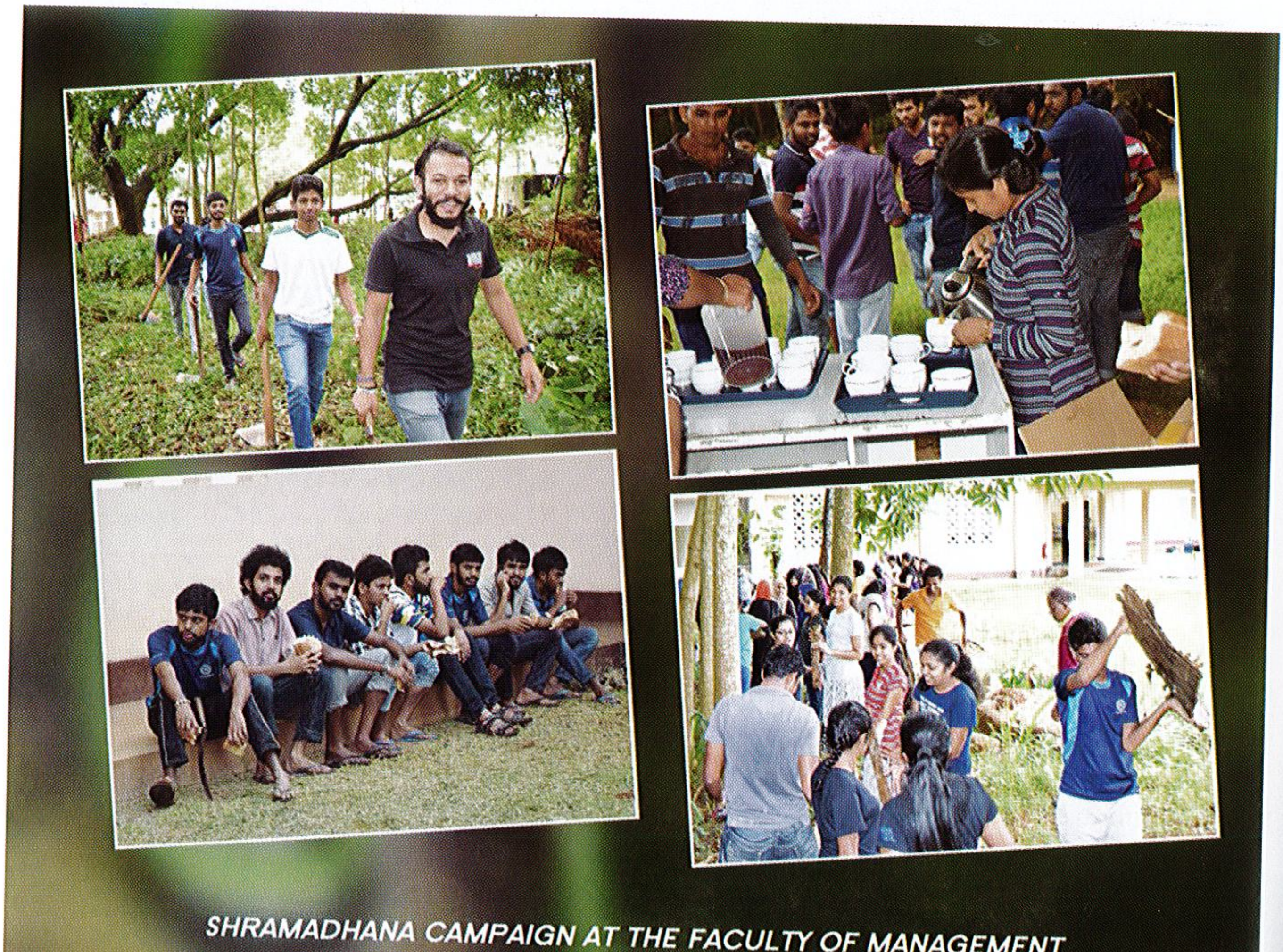
Stokes, D. (2000). Putting entrepreneurship into maketing: The process of entrepreneurial marketing. *Journal of research in marketing & entrepreneurship, 2*(1), 1-16.

Stokes, D., & Willson, N. (2010). *Small Business Management and Entreprenurship.* London: Cengage Learning.

Stokes, D., & Wilson, N. (2010). *Small Business Management* (6th ed.). United Kingdom: Cengage Leaning.

Stokes, D., & Wilson, N. (2010). *Small Business Management.* United Kingdom: Cengage Learning.

Stokes, D., & Wilson, N. (2010). *Small Business Management* (6th ed.). Hampshire, SP10 5BE: Cengage Learning.



SHRAMADHANA CAMPAIGN AT THE FACULTY OF MANAGEMENT

Non-performing Loans in the Financial Sector in Sri Lanka

Ms. R. Sinthoory
Department of Operations Management
sinthoory2012@gmail.com

A strong financial system is very essential to support the development of the economy of a country. Financial institutions are functioning as an intermediary where they accept funds from surplus and lend those funds to deficit units. When lending they may face some issues regarding defending loans which are known as non-performing loans. Non-performing loans that are called as bad loans, where the borrowers of such loans have failed to fulfill the repayment of their obligations. Non-performing loans are a burden to most financial organizations like banks and the country as a whole.

A loan becomes non-performing when payments of interests and principal are past due by 90 days or more, or at least 90 days of interest payment have been capitalized, refinanced or delayed by agreement, or payments are less than 90 days overdue, but there are other good reasons to doubt that payment will be made in full (IMF, 2009).

During last decades non-performing loans are considered as a major issue across the world. In 2012 the World Bank report indicated the percentage of non-performing loans as 3.693 % and in Sri Lanka it was 3.635%. In 2013, non-performing loans in Sri Lanka was calculated to be 5.58 %, which became the maximum level for the past five years. Even though in 2015, the banking sector in Sri Lanka was able to reduce the non-performing loans to 3.24 %, it is almost near to the world's non-performing loan ratio and therefore it should be brought into our consideration.

Due to the competitiveness between the financial institutions and banks, they are more likely to be open to provide the loans without identifying the credit worthiness of the clients which will, consequently affect the whole banking industry.

The objective of this paper is therefore to identify and analyze the reasons behind non-performing loans and to find out the solutions for the problem.

The rest of the paper is structured as follows

Sector 2 identifies the reasons behind of non-performing loans in Sri Lanka.

Sector 3 identifies the solutions in order to manage non-performing loans in Sri Lanka.

Reasons for high level of Non-performing loans

Non-performing loans arise because of the external environment and internal environment. Internal environment composed the elements within the organization such as employees, managers, resources and so on. External environment is composed of the elements from outside the organization such as competitors, suppliers, and other factors such as economic, environmental factor and, political environmental factors etc. The reasons can be categorized as controllable and uncontrollable factors. Controllable factors come under the direct control of the businesses such as management of the bank or rules and regulations that are followed by the banks when they are granting loans. Controllable factors are emerge from the internal environment of the banks.

The factors that are beyond the control of businesses are called uncontrollable factors that arise from the external environment such as non-performing loans due to wrong economic decisions undertaken by individuals and other circumstances like unfavorable conditions and unexpected price changes for certain products.

There are 25 licensed commercial banks and 07 licensed specialized banks in Sri Lanka. Managing non-performing loans has become a challenge for all companies in Sri Lanka and across the world. Most of the banks' earnings are derived from interest which is charged from the borrowers of the loans. This is the major income and profit for banks and financial institutions. Mostly this problem is experienced in the finance company sector and leasing company sector. They provide loans to vulnerable group of credit seekers. Credit is being distributed among manufacturing, construction, trading, agricultural, fishing and in the banking sector where finance companies provide loans mostly for finance leasing typically for the purpose of utilization of motor bicycle. Credit seekers are tempted to go to the banking sector than finance companies since the diversity in loans are mostly higher than in finance companies and insurance companies and also credit seekers feel banking sector is more attractive than the finance companies and insurance companies. Since borrowers are normally familiar with the banking sector to make deposits in banks and also the other factor is that the interest in banking sector is comparatively less. Non-performing loans ratio in the banking sector is 3.2% which amounted to 153 billion in 2015. Non-performing loans in Licensed Finance Companies (LFCs)/ Specialized Leasing Companies (SLCs) sector is 5.7% amounted 47.7 billion in 2015. But in 2016 non-performing loan was 5.6% in banking sector and 5.3% in LFCs/SLCs sector.

In 2016 the loan provision increased by 6.9 billion in the banking sector and when compared with LFCs/SLCs sector, the loan provision was increased by 5.9 billion. This happened because of higher interest rate in financial institutions. Therefore credit seekers are not keen on borrowing from LFCs/SLCs.

Solutions to mitigate the Non-performing loans

Non-performing loans should be managed systematically in a proactive and focused way by the management of financial institutions.

Rouse (1989), have identified seven criteria such as character, ability, margin, purpose, amount, repayment and insurance (CAMPARI) in lending which should be adopted. This CAMPPARI is discussed below.

Character: The borrower must possess a high integrity and must be trustworthy, if he is not a faith full person one should be aware of granting or not granting a loan to him. In Sri Lankan context normally doubtful debts are raised mostly in banking sector as the interest rates are lower. Therefore they should examine the character of the credit seeker.

Ability: The borrower must possess some form of proficiency. The borrower should have a unique talent. It proves that borrower can repay the owe amount using his or her skills. So banks in Sri Lanka should consider the proficiency of the credit seeker.

Margin: This comes under commission and interest collection for that banks need to check the success of the firm not only the profitability. Consider whether the organization is having great image on pay back the loan amount.

Amount: In here we justify the individual the amount which can be applied by the individual to find out how much the applicant really qualifies to receive. Banks in Sri Lanka should be aware of the persons' or organizations' owe amount in same institution as well as in other financial institutions.

Repayment and the term: This is about how the loan if acquired is to be resettled. Using borrower's income or through the sale of asset belonging to the borrower the loans would be repaid. Before granting loans and advances banks and financial institution should consider how the organization or the person going to pay the owe amount. Banks and other financial institutions in Sri Lanka need to identify whether borrowers need more time period or short period to repay the owe amount.

Insurance and security: financial institutions should be aware of security when they are granting the loans to borrowers. Should aware of whether the borrowers have the ability to repay. In here banks should get any guarantee from the borrower otherwise they may delay the payable amount or they may not pay the credit amount.

Identification of high risky sensitive borrowers in the credit portfolio and analyze the worthiness of such borrowers. In order to identify the credit worthiness, the applicant should be subjected to different type of loan valuations. Banks and other financial institutions should standardize their credit policy when they provide loans to clients. Identify the honor client and provide the loans to them. If the borrower is not corporative they can be requested for primary guarantee, third-party credit guarantee. Getting the security from the borrowers, then they can avoid the unforeseen circumstances leading to default risk of financial institutions. They can go for the option of outsourcing the loans section to outside party or factoring their borrowers. Thus financial institutions can get money when they have necessary needs of capital.

Absolutely the maintenance of non-performing loans are challenging for organizations as well as to the economy. Therefore the whole economy depends on the financial institutions including banking sector.

The growth of the financial sector is depended on the expansion of banking, other deposit taking financial institutions and contractual savings institutions. The increase in the banking sector's and other financial institutions' assets are increased in the expansion of loans and advances.

Non-performing loans are mostly experienced in banking sector than the LFC/SLCs sector in Sri Lanka. Since credit seekers are attracted by the lower interest rate of the banking sector. High amount of doubtful debt resulting write off as bad debts, and it may result in high amount of financial cost for banks and other financial institutions. The large amount of non-performing loans in the statement of financial position affects the investment of the depositors of the banks and other institutions. Since they may think that a large amount of non-performing loans lead to liquidity problem in near future. Mismatch between asset and liability will extend, the economic value additions (EVA) by banks get upset, and it limits the recycling of the funds. Those loans ultimately obstruct the ability of these banks in granting further loans to respective applicants. The Businesses suffered in getting loans from the banks if the banks are having high amount of non-performing loans. Therefore the operation of businesses will be dumped, profitability and performance of the businesses will be affected. It may lead the businesses to close down their business function since they suffer to continue their businesses. It may affect the whole economy in a country. They deal with distort allocation of credit, worsen market confidence, less growth of GDP, high level of unemployment, less level of labor participation and slow economic growth.

Therefore Non-performing loans are really risk for financial institutions as well as for the whole economy. Managing those loans is crucial task. When the banks and financial institutions give loans for the borrowers they should assess the creditability of them in order to grant loans. Otherwise higher amount of non-performing loans may affect the whole economy as well as the other industries. Even though managing the non-performing loans is challenging task, in order to gain rewards it should be managed in an effective way.

References:

Adriaam, M., Bloem, A. M., & Gorter, C. N. (2001). *The treatment of non-performing loans in Macro economic statistics*: International Monetary Fund.

Beaton, K., & Beaton, K. (2016). *Non-Performing Loans in the ECCU.* Washington, D.C: International Monetary Fund.

Gambo, E., Abdul-Rahman, A., & Ibrahim, M. (2017). *Determinants of Non-Performing Loans in Nigerias Deposit Money Banks.* Archives of Business Research, 5(1).

Umar, M., & Sun, G. (2016). *Non-performing loans (NPLs), liquidity creation, and moral hazard: Case of Chinese banks.* China Finance and Economic Review, 4(1).

Central bank report (2016) and (2015)

STUDENTS' ACTIVITIES & SEMINARS - FACULTY OF MANAGEMENT

Department of Operations Management

STUDENT EXHIBITION ON LEAN MANUFACTURING

Successful exhibition was conducted by the students as a partial fulfilment of the continuous assessment evaluation of the subject Lean Manufacturing (OPM 401) offered by Department of Operations Management on 5th June 2018 from 10.00 am onwards. Name of the exhibition was "Lean World" and five groups presented in the exhibition under themes of Evolution of Lean, Seven Waste and Productivity, Lean Tools and Performance Enhancement, Culture of Lean and Lean and Sustainability. The exhibition was inaugurated by the Dean, Faculty of Management Dr. M. Alfred in the presence of all heads of the five departments. This was open to everybody in the faculty throughout the day for the students, the academic and nonacademic staff. Student creativity was displayed with their work while they presented them in comprehensively. This exhibition enhanced the participants' knowledge on Lean Manufacturing.

APPOINTMENT OF NEW HEAD OF THE DEPARTMENT OF OPERATIONS MANAGEMENT

Dr. S. Maheshwaran was appointed as the Head of the Department of Operations Management with effect from January 01, 2018.

FIRST PLACE IN IEOM MASTERS THESIS COMPETITION

Ms. Leeza De Silva from the Department of Operations Management, University of Peradeniya won the First Place in Industrial Engineering and Operations Management (IEOM) Master Thesis Competition organized along with the 8th International Conference of IEOM which was held in Bandung, Indonesia from March 6-8, 2018. This conference is a global forum for academics, researchers and practitioners from many industries to exchange ideas and share recent developments in the fields of Industrial Engineering and Operations Management with the participation of researchers nearly from 60 countries. Ms. Leeza De Silva also tookpart in this conference and presented a paper titled "The impact of supplier development practices of retailers and buyer supplier relationship on the performance of suppliers in the clothing industry in Sri Lanka".

Operation at its Stake; An Analysis of Sanmugam Sivalingam's *The Wild Oranges* from a Management Perspective

Mr. M.I.L De Zoysa and
Ms. G. Jayawardane
ELTU, University of Peradeniya
indrajeedez@yahoo.com; gayanijayawardane@gmail.com

Literary pieces are amazing and the beauty of it lies in its unstructuredness. The narrative discourse presented within any creative literary work can be analyzed from a multiplicity of perspectives, ranging from the classical to post-structuralist approaches. But what is important to note here is that even if we look beyond the realm of literary criticism, it is still possible to analyze creative literature through theories formulated in other disciplines. The attempt here is to engage in such an enterprise where the short story *Wild Oranges* written by Sanmugam Sivalingam will be analyzed from the perspective of management.

Wild Oranges is written around the Indian Peace Keeping Force (IPKF) occupation in Sri Lanka from 1987 to the early 1990's and the experiences of the people living in the East, especially Kalmunai, in that period. The story is narrated by Theepan, a school teacher who is arrested by the IPKF forces on the charge of helping the LTTE. He is further accused that he hid his (son) who had allegedly helped the LTTE to carry out an attack on the IPKF forces.

This short story is a classic example where the distinction between management and mismanagement can be seen. According to Hissom (2009), "Management is the organizational process that includes strategic planning, setting objectives, managing resources, deploying the human and financial assets needed to achieve objectives, and measuring results" (p.4).

As Carpenter, Bauer and Erodogen (2012) elucidate:

> [t]he principles of management, then, are the means by which you actually manage, that is, get things done through others—individually, in groups, or in organizations. Formally defined, the principles of management are the activities that "plan, organize, and control the operations of the basic elements of [people], materials, machines, methods, money and markets, providing direction and coordination, and giving leadership to human efforts, so as to achieve the sought objectives of the enterprise.

According to these definitions, one could argue that the IPKF saga was an utter failure and a classic example for mismanagement in to the areas of domestic and foreign policy politics of both India and Sri Lanka. As Chari (1994) argues:

> [w]hile the IPKF's initial role was envisaged to be peacekeeping that changed with the passage of time to peace-enforcement and, thereafter, to peace maintenance. Expressed differently, external intervention in civil internecine conflicts can include aid-giving to, or aid-withholding from, the participants; direct participation in the conflict; adopting a mediatory or sanction-applying or under-writing role; or, as happened with the IPKF in Sri Lanka, becoming the common enemy of all the warring factions

Thus, it is clear that Planning, Organizing, Controlling and Leading were never done in an organized manner, and this resulted in a massive loss of human lives, excessive spending on a failed military enterprise and further deterioration of the general goodwill between the two neighboring states. The whole operation used a top-down approach, and the people living in those particular spaces/contexts were never consulted regarding the operation.

As a result, the operation became detached from the aspirations of the common people, especially those living in the North-Eastern provinces of Sri Lanka. The short story *Wild Oranges* deals with this particular aspects of the IPKF intervention. It looks at the micro political details of the operation which made it into a mismanaged project and shows how such projects were in conflict with the personal and domestic spaces of individuals.

Any intervention should be managed properly; it should be controlled, led, organized and planned effectively. But as Sanmugam Sivaliingam shows through his narrative, the IPKF leadership fails to carry out ptheir operation effectively. For an example, as an army operating on a foreign soil, they should have made an effort to understand the geography of the context in which they were supposed to carry out their operation. That aspect of it should have played a major role in their planning stage which should have been controlled and led by their managers, i.e the commanders. But the protagonist Theepan shows that the IPKF force alias "Jawans" had no idea about the geography of the area. He once thinks that the "Jawans did not know the short cut to the camp through the lanes" (p. 362) and then narrates the following incident which provides further proof for it:

> "To my surprise, I found the jawans walking over the broken culvert. They were going to get stuck in the sand with their heavy boots. I thought it might be a mistake. They had missed the track:
>
> "You have missed the track" I said," You are going to land on loose sand."
>
> They wouldn't listen and soon they found themselves stuck on the sand.
>
> "Stop,' the captain shouted. "Get back; we have missed the path" (p. 364).

On the contrary, Theepan who is being escorted barefoot feels the surrounding and senses where he is being taken to. He immediately recognizes that the Jawans have turned to Amman Kovil Road and then describes the environment vividly which he perceives through his senses. He states that he "loved to walk on the Amman Kovil Road" (p.362) and that it was "mixed with his childhood" (p.362). He states that he knows the terrain minutely and talks about "my Kayan woods" while describing the flora and fauna around that space. When the captain asks him as to how he knows the geography in so much detail, Theepan says, "I shouted almost joyfully, "This is our terrain, our homeland. We know it:" (p. 366).

Once in the camp, Major Dhas, who questions Theepan about how he escaped captivity the first time, states, "Look here Theepan, it is more important for us to get the facts from you than finishing you off. You know, I planned the whole operation. It involved all our soldiers, including me. I spearheaded it" (p. 375). He also says that they had covered all the major roads but Theepan has still managed to escape. Theepan's answer to this is ironic. While he does not divulge as to who tipped them off about this operation, he simply asks the Major whether he took into account all the by-roads, cross-roads, lanes and the footpaths within that terrain. Theepan's final words which are as follows are extremely telling.

> "There are roads and lanes that don't look like roads and lanes….You must know, any child knows your troop movements because they are used to it. They also know to connect your movements with the people you are likely to be searching for. We were born in this terrain, you come from outside" (p. 376-377).

The binary between the "familiar" and "unfamiliar" becomes evident in this exchange. It also shows that in order to make any operation successful, prior planning is necessary and such planning should be done with proper knowledge about the space and context in mind. If the planning stage itself is not controlled and led properly with knowledgeable managers (as the case was here) the operation becomes a classic example of doing "wrong things in a wrong manner," i.e. mismanagement at its core.

To take another such example, the IPKF is shown to be a brutal occupying force which lacks any idea of social responsibility or respect for the local people but acts as an organization trying to further the peoples' aspirations. They did not strategically manage the operation and failed in operationalizing the humanitarian aspects of it marketed through the Indo-Lanka Peace Accord. Undoubtedly, the humanitarian notions put forth to justify the operations were mere language games, a façade of sorts to cover up the politics behind it. Again, what the reader can see here is mismanagement at its best. Theepan describes how the IPKF Jawans behaved when they searched his premises. They break the roof, overturn the tables, pillows were slit with knives along with other notorious acts. Theepan wryly remembers how the Jawans moved aside saying "isthiri" when his wife, had to pass them to which he ironically states "[a] fine attempt to improve the blemished image" (p.371). It was rumored that the IPKF was involved in various hideous violations and thus, Theepan shows that they have no respect or support from the very people whom they came to liberate. Thus, again, *Wild Oranges* clearly shows that the IPKF, as an organization that failed to market and strategically organize their operation, surmounting it to a series of mismanaged affairs which ultimately leads to the downfall of the whole peace accord and the military operations.

Even though the analysis provided here are not detailed, our attempt here was to show how multifaceted creative literary works render themselves to a multiplicity of interpretations, which include, among others, interpretations based on a management perspective.

References:

Chari, P.R (1994). *The IPKF Experience in Sri Lanka*. Retrieved from https://www.ideals.illinois.edu/bitstream/handle/2142/55/Chari_IPKF.pdf?sequence=.

Carpenter, M., Baur, T. & Erdogen, B. (2012). Management Principles. Retrieved from: https://2012books.lardbucket.org /pdfs/management-principles-v1.0.pdf.

Hissom, A. (2009). *Management*. Retrieved from: http://www.amyhissom.com/MyWritings/Management.pdf.

Sivalinagam, S. Wild Oranges. In Ashley Halpe, M.A. Nuhuman and Ranjini Obeysekera (Eds.), *Sri Lankan Mosaic* (pp. 361-377). Colombo: Unie Arts.

What is the Income Tax law applicable to Sri Lanka?

Mr. R.K. Galanga-Manager (Audit)
KPMG, Kandy Branch
rukshan_galanga@yahoo.com

What is the Income Tax law applicable to Sri Lanka?

The previous law is Inland Revenue Act, No. 10 of 2006 and its subsequent amendments. However, the Government of Sri Lanka introduced New Inland Revenue Act, No. 24 of 2017 in September 2017 which was enacted from 01st April 2018 by repealing the existing Inland Revenue Act, No 10 of 2006.

According to the new Act, What are the main sources of income liable for income tax?

The sources of income have been condensed and re-classified under 4 headings; Employment income, Business income, Investment income and other income.

What is Employment Income? Which benefits does Employment Income include?

The benefits received or derived from employment are taxable as income from employment. These benefits include:

- Salary, wages, leave pay, overtime pay, fees, pensions, commissions, gratuities, bonuses, and other similar payments
- Personal allowance, including any cost of living, subsistence, rent, entertainment or travel allowance;
- Payments providing discharge or reimbursement of expenses incurred by an individual or an associate of the individual;
- Payments for an individual's agreement to conditions of employment;
- Payments for redundancy or loss or termination of employment;
- Payments or transfers to another person for the benefit of an individual or an associate person of the individual; The fair market value of benefits received or derived by virtue of the employment by an individual or an associate person of the individual;
- The fair market value of benefits received or derived by virtue of the employment by an individual or an associate person of the individual.
- Other payments, including gifts, received in respect of the employment;
- The market value of shares, at the time allotted, under an employee share scheme, including shares allotted as a result of the exercise of an option or right to acquire the shares, reduced by the employee's contribution for such shares

What does Business Income include?

For this purpose, "business income" includes gains and profits from conducting a business consisting of:

- Service fees;
- consideration received in respect of trading stock;
- gains from the realization of capital assets and liabilities of a business;
- gains on realization of depreciable assets of a business;
- amounts derived as consideration for accepting a restriction on the capacity to conduct a business;
- gifts received by a person in respect of the business;
- amounts derived that are effectively connected with a business and that

would otherwise be included in calculating a person's income from an investment;

- Other amounts to be included under the Act.

What does Other Income include?

Other income consists of gains and profits from any other source, excluding profits of a casual and non-recurring nature.

What are the salient features of the Inland Revenue Act, No. 24 of 2017?

- Tax rates have been revised to a three tier structure i.e. 14%, 28% & 40%.

- Employment income should be taxed under progressive rates up to 24% and slabs applicable for taxable income of an individual have been revised. Qualifying payment relief on employment income of resident individuals has been increased from Rs. 250,000.00 to Rs. 700,000.00.

- Further, tax on capital gains arising on sale of investment assets has been re-introduced at 10%.

- Definition of "dividend" has been revised to include share repurchase and capital reduction. The rate of tax applicable to dividends has been increased from 10% to 14%. Deemed dividend tax has been withdrawn. In addition, definitions have been provided for the terms "royalty" and "service fees".

- Depreciation allowance rates have been revised and Depreciation allowances have been afforded to qualified investments in addition to the capital allowances. Further, depreciation allowances on qualified assets used in the business prior to the commencement of the new Inland Revenue Act, No. 24 of 2017will continue to be computed in accordance with the previous Act.

- Business losses can be claimed in full and balance, if any, can be carried forward for 6 years.

- Expenses such as advertising, foreign travelling, management fees can be deducted in full.

- Exemptions have been streamlined and most of the institutional exemptions have been withdrawn. Profits and income which are currently exempt or subject to a reduced rate for any specified period under the present Act, will continue to be treated as such, until the specified period is complete. In the case of BOI profits and income, which are fully or partly exempt from income tax for a period specified and such period has not expired by 31st March 2018, the remaining period would continue to be eligible for such exemptions.

- Further, withholding tax scope has been expanded and tax rates have been revised. Accordingly, payments for services would be liable to withholding tax.

- Return of Income is to be filed not later than 8 months after the end of the Year of Assessment. A resident individual whose tax payable relates exclusively to income from employment subject to withholding is not required to file a Return of income. Capital Gains Tax return is to be filed not later than one month after the realization of an investment asset.

- Time bar provision for raising assessments has been extended to 30 months. The time bar does not apply in the case of fraud, gross or willful neglect. The time for determining an appeal, by the Commissioner General of Inland Revenue, has been reduced to 3 months.

- Further, Department of Inland Revenue has been given enhanced powers to relook at transactions specially those between associated persons.

THE MANAGEMENT READER

Contemporary Management Challenges

ISSN 2673-1215

9 772673 121009

Printed at Balin & Co.(PVT) Ltd. Tel: 081-7429050