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# Inside

- 11** Determinants of Growth and Performance of Rural Financial Institutions  
- *Ms. Gunathma Dahanayake*
- 19** Cyber Crime Challenges in a Sri Lankan Context  
- *Mr. G.S.D. Wanigaratne*
- 23** Performance and Compensation Management  
- *Mr. Sinnathamby Vijayapala*
- 27** Brand Meaning Creation of Generation Consumers: with Reference to 'FACEBOOK'.  
- *Ms. M.R. Chandrasekara*
- 33** The Paradise on Earth for TOURISM  
- *Mr. Prasanna Dharmasiri*
- 38** Social Importance of Organizational Theory  
- *Mr. L.S.T.D Yapa*
- 42** Integration of the Innovation System of a Company with Strategic Management Terminologies  
- *Mr. Hasintha S. Pemerathna*
- 46** Exploring Service Quality and Insights for Professional Managers  
- *Mrs. Himashi Fernando*
- 51** CPM News



- 07** Mobile PENETRATION and Digital Divide in the Country  
*Prof. Rohan Samarajiva*



- 15** Integration of Banks & Finance Institutes  
*Mr. Adrian Perera*



- 17** Knowing your Target Market and its Buying Behaviour  
*Dr. Ranjan Madanayake*

## Vision

To achieve excellence in Professional Management and be the leading organization for Professional Managers in Sri Lanka.

## Mission

To promote the highest standards in Professional Management through excellence in ethics, governance and innovation.

## Objectives

- To innovate, lead and sustain quality in Professional Management through integrity and accountability.
- To facilitate networking and knowledge sharing among professionals at a national and international level.
- To promote the study of management and to encourage research into the best means and methods of applying the principles and techniques of management.

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The Institute of Certified Professional Managers (CPM) was formed to provide professional qualifications in management, by conducting educational programmes, providing practical experience in private and public sector entities and establishing a link between the private and public sectors for the advancement of professional management.

CPM is a joint project initiated by CMA Sri Lanka and All India Management Association (AIMA). It is recognized internationally and is an active member of the Association of Management Development Institutions in South Asia (AMDISA).

CPM has also signed an MOU with the Malaysian Institute of Management (MIM) to facilitate professional development, knowledge exchange and capacity building in order to develop competent management professionals in Sri Lanka.

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## Message from Chairman – Journal Committee



**W**elcome to the "Certified Manager, Volume 02 No. 01-2014 April Issue". Being the Chairman of CPM Journal Committee, I am honored to present this journal in an entirely different format.

The journal now has an excellent flow of submissions. We hope to continue this trend over the next years while further expanding the journal's coverage. Our experience shows us that there is a lot to share among the members of CPM. From this issue onwards you will see some different sections added to the journal. It is encouraging that more members have shown keen interest to contribute articles. That's the spirit we would want to nurture within CPM.

This journal attempts to cover many areas relating to management in different perspectives and identify challenging problems confronting the role of management. The topics range from Banking & Finance, Energy, Marketing & Consumer Behavior, Leisure & hospitality Industry, Human Resource & Organizational Behavior, Electronic Commerce & Internet Marketing, and Information Technology etc.

I would like to thank all the contributing authors for providing such a rich variety of outstanding research articles on a broad range of exciting topics, the editorial panel who has given a praiseworthy service, the organizations that provided advertisements, members of the Journal Committee, Staff of CPM and all those others who contributed to make this journal a reality and success.

**T. Someswaran**  
FCPM, FCMA, FCA

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## Message from President



It is with great pleasure that I send this message to the second volume of Certified Professional Managers for the year 2014. This volume contains a variety of well researched articles useful to practicing managers. Busy as they are, they have little time for reading. This volume condenses a large array of information into a very readable format.

I wish to thank the Members of the Journal Committee and staff of CPM who met regularly and put-in a great deal of hard work and Editorial Consultants for moderation of the articles and making this publication a reality. Also my special gratitude to the sponsors for their generous contributions.

The CPM has identified the importance of foreign accreditation for Business Programs that are conducted by Universities and University Colleges in Sri Lanka. In this context, CPM hosted the Accreditation Awareness Seminar in collaboration with the Accreditation Council for Business Schools and Programs (ACBSP) of USA, on 24th January 2014 at Hotel Taj Samudra. CPM invited all business schools of state owned universities, business schools of private universities approved by the University Grants Commission of Sri Lanka and the private institutes conducting foreign business degrees to attend this Seminar. They benefited by obtaining information on the benefits of obtaining accreditation from a US accrediting agency. This was first ever event of this nature in Sri Lanka.

**Prof. Lakshman R. Watawala**  
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**R**ecent rapid transformation in the communication field opens new avenues for professionals such as accountants to extend their services beyond local borders without seeking greener pastures overseas.

Hundreds of thousand of Sri Lankan professionals left the country to take up overseas jobs in the past creating brain drain, but now the fastest spreading communication technology has enabled them to serve overseas clients as communication and connectivity to the whole world is now in peoples hands reach.

Sri Lanka which produces accountants of international standing having the capacity to serve not only the domestic market but international markets as well should take the advantage of the transformation in communication technology to reshape the accountancy profession and business landscape.

# Mobile PENETRATION and Digital Divide in the Country

This was emphasized by founding Chair of LIRNEasia, an ICT policy and regulation think tank active across emerging Asia and the Pacific, Professor Rohan Samarajiva in an interview to express his views on mobile penetration and digital divide in the country.

Professor Samarajiva is an expert in the field of telecommunications who was instrumental in infrastructure reforms.

He was Director General of Telecommunication Regulatory commission in Sri Lanka (1998-99), a founder director of the ICT Agency of Sri Lanka (2003-05), Honorary Professor at the University of Moratuwa in Sri Lanka (2003-04), Visiting Professor of Economics of Infrastructures at the Delft University of Technology in the Netherlands (2000-03) and Associate Professor of Communication and Public



Policy at the Ohio State University in the US (1987-2000). He was Policy Advisor to the Ministry of Post and Telecom in Bangladesh (2006-09).

In a lengthy revelation on transformation in the field of communication that underlines his vast knowledge on the subject, he said that we are now in an era where functions of our brains are being assisted by software

Prof. Samarajiva noted that advances in technology demand new skills and competencies from accountants and finance professionals, from change management to knowledge of data extraction tools in harnessing business intelligence.

At present professionals can extend their services from their homes using internet and smart android phones by giving necessary advice and directives to their subordinates at offices, he said adding that mobile technology will have a large impact on their work in the years ahead.

The accountancy profession needs to face challenges of the technological developments and develop and change management styles, assess risks and address security issues, explore further the impact of automation and prepare for changing working patterns and



penetration is slightly over 2% and mobile broadband penetration is around 6%. Total broadband penetration is around 8% adding household and personal connections is somewhat problematic.

The government Household Survey (Household income and expenditure survey) shows that in the Northern and Eastern Provinces there are more homes

With the rapid increasing of mobile phone usage and convergence of voice and data, more and more of the electronic data is channelled over mobile devices, while applications specific to mobile devices were also created.

4G (4th Generation Wireless Frequencies) will also bring a rapid transformation in telecommunications

## “Communication transformation opens entirely new ways of working, interacting and learning”

ultimately, to use technology to add value, he pointed out.

Sri Lanka is known to produce accountants of exceptional ability of international standing having the capacity to serve not only the domestic market but international markets as well. This is one of the key attributes as to why our country is a preferred destination for the BPO industry, he revealed.

Referring to telecommunication development in the country he noted that while Sri Lanka's telephone penetration is now at 100%, growth in fixed line telephony in the country is flat, by contrast, the growth in broadband internet subscribers has been quite rapid. While fixed broadband

with phones in them than have TVs and radios. Incidentally the Northern and Eastern Provinces were the areas worst affected by the war.

In fact people in the North and East, make it a practice to visit internet cafés frequently to communicate with relatives and friends in overseas after the end of war. The usage of mobile phones and computers has also been increased in these areas significantly, he revealed.

With the present day improvements in communication, you can create all kinds of new services and life become easier. Today's rapid development in communication brings about the reduction of the frictions of time and space, he added.

providing high data rates for the people

“One of the unusual things about 4G is that it does not support voice. So the only way you would be able to talk on 4G is if you have Skype. So that is the end of voice”, he said smiling

“People would pay for data, but there will not be per minute call or whatever for the voice conversation they have” he added.

Predictive Aps, Big Data and many other innovations will make things easy for the people he said adding that “where quite a lot of the things we do today; our attention, our brain capacity and our time will be increasingly assisted by software. Some of it is being done now”.



"I can synchronize my email and my calendar. My phone can remind me of a meeting. But even now I have to enter it. The difference is going to be that you do not have to enter it; it will pick up on itself," he said.

Sri Lanka with around twenty million population is the most advanced country among the rest of South Asian countries in relating to rapid telecommunication transformation.

The prices are quite low, quite affordable and the signals are available throughout the country, he pointed out.

"Sri Lanka has given 4G frequencies to the companies. Neither Bangladesh which is a country of 150 million people nor Pakistan, a country of 170 million plus have been able to get the 3G frequencies out.

Even India's network roll out has been less than satisfactory, he said.

High speed broadband has now unleashed multiple benefits for customers. These include customer satisfaction, speed, quality and reliability, telephony, high speed internet access, private business networking, interactive entertainment, distance learning, world class access for broadband services, backhaul capacity for wholesale business, high speed broadband access at affordable and competitive prices and minimal disruption to service.

On the economic front, a high speed broadband environment will encourage higher GDP, enhanced exports, increased productivity, inward migration and modernizing of other sectors. On the technological side, the benefits would include growth in ICT, gaining status as an R&D hub, cutting-edge technology for Industry and growth in academic research.

The resultant growth in ICT implies enhanced opportunities for literacy/ knowledge transfer, greater job opportunities, convenient lifestyle, innovation/ Intelligence, bridging rural/ urban digital divide and facilitation of social development via heightened productivity and efficiency levels boosted by technological skills, Prof. Samarajiva said.

In Sri Lanka, in 2010 a sum of around Rs. 700 was spent on communication a month per household on average according to the government survey.

"According to the Household income and expenditure survey it is about 3.5 percent of our non-food expenditures" he disclosed.

"We are getting more and more for the rupee that we spend for communication and we are using it more.

So what I see is, the industry has to be very efficient and innovative because people expect more from them, for the same amount of money. They expect more every year. And this is one industry where people get more every year.

If companies are not efficient, they will start losing money. I think what will happen increasingly is that people will spend more as this country becomes a proper middle income country and then a high income country.

People will be spending more of their income on non food items.

Right now we spend 37.5 percent of our income on food on average. And if we spend more we tend to spend on things like entertainment, healthcare etc, he revealed.

Sri Lanka's mobile service provider companies are providing value added services such as eZ Cash, Touch Travel Card etc going beyond simply giving voice services only, Prof. Samarajiva said.

Moreover, enhanced broadband access offers use in multiple applications such as e-governance, e-commerce, e-learning, tele-medicine, and e-security, he said concluding his one hour interview adding that there are un-chartered waters open to creativity, innovation and entirely new ways of working, interacting and learning that should appeal to women and men alike.

*(This interview conducted by Mr. Bandula Sirimanna, Senior Journalist of Wijeya Newspapers on behalf of The Institute of Certified Professional Managers).*

"I can synchronize my email and my calendar. My phone can remind me of a meeting. But even now I have to enter it. The difference is going to be that you do not have to enter it; it will pick up on itself," he said.





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**Gunathma Dahanayake**  
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# DETERMINANTS OF GROWTH AND PERFORMANCE OF RURAL FINANCIAL INSTITUTIONS

**D**uring the past few decades, most of the developing nations have been considering Rural Financial Markets, consisting of rural financial institutions – both formal and informal, as the centre of their policy interventions. Many of the Governments, who are aided by multinational and bilateral organizations, have given considerable thought in supplying cheap financial aid to agricultural and small and medium scale enterprises in a multitude of institutional settings. Despite of the high level of subsidies provided in most of the Asian countries, the result of this Government intervention has not been successful as expected, and the rural markets, to a considerable extent, continues to be dependent upon informal sector lending, which bears a very high rate. This paper provides an empirical view of the growth and performance of rural financial institutions.

It is common in developing nations as Sri Lanka, for rural credit market to be of dual in nature. The formal sector consists of institutions providing financial intermediation between depositors or the Government or the lenders and borrowers while the informal sector provides intermediation between borrowers and private individuals, landlords, friends, etc, who provide financial aid out of their own equity. Within the recent development parameters set forth by Sri Lanka, the importance of capital accumulation has been stressed upon, thus the role of the financial institutions. The development process needs development in the financial markets, both formal and informal thus making their growth and performance a matter of national interest.

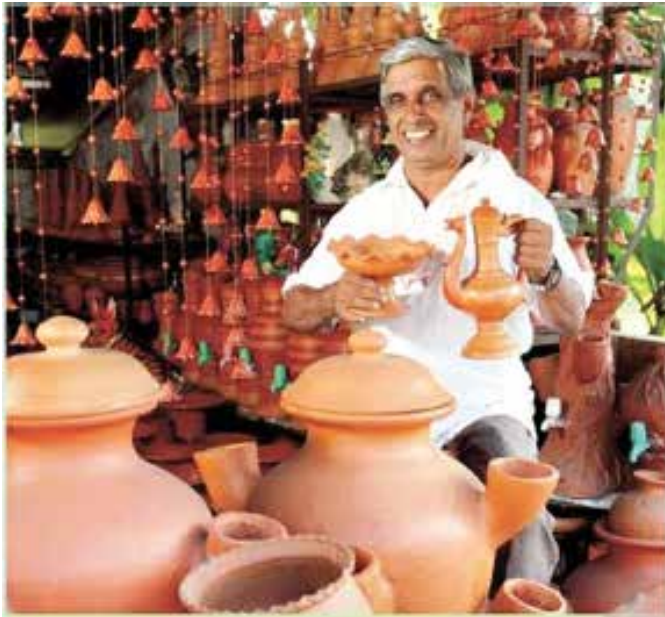
The financial services provided to the rural sector are of utmost importance to the development of the country. Funds required to undertake an investment is beyond the means of most entrepreneurs, it is important that the financial institutions gather the relatively small savings of large number of individuals aggregate them together and make it available for small and medium scaled investments. Stiglitz J E (1974) noted that this is socially desirable since it brings what is known as the **scale effects**:

if each individual is limited to the investment he himself could finance, returns would be correspondingly limited.

Rural economic activities, especially in agricultural based economies like in Sri Lanka, are conditioned by the fact that the inputs are being transformed to outputs with a considerable time lag, with a minimum intervention of technology. Sri Lanka, being an agricultural nation, is no exception to the above. As reported by the Department of Census and Statistics the poverty head count ratio is 8.9% at national level in 2009 /2010 (<http://www.statistics.gov.lk>)

In such an environment, the ability of the agricultural entrepreneurs and the rural households to take calculated risk, long term investments, and to create stable patterns of consumption depends on the type of financial services





available in the rural sector. The ability of the rural ventures and the households to create a stable stream of income, will in turn have an impact on the physical placement and the scale of operations, investment in more profitable venture, adaptation to technology, the composition of households, children's education and the amount of utilization of child labor. In turn it can have an impact on the overall political dynamics of the country.

#### **Problems faced in achieving growth in the rural credit markets – With a special emphasis on developing countries**

The functionality of the financial markets which bridges the gap between the demand and supply of surplus funds decides the development and the very survival of the market players. Allocating capital is a much more complicated process than the simple supply and demand paradigm. Although some of the publications by the "Chicago" economists is based on the hypotheses that the market for capital funds / instruments does not differ from the market for tables and chairs, financial markets does not work on a perfect demand and supply equilibrium as the commodity market. Although the price (interest rate) equilibrates between the surplus and deficit of funds, this is not general trade, but exchange of money with a promise from one of the parties to pay back as agreed within a specific period of time. This adds an important factor to the transactions which differentiate it from the commodity market – **the risk of default**. This gives rise to the requirement for perfect information in the market, which would allow the supplier of credit to distinguish between intended borrowers and identify risk - less opportunity. The availability of information is comparatively less in the rural credit markets compared to more developed capital markets, as the participants are rarely corporations with past records and they do not generally participate in the capital markets. The lack of sources of proper information and data is having an adverse effect on the rural financial markets, its functionality and development.

The very nature of the economic relations and institutions could be stressed through the perspective of importance in perfect and costly information in the economy. It is always difficult to enforce contracts, choosing good projects and

individuals to manage them, and providing them incentives, and more appropriately to take risk and be interested in the wealth maximization of the shareholders / owners. In literature this could be referred to as **enforcement, adverse selection and incentives**.

In the rural financial markets, the introduction of the new financial instruments is minimal. The rural financial agent does not really have a choice but to transform unpredictable and fluctuating cash flows into investment options. The local markets cannot generally afford diversified investments opportunities, due to the pools of savings being low, the rural economy being subject to external shocks, and the cost of funds being high. The agents of the rural financial markets are not exposed to many of the opportunities of risk taking, risk apprising and investing, thus limiting their abilities of funds diversification. As observed by de Sotta (2000) they generally have very limited access and knowledge which could be availed through better integration with larger national and global markets.

An important area to understand about the rural financial markets of developing nations is the dynamics of financial innovation. When new financial services and trading opportunities are being introduced, there could be both winners and losers. The local financial service providers who are incumbent in the market may stand to lose monopoly rents or market share. This is true in the Sri Lankan context, not only in the rural markets, but also in the unorganized / informal sector which operates in the urban markets such as Pettah. Their role in the market could be challenged with a good flow of information; therefore the local information mechanism could be viewed as a threat by them.

With reference to Gurley and Shaw (1960); Adams et. al (1984); Gonzalez – Vega (1984); McKinnon (1973); Citing Conning and Udry (2005) exploration of history gives evident that heavy political intervention in many developing countries has resulted in repressed and distorted rural financial markets . Many observers of the rural financial markets do not agree upon the factors of Government intervention, which is a prominent factor in local markets, where the development of rural sectors is one of the main political arguments taken up in political arguments.

Further, due to the less informative nature of the rural financial markets, the investors cum lenders are looking into the prospect of turning more illiquid investment to being more liquid by way of securing the transactions through immovable/ movable properties. This process would be greatly affected by availability of underlying information and enforcement problems, and the behavior of institutions and quality of the laws governing the industry. Within a legal and commercial parameter where the property rights are not easily enforceable, a background which would assure a timely payment of debts is not available, thus increasing the default risk of lenders. Therefore, achieving a mutually beneficial nature within these markets has been a difficult task.

#### **Views on growth and performance of rural markets**

In an article published by Cécile Lapenu and Manfred Zeller, reports the distribution of Rural Financial Institutions by country. It states that while Latin America and East Asia is being particularly active for rural finance, Indonesia,



Bangladesh, Thailand, Vietnam, Sri Lanka, and India could be identified as giants.

In viewing the types of rural institutions such as cooperatives, solidarity groups, village banks, individual contracts, and linkage models, it could be identified that population density of the areas under consideration and the available infrastructure plays an important role in deciding their growth parameters.

Looking at the growth of rural financial institutions, there could be two approaches: financial system approach and the poverty lending approach. **Financial system approach** talks about sustainable lending programs while the latter emphasize on how to alleviate poverty. These two approaches are emphasizing on two different aspects of rural lending / financial assistance, where the most recent arguments support the view that the previous would support the latter in the long run – alleviation of poverty in long term basis. Financial assistance concentrating only on poverty alleviation, will not lead to system sustainability, which will further downgrade the living standards of the market participants in the long run. The debate between these two approaches still continues, since there is no empirical evidence proving a negative relationship between financial institution sustainability and poverty levels of clients.

It has been noted through evidence that the average repayment rates within the rural financial sector averages from 91% to 98% depending the loan amount. The characteristics such as ease of entry and exit, non formality of transactions and the small scale of which they are being carried out has an influence on the growth and the impact of the rural markets.

In a market mechanism which is more dualistic in nature, i.e. with characteristics of formal and informal financial markets, the interest rate gap within the formal and informal sectors has reduced considerably within the last two decades. The high lending rates which prevail in the rural markets in comparison to the urban / corporate lending markets could be explained from both demand and supply:

- In view of **demand**, low level of income and savings in rural markets, the low or average level of education and the level of literacy subjecting the borrowers to exploitation
- In view of **supply**, short supply of market credit, money lender's monopoly prevailing in certain market segments, inadequate or non availability of collateral and the riskiness of loans

High lending rates are a device to maximize lender's income who is less concerned about the amortization of the capital. But since any tightening of monetary policies will bring down the ability of the informal lenders to borrow from the formal sector, and their pre dominant use of currencies which dampens the money multiplier in the market, the reduction of rate disparity has been evident in the recent past in approximately 13 rural markets inclusive of India and Sri Lanka.

In the view of market performance it could be observed that the individual approach pre dominates other types. This has been one of the factors which contributed to the success of the Grameen Model, where the role of supervision is partly done by the integrated borrowing groups, where the flow of information is fairly high than the normal monitoring by lending institutions. Rather than an average employee monitoring 110-130 individuals, if the market is operating on a **linkage model**, where the supervision, distribution and the flow of information is carried out jointly by the informal groups and lending parties, then the performance of the market participants could be fairly high.

According to a study undertaken in Africa, Asia and Latin America, it has been observed that the rural institutions if considered by location, especially if micro in nature, the most productive is reported to be in mixed areas of formal and informal lending. Asia is reported as the most developed continent in terms of volume of Micro finance activities, with 70 percent of the institutions, 77 percent of the members, 55 percent of the savings volume, and 65 percent of the loan volume. They are good in productivity, due to high numbers of staff with low cost. African institutions have reported the lowest repayment but in terms of productivity Asia is low.

In conclusion, Sri Lanka, being part of one of the dominantly active rural financial markets, it is likely to benefit from future growth of the rural financial sector. It would be a vital component of the future growth of the country. To support the future growth, it is essential to support the rural sector institutions in their efforts to find demand oriented products to broaden their clientele and to innovate in cost effective delivery systems, so that they can achieve the goals of poverty reduction as well as sustainable growth. Therefore, it is important that the players of the rural financial markets, both formal and informal, are being encouraged and facilitated for a combined service provision for the rural needy.



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# Integration of Banks & Finance Institutes

## Preamble

**T**he Banking Sector plays a pivotal and responsible role in channeling public saving deposits to investment and consumption lending that ultimately assists in improving standards of quality living of citizens of the country.

During the last two years with peace being ushered in, understandably industry credit growth has been significantly increased reflecting the banks' role of supporting the industry – agriculture, tourism, construction, infrastructure, transport, food and beverages across different business segments from small business enterprises to large Corporates across the country.

A lot of banking experts said that Sri Lanka's plan to consolidate banks, could bring long term benefits and greater system stability. The consolidation master plan envisaged the creation of bigger banks, with an asset base of over 1,000 million rupees.

Consolidation  
is a must within  
the same  
category, not  
Banks and  
NBFIs. But  
NBFIs with  
NBFIs and  
similar banks  
with banks.

**Q 1) The key objectives behind rationalizing and consolidation are to ensure financial system stability which is one of the key objectives of CBSL. What is your opinion?**

That's correct, Sri Lanka being a small market, the financial system is highly fragmented and the majority of the financial system assets are held by two state banks. The private sector banks do not have a balance sheet even to borrow USD 250 million; we saw this last year, where even after the budget proposals, NDB and DFCC couldn't go to the market to get money at a decent rate. Due to this fragmentation the cost to the ultimate consumer is high. We can see this from the margin the banks are keeping. When institutions are relatively small the ability to withstand shocks is also less, which puts the whole system at risk.

**Q 2) What could be the impact on prevailing growth of credit sector and higher interest rate for credit due to this consolidation process?**

Well due to the consolidation in the short to medium term, we will not see much of a growth since the institution will need to focus more on streamlining internal matters rather than growth but over the long term growth will be there and the cost will come down gradually.



**Adrian Perera**

Adrian Perera is the Managing Director / Chief Executive Officer of RAM Ratings (Lanka) Ltd. He is also a Fellow member of the Chartered Institute of Management Accountant (CIMA) (UK), a Fellow Member of ACCA UK, Associate Member of the Institute of Bankers of Sri Lanka, Fellow Member of the Certified Management Accountants (CMA) of Sri Lanka and he has a Masters of Business Administration degree from University of Sri Jayawardenepura Colombo. He is also member of the Sri Lanka Institute of Directors and a Fellow member of the Certified Professional Managers (CPM). Adrian has over 24 years of experience in banking, treasury, finance, information technology and general management in the banking, finance and manufacturing sectors.

Prior to joining RAM Lanka Adrian has served in Hatton National Bank for 14 years and LOLC group from 3 years. He was also the CFO of a large a construction sector company. He has made presentation to trade chambers, Securities and Exchange Commission and other training programs and associations on ratings. He is also council member of the Association of Credit Rating Agencies Asia and Chairman Sustainability Awards Committee. He has also attended training programs in India, Malaysia, Philippines, Hong Kong, and Japan.

**Q 3) By reducing numbers to 20 and maintaining 5 key giants will create a positive impact on reducing operational cost with high efficiency levels as proposed. How do you explain this?**

Well that's correct, because the duplication of work will be reduced and 5 key giants will be able to drive growth similar to other developed markets.

**Q 4) Reducing numbers always leads to job retrenchment and streamlining of cost in the sector. What will be the impact on excess employees especially in state banking sector due to this?**

For the state banks there won't be any retrenchments. That's for sure, On the private sector side there will be voluntary retirement schemes. Having said that if the economy grows there will be opportunities for professionals and qualified people.

**Q 5) There is a debate that a lot of private banks will come under the influence of the Government as a result of consolidation. Do you agree? Even today we can see it?**

Not so, what has happened is, most of the private sector banks were held by a handful of high net worth individuals. When a bank grows it needs new capital, and shareholders have to infuse new capital and that is not possible considering the price at which the shares are trading. Also the quantity of shares held by HNI's and the financial capacity of the HNI's. None of these shares are trading at ten rupees. All are above that, sometimes ten to fifteen times. Of course it is very high prestige to sit in a Bank Board.

If capital is not infused, capital adequacy ratio comes down and it is a huge risk to the system. So the solutions would be either don't pay dividend which the major shareholders don't like or find new



shareholders, When new shareholders come they will come with new conditions, to protect their money. They will want board seats. That is normal, in USA they will even change the CEO. In the Sri Lankan context only EPF and ETF are the only ones who can invest large sums of money. Invariably, they will appoint government nominees to the board, because that is public money.

**Q 6) With the consolidation, there are new monitoring and regulatory frameworks which will come into play to reduce independency of the system. (Eg. Restriction for individual shareholding at bank by another bank). So do you think we need to re think the CBSL, CSE regulations further to safeguard and strengthen the system?**

Yes, it's good if we have a single system to regulate all financial institutions. Mind you Sri Lanka is the only country where investment banks are not regulated.

**Q 7) Do you think, Sri Lankan Banks and Non-Banking Financial Institutions need to be consolidated and reduced to few numbers under current competitive environment?**

These are two different institutions catering to two different markets. Consolidation is a must within the same category, not Banks and NBFI's. But NBFI's with NBFI's and similar banks with banks.

**Q 8) How does this consolidation affect country rating among global presence?**

From the country rating perspective it will improve upside rating potential.





**Dr. Ranjan Madanayake**

FCPM, DBA, CPM, FSPMgt, FSBP, MCInstM, RPM

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**O**ften than NOT most marketing people are driven by their own personal perceptions or those of their peers / friends or others in their network who are not the target market to whom they are positioning their value propositions. Very often, the outcome of this marketing myopia is disastrous. To illustrate the importance of knowing your Target Market and their Buying Behaviour are two good examples:

### Knowing your Target Market

Many years ago, I was appointed as the CEO / Executive Director in a public quoted subsidiary company of a large Group of Companies. The company made just one category, Textured Soya Protein nuggets (also known as Soyameat), a 100% vegetarian food to be made into a curry to consume with Rice, Bread or other prepared food. The company targeted the non-vegetarian market to shift them to a vegetarian diet free of cholesterol. However, the company was making very slow progress despite the fact that cholesterol was a problem here. The main reason identified being a bit of a 'beany' taste the food has.

# Knowing your Target Market and its Buying Behaviour

At the outset when I inquired from the Sales Manager who our target market was, he had no hesitation to state that it was the non-vegetarian segment. Nevertheless, strangely a few weeks later the consumer off-take enhanced tremendously and we were inundated with orders from the trade. Knowing something was the matter I decided to carry out some qualitative analysis amongst a few households and decided to walk from house to house. To my amazement, I found that quite contrary to what my Sales Manager said the reason was a price hike in vegetables. This meant people bought TVP mainly as an alternative to vegetables and not meat / fish as the company desired.

I saw a new opportunity here. 70% of the people in Sri Lanka are Buddhists and among them, the first of the five precepts is "I shall not kill". I prepared a new TV commercial and in brief, it was as follows:

First cut: leaves of a Bo Tree appear on screen and shifts to the scene of a large Bell. Sound: the ringing of the large bell.

Second cut: two little boys (twins), 6 year olds walk on the side of a lush green paddy field in a beautiful village carrying lotus flowers dressed in pure white national dress. They are on their way to the Temple, a very serene scene indeed.

Third cut: the children offering flowers and lighting lamps. Audio: by a priest sounding person just like reading the stanzas, in vernacular "I will not kill animals, I will not harm animals" followed by announcer's line: "This message was brought to you by Soy Foods (F & W) Limited, manufacturer of Lankasoy TVP". In vernacular, it is "mama sathun nomarami, sathunta hinsa nokarami".

This TVCM took us a long way and we saw a rapid growth in our sales curve – positive ROMI (return on marketing investment). It was a subliminal commercial, where we did not highlight the product benefits etc., but simply focused on innocence by using the two little boys and the concern for animals.

Following the above, I had to now address the other issue: moving non-vegetarians to consume TVP. I realised that if we were to be successful we need to make it taste like meat / fish. We researched, carried out taste panels and then simply added a chicken / mutton / fish flavour sachet along with the required curry powder and other condiments to each 100g pack of TVP. We then planned our national launch. We developed a TVCM, radio spots and POP material to announce its launch and influence trial. The content went as follows:

A marketing professional the Engineer knew personally gave him advice as to how to launch the product on a limited scale.



First cut: Lunch scene, mother serving a dish; father, well built son and pretty daughter eating rice and curry. The son says "Tasty mother, boneless chicken meat?". The mother responds "No son it is chicken flavoured Lankasoy Soyameat". The son says jokingly to her "It is good for dad" because he knows that the dad has high cholesterol. The dad replies: "Why, what about mom?". The announcer's line "Now Chicken flavoured Soyameat by Lankasoy".

The tactic here was not to mention about the goodness of the brand of Soyameat but simply promote the category, as it was the first of its kind in the market and gain first entry advantage and also to create awareness and influence trial. With its success, we then launched fish, cuttle fish, prawn and mutton flavours. The brand became a success story virtually overnight. This illustrates the importance of knowing the target market.

### **Knowing your market segment's Buying Behaviour**

A brilliant Engineer with great credentials and several accolades to his credit in his long career investigated the inexpensive though reasonably effective mousetrap. He pondered that with his brilliant engineering knowledge and skills he could invent a better and more effective mousetrap than the cheaper cousin already in the market place. Therefore, he went on to design the better mousetrap.

However, the new mousetrap cost more than the poor cousin in the market purely due to various efficiencies incorporated to the unit. Resultantly, he was compelled to sell the product at almost thrice the price of that in the market. He thought it was time to go to market but decided that he would first sell them in his own locality and thereafter upon its success hand the distribution to a large distribution company.

A marketing professional the Engineer knew personally gave him advice as to how to launch the product on a limited scale. The temporary sales personnel he selected from the neighborhood did not have any problem in making an entry into the network of outlets selling mousetraps. Thus, the introduction was successful. Engineer got excited and produced more mousetraps.

When the sales personnel went the second time, the mousetraps they had sold in their launch visit have all been bought by curious householders who they learnt were mostly housewives. They then sold more units this time, which was their second visit. They were all happy and making great plans to expand the facility. However, the marketing professional who advised to go on a 'roll-out' distribution process than a national one, mainly to ensure consumer acceptance advised them to hold until they were very sure of consumer acceptance. Fortunately, the Engineer listened to his advice without being obstinate.

The third, fourth and fifth visit of the sales force also took place and reports from all over was that the stocks that were sold the first time were all sold but the stocks that were replenished the second time were not sold. Obviously, there were no repeat purchases by the original buyers nor were there new buyers. Naturally, they decided to investigate and the findings were that the buyers bought the first time on curiosity but did not repeat mainly for one particular reason.

The buying behaviour was that, those who bought mousetraps when the mouse is caught disposed both the mouse and the mousetrap and never re-used them. In other words, the mousetrap was a disposable and the new product by the Engineer was not designed that way, as it was three times the price. Using the new would have meant an additional and needless expense.

The above example explains the importance of knowing the buying behaviour of the consumer. Lack of such knowledge can lead to disaster. Hence, the above aptly asserts the importance of knowing your Target Market and their Buying Behaviour.



# Cyber Crime Challenges in a Sri Lankan Context

## 1. Evolution of the Cyberspace and its Challenges

Evolution is persistent throughout human history. Initiating from stone-age to the present ever evolving knowledge based economy, globalization<sup>1</sup>, e-commerce<sup>2</sup> and the advancement of science and technology has holistically impacted the daily lives of man-kind as well as industry for the sustainability and betterment of the global society in one aspect.

Nevertheless, as with any development, there consists of equal evolution of risks and dangers which inevitably goes hand in hand, creating havoc to mankind. This is mainly due to not the advancement of science and technology, but the insight of the human mind which applies such technology for illicit, immoral and ideological purposes, stemming from intricate geopolitical, cultural and attitude perceptions. Furthermore, the ever increasing demand and supply requirements spanning rapidly due to the amplification of infinite wants and needs of different societies and cultures are prevalent in the modern global economy. Moreover, this phenomenon impacts each and every individual, organization, culture and country, irrespective of geographic boundaries, competing for finite resources throughout the world.



In the case of the World Wide Web<sup>3</sup>, considering its uses including the respective devices and possessions, this situation is “virtually” magnified further as means of

From the inception to the present context, there have been many ways and means electronically and policy wise to control the information processing, transmission and displaying in cyberspace by many government and private sector organizations throughout the globe.



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competing for digital information assets and resources. Unlike in the physical aspects it is therefore quite challenging to track down perpetrators and their respective illicit processes, due to the intangibility of electronic information and the complicated diversity of cyber law<sup>4</sup> frameworks that are unique to each country. This is mainly due to the lack of a centralized governing authority for cyberspace.

In addition, the initial development of the internet was originally to share information and resources, whereas security frameworks and standards were introduced later for mitigating its threats. From the inception to the present context, there have been many ways and means electronically and policy wise to control the information processing, transmission and displaying in cyberspace by many government and private sector organizations throughout the globe.

On the contrary, it is also ironic that some of these organizations promote a haven to the destructive ways and means of underground organizations, institutions, individuals, criminal and terrorist groups that lie beneath the seemingly innocent cyberspace<sup>5</sup>.

Consequently, such complicated mixtures of these entities acquire huge amounts of profits by conducting various illicit jobs. It should be noted that even Internet Service Providers, Educational Institutions and Financial/Banking Institutions that are actively involved in diverse

1. The worldwide movement toward economic, financial, trade, and communications integration.
2. Transacting or facilitating business on the Internet.
3. Computer network consisting of a collection of internet sites that offer text and graphics and sound and animation resources through the hypertext transfer protocol.
4. Area of law that deals with the Internet's relationship to technological and electronic elements, including computers, software, hardware and information systems.
5. Online world of computer networks and especially the Internet

promotional schemes knowingly or otherwise, are also entangled in these activities since in most of the developing countries, they are excluded from the Cyber Legislative framework, due its lapses and complexities in addressing such entities.

Apart from this situation, the general public who employ the internet for diversified means, either knowingly or otherwise also conduct illicit and immoral actions, such as bullying to their fellow persons, as many media reports have depicted. This type of trend has also been escalating rapidly due to the ease of use in applications,

technological devices and processes utilized in and out of cyberspace and beyond. (dailymirror.lk 2014, Lankapuwath.lk, 2012)

Sample evidence of such escalating cyber crime activities involving social media, is depicted in statistics as follows in figure 1

**Figure 1**

Type of Incident	2009	2010	2011	Total
Cyber crimes Directly in volving social media (Fake Accounts)	0	80	1425	1505
Cyber crimes in directly involving social media	69	71	33	184

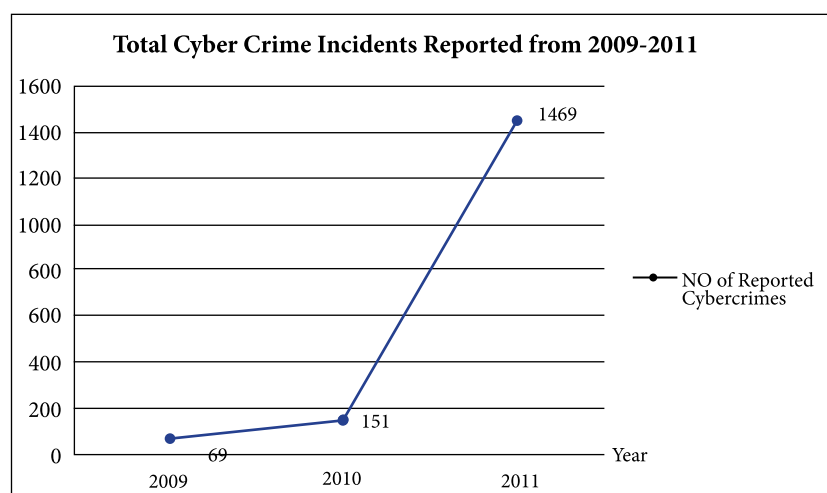
Source : Cyber Guardian 2014

To this context the fine line between ethics and legislation is typically challenged when considering innocent by- standing individual/s or organization/s who take no part of such activities. For example when considering Sri Lanka, there consists of numerous acts for preventing computer crime, the most prevalent is No.24 of 2007, Computer Crimes Act, which highlights the legal countermeasures to be taken to safeguard the confidentiality, availability, integrity and authenticity of information assets published, processed and transferred within the territory of the Sri Lanka. Nevertheless, the practicality in addressing cybercrime incidents, the lack of proper professionals and new Cyber Laws (i.e.: Privacy Law, etc...) to safeguard the electronic information, including public awareness is in reality, deficient. Moreover, fuelling to this scenario, the lack of informing cybercrimes to the relevant established authorities either by individuals or

organizations is lacking due to the fear of exposing one's vulnerabilities and loosing face in this competitive environment. Hence the overall increase of Cyber Crime is becoming inevitable.

Evidence of such increase in cyber crime activities (reported) is depicted as follows in figures 2&3.

**Figure - 2**



**Figure - 3**  
**Reported Cyber Crimes Incident Report Summary 2009-2011**

No	Type of Incident	2009	2010	2011
1	Phishing	10	6	6
2	Abuse/Privacy	10	20	2
3	Scams	11	10	3
4	Malware	12	5	1
5	Defacements	15	8	20
6	Hate/Threat Mail	8	12	3
7	Unauthorized Access	3	10	3
8	Intellectual property violation	0	0	5
9	Dos Attack	0	0	1
10	Fake Accounts	0	80	1425
<b>TOTAL</b>		<b>69</b>	<b>151</b>	<b>1469</b>

Due to this scenario, diverse areas of cybercrime escalation could now be forecasted by specialized corporate security firms to assist organizations prepare for unforeseen IT related risks.

Source: Cyber Guardian 2014



A sample is provided as follows in Figure 4;



Source : websense 2014

## 2. Post –War Sri Lankan Perspective

After the conclusion of the War against LTTE in Sri Lanka, the economy has been gradually opened to the local and international community for generating diverse avenues of revenue. Though such development is a positive aspect for a developing country, it should be properly researched and instigated in a methodical, unbiased and responsible manner by relevant authorities and intellectuals, whilst formulating clear vision and mission objectives and goals for the overall development process. Therefore, it is vital that such processes

investor opportunities for new business ventures that would benefit the Sri Lankan economy. Lack of enforcing proper regulatory and technological controls for Internet, Banking/Financial and especially the unregulated Mobile Devices industry would make the international business community to distrust Sri Lankan society as a whole, since they highly value their privacy and confidentiality. Thus, if Sri Lanka is to merge with the global economy pertaining to combating cyber threats both internally and externally, the introduction of an “ethical security aware culture” is essential.

be free from any negative social and political motivations or interferences and have a genuine interest in making Sri Lanka the “Wonder of Asia”. These methodologies similarly apply to opening doors in cyberspace for any commercial or other purposes. Hence, if not regulated appropriately, the magnitude of exposing unnecessary risks and dangers to individual and organizational privacy and confidentiality would be maximized, thereby tarnishing the self image of the country internationally and also locally.

Repercussions of failing to do so would also result in losing

## 3. Recommendations

For such processes to occur, it is also vital that the Sri Lankan culture and attitudes be aligned with the challenging and international competitive environment, starting from upgrading the education system. For example, there is a clear requirement in Sri Lankan Universities and other educational institutions for producing cyber lawyers to handle cases related to cyber crime locally and internationally.

Moreover, though there are diversified cyber security programs and cyber drills<sup>6</sup>, etc... available or conducted periodically in Sri Lanka, from a statistical perspective, there is a distinctive cultural and generation awareness gap and approach in application of “common sense” of such knowledge both proactively and reactively. This issue should be addressed via providing realistic based testing programs, according to each respective organizations culture. This would ensure the accurate profiling of the information security status of each organization, for further development in combating cybercrime<sup>7</sup>.

Apart from this it is essential that all IT related programs ranging from industry certification to PHD level consist of “code-of-conduct”<sup>8</sup> agreements and NDA (Non-Disclosure Agreement)<sup>9</sup> to ensure that the knowledge gained is at least not utilized in any unethical manner.

The general media should also be well informed and knowledgeable in formulating public awareness programs in cyber security<sup>10</sup> with aid from respective legislative, educational and public organizations via understandable and simplistic trilingual<sup>11</sup> communication means.

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6. Mock exercises can help organizations to identify weaknesses in their incident response capabilities.
7. Any criminal act dealing with computers and networks (called hacking).
8. Conduct oneself ethically in an unbiased and professional manner.
9. A signed formal agreement in which one party agrees to give second party confidential information about its business or products and the second party agrees not to share this information with anyone else for a specified period of time
10. Technologies and processes designed to protect computers, networks and data from unauthorized access, vulnerabilities and attacks delivered via the Internet by cyber criminals.
11. Using, speaking, or involving three languages. In this instance Sinhala, Tamil and English

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# PERFORMANCE AND COMPENSATION MANAGEMENT

## 1. Performance Management

Performance management began around 70 years ago as a source of income justification and was used to determine an employee's wage based on performance. Organizations used Performance Management (PM) to drive behaviours from the employees to get specific outcomes. PM originated as a broad term coined by Dr. Aubrey Daniels in the late 1970s to describe a technology (i.e. science imbedded in applications methods) **for managing both behavior and results**, two critical elements of what is known as performance. A formal definition of PM, according to Daniels' is *"a scientifically based, data-oriented management system. It consists of three primary elements-measurement, feedback and positive reinforcement."*

In practice this worked well for certain employees who were solely driven by financial rewards. However, where employees were driven by learning and development of their skills, it failed miserably. The gap between justification of pay and the development of skills and knowledge became a huge problem in the use of PM. This became evident in the late 1980s; the realization that a more comprehensive approach to manage and reward performance was needed. This approach of managing performance was developed in the United Kingdom and the United States much earlier than it was developed in Australia. In recent decades, however, the process of managing people has become more formalized and specialized. Many of the old performance appraisal



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HNDA, LICA, MAAT, FIABUK

methods have been absorbed into the concept of PM, which aims to be a more extensive and comprehensive process of management. Some of the developments that have shaped PM in recent years are the differentiation of employees or talent management, management by objectives and constant monitoring and review. Its development was accelerated by the following factors:

- The introduction of human resource management as a strategic driver and integrated approach to the management and development of employees; and
- The understanding that the process of PM is something that's completed by line managers throughout the year - it is not a once off annual event coordinated by the personnel department

The definition by Institute of Personnel Management (1992) was defined in strategic manner: *'A **strategy** which relates to every activity of the organization set in the context of its human resources policies, culture, style and communications systems. The nature of the strategy depends on the organizational context and can vary from organization to organization.'*

Also they mentioned the practical adaptation of good practices in, as; *'.... . Practices such as team appraisal and 360-degree appraisals had become more popular, and it appeared that more organizations had become more sophisticated in their **approach** and in the integration of performance management with other HR practices. However the vast majority still relied heavily on the tried and tested practices of objective setting and review, accompanied by development plans and performance appraisal.'* It's clearly shows that PM depends on strategy and approach.



Many authors are using the term “performance management” as a substitution for the traditional appraisal system. Performance appraisals are employed to determine who needs what training, and who will be promoted, demoted, retained, or fired. The process by which a manager or consultant examines and evaluates an employee’s work behavior by comparing it with preset standards; documents the results of the comparison; and uses the results to provide feedback to the employee to show where improvements are needed and why. Most organizations have some type of employee appraisal system, and many are experiencing the shortcomings of manual staff evaluation systems. Performance appraisal properly describes a process of judging past performance and not measuring that performance against clear and agreed objectives. When discussing workforce performance the most commonly asked question is “How does PM differ from performance appraisals or staff reviews”? PM is used to ensure that employees’ activities and outcomes are congruent with the organization’s objectives and entails specifying those activities and outcomes that will result in the firm successfully implementing the strategy (Noe et al. 2000, p.55).

PM is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities and it is a whole work system that begins when a job is defined as needed and it ends when an employee leaves your organization. PM includes activities which ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on the performance of an organization, a department, employee, or even the processes to build a product of service, as well as many other areas. An effective PM process establishes the groundwork for excellence by the following actions.

- Develop clear job descriptions.
- Select appropriate people with an appropriate selection process.
- Negotiate requirements and accomplishment-based performance standards, outcomes, and measures.
- Provide effective orientation, education, and training.
- Provide on-going coaching and feedback.
- Conduct quarterly performance development discussions.
- Design effective compensation and recognition systems that reward people for their contributions.
- Provide promotional/career development opportunities for staff.
- Assist with exit interviews to understand WHY valued employees leave the organization.

### ***Effective Performance Management Process;***

- Maximizes staff engagement, development, and performance
- Is consistent across units to enhance full development and utilization of talent
- Remains flexible, efficient, measurable, fair, transparent
- Provides better alignment of staff roles and goals with the company’s mission
- Promotes on-going and proactive succession management
- Addresses the relationship of employees to the institution, from the time they are recruited, through their growth and development, to the time they depart, it engages and develops employees throughout the year
- Establishes goals and measures performance to those goals
- Depends on the supervisor giving clear, developmental feedback
- Includes a review of past performance and goals and focuses on future development opportunities that are aligned to individual, unit, and company goals

### ***Staff members are responsible for;***

- Managing their own performance throughout the year
- Asking for constructive feedback throughout the year (from Supervisors, Peers, and Customers etc.)
- Striving to develop their skills continuously (Capacity building/ career development)
- Assessing their own performance on the Performance Dialogue (PD) (this is optional based on the supervisor’s preference)
- Working along with their supervisor to complete the Individual Development Plan and Individual Goal Alignment

### ***Supervisors are responsible for;***

- Hold performance discussions (at least annually) and provide year-round developmental feedback. Better to provide continuous coaching and constructive feedback in a timely manner.
- Reviewing the Talent Management Matrix and the required Leadership Skills for Success
- Hold a Pre-Performance Dialogue (PD) with key colleagues and customers
- Completing Individual Development/Operational Plan (IDP/IOP) with the staff member along with the Individual Goals Alignment (quarterly check-in is productive)
- Participate in a “talent discussion” with other members of your leadership team.
- Reward and recognize the staff member.
- Provide necessary information, resources and opportunity to allow accomplishment of key results. Communicate and clarify major job duties, priorities and expectations. Also establish and communicate performance standards.

- Monitor employees' performance through observation, discussion, etc. too.
- Document good and unacceptable performance. Correct poor performance and reinforce good performance. It helps employees to develop skills and abilities for improved performance.

Development of a performance management plan should be consistent with the following principles:

- Performance management is considered a process, not an event. It follows good management practice in which continual coaching, feedback and communication are integral to success.
- The Performance Management Plan is primarily a communication tool to ensure mutual understanding of work responsibilities, priorities and performance expectations.
- Elements for discussion and evaluation should be **job specific** – not generalized personality traits. **The major duties and responsibilities of the specific job** should be defined and communicated as the first step in the process.
- **Performance standards** for each major duty/ responsibility should be defined and communicated.
- Employee involvement is encouraged in identifying major duties and defining performance standards.
- **Professional development** should be an important component of the plan.
- The formal evaluation period should be long enough to allow for full performance and to establish a history such that evaluations are fair and meaningful. One year is a common evaluation period.
- **Documentation of performance** will occur as often as needed to record the continuum of dialogue between supervisor and employee.
- If formal **ratings** are included, they should reflect the incumbent's actual performance in relation to the performance standard for that major duty.
- The supervisor should be evaluated on the successful administration of the plan and ongoing performance management responsibilities.
- **Training** for supervisors and employees is encouraged and will be provided by Company's Human Resource Department.
- The Performance Management Plan should be consistent with Government laws which address non-discrimination.

#### **Typical Outcomes from Performance Management**

- **Communication Improves:** The employee and manager communicate (collaborative process) more frequently and agree on changed objectives to suit continuing changes in conditions and priorities.

- **Everyone Knows the Rules:** Both the employee and manager enter the process with better levels of confidence as there are "rules" that clearly stipulate what is being assessed and how.
- **Better Recording Opens Up Communication:** They have diary notes that relate to performance during the entire performance period. This raises confidence and reduces stress levels.
- **Frequent Communication Reduces Stress:** The needs of the business are discussed more frequently to achieve specific performance outcomes.
- **Appraisals Become Relevant for Everyone:** This dramatically increases the probability that the objectives are relevant and are able to be acted upon during the performance period.
- **Employee Learning and Development Starts to Happen:** Employees see real planning, are involved in setting meaningful objectives and have input into personal development plans which benefit both themselves and the organization.

#### **How can your HR drive high performance in your organization?**

- Set clear goals and expectations: Ensure personal goals in some way contribute to the achievement of the organization's high level goals. *Provide a sample of an effectively written goal (example SMART goal) on your review form.*
- Provide regular feedback: Think of feedback and recognition as an investment in future performance.
- Support employee development and success: Building organizational bench strength is just good business. By investing in your employee's development, you ensure your organization has the built-in knowledge skills and experience it needs to succeed, both today and tomorrow.
- Train your managers to be better leaders: To be successful at performance management, your organization needs people managers who can coach
- Hold employees accountable: This point reinforces the importance of organizational alignment and giving employees a role in the goal-setting process.
- Ensure CXOs understand the value of good talent management practices: Good talent practices yield better business results

**Talent** consists of those individuals who can make a difference to organizational performance, either through their immediate contribution or in the longer term by demonstrating the highest levels of potential.

**Talent management** is the systematic attraction, identification, development, engagement/retention and deployment of those individuals with high potential who are of particular value to an organization.

## 2. Compensation Management

Compensation Management is more than just the means to attract and retain talented employees. In today's competitive labor market, organizations need to fully leverage their human capital to sustain a competitive position. This requires integrating employee processes, information and programs with organizational processes and strategies to achieve optimal organizational results.

Compensation is the total amount of the monetary and non-monetary pay provided to an employee by an employer in return for work performed as required. Compensation is based on:

- market research about the worth of similar jobs in the marketplace,
- employee contributions and accomplishments,
- the availability of employees with like skills in the marketplace,
- the desire of the employer to attract and retain a particular employee for the value they are perceived to add to the employment relationship, and
- the profitability of the company or the funds available in a non-profit or public sector setting, and thus, the ability of an employer to pay market-rate compensation.

Compensation also includes payments such as bonuses, profit sharing, overtime pay, recognition rewards and checks, and sales commission. Compensation can also include non-monetary perks such as a company-paid car, stock options in certain instances, company-paid housing, and other non-monetary, but taxable, income items.

Compensation systems are designed keeping in minds the strategic goals and business objectives. Compensation system is designed on the basis of certain factors after analyzing the job work and responsibilities. Components of a compensation system are as follows:

- Job analysis
- Salary structures
- Pay structure

In a realistic world, most of the company's Compensation Management programs cover certain key areas such as Competitive Offers; In-Band Adjustments; Market Data; Overtime; Pay Strategy; Pay Structure; and Role Changes.

There is a need of Compensation Management in each organization, because a good compensation package is important to motivate the employees to increase the organizational productivity; unless compensation is provided no one will come and work for the organization, it helps in running an organization effectively and accomplishing its goals; salary is just a part of the compensation system, the employees have other psychological and self-actualization needs to fulfill, because compensation serves the purpose; the most competitive compensation will help the organization to attract and sustain the best talent hence the compensation package should be as per industry standards.

Compensation is a major component of reward which is basically given to the employees in return of their services. It is a package of quantifiable rewards provided to the employees. Hence, the assignment of appropriate/low cost compensation is known as compensation management. It will attract, motivate and retain competent employees at work, and this helps to minimize the turnover ratio.

It is too easy for an employer to take a shortcut and not acknowledge that all organizations have to work within some important constraints when managing their pay-for-performance system. **There are five major constraints:** the organization's ability to pay; legal constraints; union and non-union issues; the internal labor market and the external labor market.

Compensation is one of many human resource (HR) tools that organizations use to manage their employees. For an organization to receive its money's worth and motivate and retain skilled employees, it needs to ensure that its compensation system is not an island by itself. Not only is it important for an organization to link compensation to its overall goals and strategies, it is important that its compensation system aligns with its **HR strategy**.

Too many organizations plan and administer their pay systems by default; or worse, fall back on "the squeaky wheel gets the grease" practices. More than any other area in HR, ignoring pay and performance systems can be devastating. It is a very expensive and laborious process to hire new employees, buy back trust of current employees and renew the organization's energy and motivation level. By ignoring this issue, it does not go away or get better with time. It will take extra money and valuable resources to fix the system.

Successful organizations do regular planning and evaluating of their performance and compensation management systems. Because compensation is visible and important to employees, it is critical to consistently communicate a clear message regarding how pay decisions are made. In short, a solid pay-for-performance strategy requires that employee pay matches the organization's message.



# BRAND MEANING CREATION OF GENERATION CONSUMERS: WITH REFERENCE TO 'FACEBOOK'

## 1.0 Brands

**B**randing has been around for centuries, to distinguish goods from one producer to another. In the early days brands were used for various negative intents such as claiming ownership of human slaves, labelling Nazi prisoners, criminals, and marking the ownership of animals, such as cattle. Lately however, these negative reasons have been abandoned by people for more positive, commercial purposes to stimulate sales and to make the product more desirable.

The American Marketing Association defines a brand as a name, term, sign, symbol or design, or a combination of them intended to differentiate them from those of other sellers. As a noun, a brand can refer to entities such as a physical good, service, people, places, and ideas (Kotler, 2003), while as a verb, it refers to those processes included in a firm's endeavor to make a product meaningful (Calder & Reagan 2001), such as naming the product, targeting and positioning it, and communicating its benefits.

## 1.1. Brand Meaning

A brand does not simply signal a product's utilitarian attributes; it can also have a particular meaning, which makes the product personally meaningful and intrinsically relevant for the consumer. Literature increasingly suggests that the strength of a brand is not based on creating a difference in consumer perceptions, but due to the meaning that the brand creates (Kay, 2006). As noted by Kay (2006), managing the brand meaning is an essential task in the process towards achieving a successful, strong brand. It is evident therefore, how important an element 'brand meaning' is, in the development of a strong brand.

Various perceptions are seen in literature, when attempting to give a face and shape to 'brand meaning'. While some research sees it in the same light as brand associations (Henderson et al., 2003; Moore & Homer, 2008), some attempt to equalize it to brand benefits (Keller, 2003b). Feldwick (2002) proposes that it is a collective mix of associations and beliefs that a consumer has about a brand.

While most definitions in literature relate brand meaning with brand associations and brand attributes, Franzen and Bouwman (2001) speak of mental links between brand names, images and cognitions in a consumer's memory that cause the brand to acquire meaning.

It is evident that brand meaning is constructed in consumers' minds. When consumers are exposed to a company's stories or brand information, they do not passively absorb those messages. Instead, they create their own meanings by mixing received information with their own memories, other stimuli present at the moment, and the metaphors that come to mind as they think about the firm's message (Zaltman, 2003). People experience brands in different settings, situations and psychological states, and therefore their understanding of brands varies. Brands can also have multiple meanings for one individual based on different situations (Krishnan, 1996; First, 2009).



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Recent work in consumer research has examined how meaning is accepted and altered by consumers. The ways in which brand meaning is internalized by consumers are—

- a) Market environment  
- marketers create symbolic meaning for a product and inject it into a "culturally constituted world" (McCracken, 1986). Consumers accept this meaning "provided" for them, and choose products and brands that suit their self-identity (Aaker 1997; Fournier 1998), or their personality and values (Holt, 1997).



- b) Individual environment - Consumers use creative ways to combine and adapt meanings to fit their own lives; the meanings of products, brands, and advertisements are not perceived similarly by all consumers, but are interpreted in accordance with an individual's life. (Holt, 1997; Mick & Buhl, 1992; Scott, 1994; Thompson and Haytko, 1997).
- c) Social environment - Consumers do not always act independently when attempting to interpret marketer-induced brand meaning in the cultural system; social forces are also influential (Sirsi, Ward, and Reingen, 1996) especially in the process of brand meaning negotiation.

Thus, when regarding a product / service, the individual (consumer) must not only account for what is currently known about the object (from the marketing environment) and what one personally believes the object signifies (from the individual environment), but one must also be aware of the way in which the social group interprets the meaning of the object .

## 2.0 Post modernistic Consumer

Today's consumer society is changing dramatically. According to Brown (2006), postmodernism is not a marketing concept but a critique of the dominant ideas and the mainstream research in consumption.

The postmodern consumer is someone who,

- Creates and builds his identity through the products and services he consumes.
- Is highly individualistic in his preferences for the consumption of products and services.
- Is not loyal to any product or service (will avoid any commitment), will not conform to pressure for brand loyalty.
- Is information and information-technology-oriented.
- Expects more from the product or service than is conveyed by marketing of functionality.
- Subscribes to many lifestyles that are often accompanied by highly incompatible value systems.
- Does not conform to the traditional values of society and unpredictable in behavioural patterns.

(Tonder, 2003)

## 2.1 Generation Y consumers and its fit with post modernism

The "Net", "Y", or "digital generation", is the largest population group when compared to other generations today. Generation Y, similar to its predecessor, generation "X", is characterised by ambition, individualism, optimism, cynicism and pluralism (Young & Gautier, 2001). This group is known to place very little value on tradition and have an equally limited faith in the way things were done in the past (Young & Gautier, 2001). Literature identifies generation Y to be highly individualistic and constantly seeking self-expression. According to recent consumer research, generation "Y" fits the profile of the postmodern consumer exceedingly well and suggests that this generation is firmly located in a postmodern context (Tonder, 2003). This view is clearly evident when observing the postmodern consumer's character and service expectations as listed above. As also identified by Best and Kellner (2003), generation Y is conceivably the first generation born in to a wholly postmodern society.

## 2.2 Popularity of Social Media Networks among Generation Y consumers

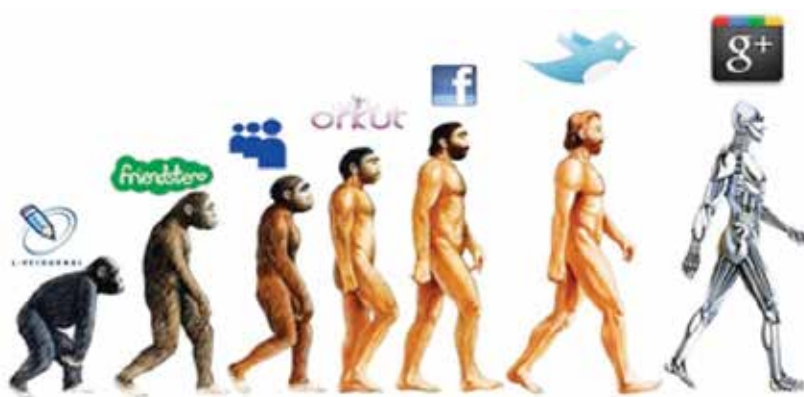
Generation Y is known to be the first generation to have always lived in a digital world (Szekely & Nagy, 2011; Yarrow and O'Donnell, 2009). The need to be digitally connected to the global society is yet another result of the generation Y's digital surroundings since their birth. Technology has enabled them to connect to like-minded groups irrespective of geography, be they interest groups, gaming or social network sites, like Facebook (Yarrow and O'Donnell, 2009). This is identified in literature as a possible transition from the effects of modernism to a more fragmented society that celebrates individuality in postmodern society.

Generation Y, who are either high school students, college students, college graduates looking for a job, or employees early in their careers– who differ in age and lifecycle stage may differ in their social media use as well. They are the largest population group when compared to other generations today.

## 2.3 Facebook

Social networks that are just one category of social media, are places where people with a common interest come together to meet people with similar interests and where they can build their personal websites (Constantinides & Fountain, 2008). Research on social media broadly classifies consumer activities as either contribution (posting) or consumption (lurking or observing) activities (Schlosser, 2005; Shao, 2009); it suggests that most users consume rather than contribute to social media (Jones et al., 2004).

Prominent sites like Facebook grant users the freedom to associate, and explicitly engage in exchanging information in global terms (Gangadharbatia, 2008). Facebook was launched in 2004 as a social networking site and was defined by its creators as a "social utility that helps people to communicate more efficiently with their friends, family and co-workers" (Facebook, 2011).



As of March 01st 2010, there were 41.54% of Facebook users out of the total number of online users in Sri Lanka (The World Fact book, 2010). Amarasinghe (2010) claims that there are over 500,000 Sri Lankans on Face Book and that the number is still growing.

As well as the many benefits accrued through social networking sites, there are sometimes negative outcomes that are experienced due to social network interactions. For instance on February 12th, 2014, a schoolgirl was reported to have committed suicide in Sri Lanka after the school principal scolded her severely over her picture that appeared on Facebook. A second suicide was reported where a 19 year old girl from Mannagoda in Elpitiya, had committed suicide over an incident where she had used the image of a different girl as her own profile picture on her Facebook page. Yet another suicide has been reported, committed by a young mother who had been having an extramarital affair, where suicide was committed over a rift that occurred between the two.

Suicides related to Facebook have not been limited to Sri Lanka. Similar stories have been reported around the world before. For instance, a 27 year old married woman in Kerala, India was reported to have committed suicide (December, 2013) after her neighbour allegedly posted obscene posts about her on Facebook. Similar incidents were reported in India, as a 14 year old girl committed suicide in Mumbai (November, 2013), after having offensive content posted on her Facebook account by a friend, a 20 year old girl who was found hanging from a ceiling fan (August, 2013), with a suicide note claiming that two colleagues had posted distressful comments on her Facebook account, and a 17 year old girl who committed suicide (October, 2013), after being restricted by her parents in using Facebook. Her suicide note read as, "Is Facebook so bad? I cannot stay in a home with such restrictions as I can't live without Facebook".

All the individuals listed above, belong to the post modernistic Generation Y demographic and having being heavy users of Facebook, their suicides brings up an important issue in society today; and the question of what 'meaning' is fulfilled through Facebook to this sub group, is raised. The significance of exploring what role 'Facebook' fulfills as a brand, thus seems timely and relevant.

#### 2.4 Creating brand meaning on social media networks

Extant research done on the creation of brand meaning, finds that most studies mainly revolve around analyzing consumers interpretations of advertisements and are focused on how

the particular message received gets decoded by consumers, and less in terms of how the brand message was integrated into consumers' memory networks. How the brand message is integrated in to memory indicates what the brand represents to consumers and what benefits it can bring them; this is also a much more suggestive indication of what his purchasing decision would be (First, 2009).

In current consumer behavior, post modernism has significantly shaped the way consumers behave in their consumption of goods and services. Consumer behavior is largely shaped by how they create brand meaning. Studies are also needed that investigate how Generation Y's more transient and evolving qualities such as goals, emotions and norms influence – and are in turn influenced by – its social media use.

Generation Y / Millennials being avid users of social media networks such as Facebook, while belonging to the postmodern category of consumers, and with currently observed social issues in the world today, there is a justification in exploring how the post modernistic generation Y consumer of Sri Lanka create and negotiate brand meaning

on social media networks, which ultimately shape their behavior in consuming / using such (social media) networks.

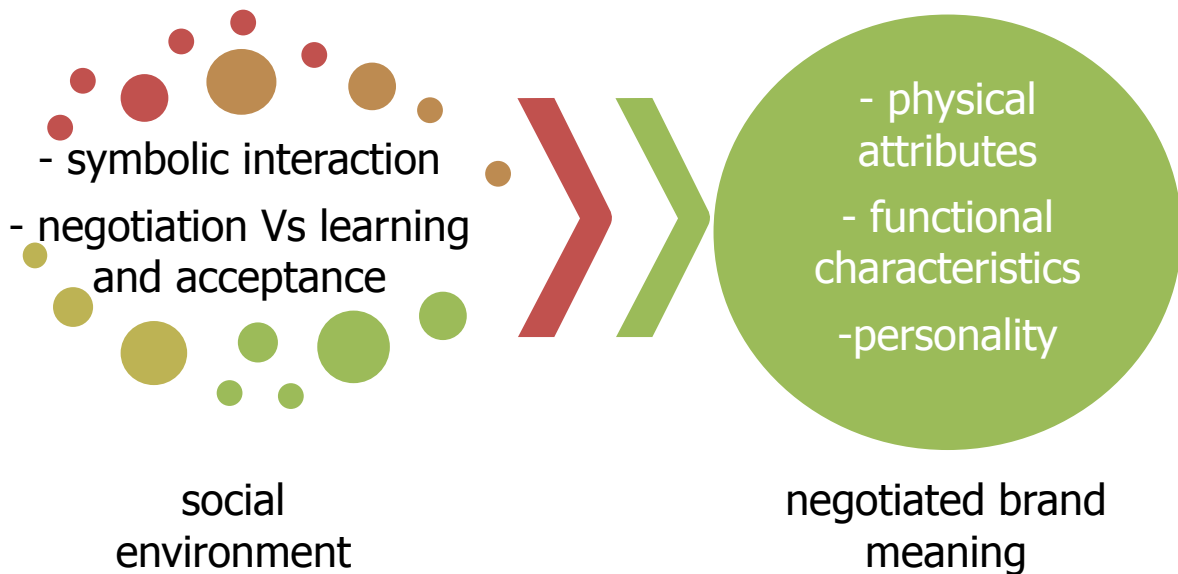
The conceptual framework of the study focuses on the assumption that while marketers attempt to instill meaning into products and brands,

and consumers creatively interpret and construct individual meanings based on their life tasks and goals, (despite these influencing factors), consumers do not always act independently when attempting to interpret marketer-induced brand meaning in the cultural system; social forces are also influential (Sirsi, Ward, and Reingen 1996; Ward and Reingen 1990), especially in the process of brand meaning negotiation.

Thus the process by which consumers negotiate and create brand meaning in their social interactions on Facebook will be explored here. From the marketer's perspective, it is extremely important to understand that the intended meaning, constructed in the marketing environment, can be altered to suit both individual and social purposes. What the individual thinks about the brand's meaning holds little value if it cannot be effectively communicated in the social environment (Ligas & Cotte, 1999), especially for a social networking site such as Facebook.







Source: Adapted from Ligas & Cotte, 1999, 'A Frame work for the Brand Negotiation Process', *The Process of Negotiating Brand Meaning: a Symbolic Interactionist Perspective*, in *NA - Advances in Consumer Research Volume 26*, eds. Eric J. Arnould and Linda M. Scott, Provo, UT : Association for Consumer Research, Pages: 609-614

### 3.0 Data Collection, Findings and Discussion

A qualitative study done on a total of 11 generation Y individuals at the Faculty of Management and Finance, University of Colombo, finds a regular pattern in the meaning creation/negotiation of the Facebook brand. These individuals consisted of undergraduates as well as nonacademic staff who fell within the above age bracket. Despite the different categories of the users, the common age band seems to disclose similar behavior among the two user groups. On average, an individual has started using Facebook at 18 years of age and currently uses it every day for a period ranging from 15 minutes – 1 hour. It is generally used to upload pictures, chat with friends who are separated geographically, as a form of entertainment, to gossip and be updated about the current social world, exchange academic information, play games, and to organize events. While the 'need for interactions' seemed to be the most prominent cause behind Facebook usage, the respondents stated they got many benefits from it – using Facebook as an information source, as a stress reliever, to stay connected with people in order to achieve career goals and using it as a way of improving business contacts were highlighted among the many benefits discussed. While all female respondents considered it risky to reveal too many personal details on Facebook, this was not an issue with the male respondents; as per the males, they felt it was easier to reveal personal details online, through Facebook than doing so face-to-face. It seemed that the majority of the users only consumed and shared already posted content, without really contributing things of their own.

A metaphor is regarded to be helpful in "understanding and experiencing one kind of thing in terms of another" (Lakoff & Johnson, 1980). It helps one better understand customer thinking and behavior and thus develop / market successful

brands. Many metaphors are mental images, while the majority is visual (Kosslyn et al., 1990). During the interview sessions, the respondents were asked to provide a metaphor that describes Facebook to each individual personally; objects such as cloud (no specific direction), playground (a place to enjoy as well as to fall and get hurt), a messy school bag (containing a mix of good and bad things), a mobile phone (something you cannot live without), a knife (which can be used for good as well as bad purposes), and a parliament (which had mixed arguments flowing in all directions) were highlighted in the answers discussed. It seems evident therefore, that many generation Y consumers regard Facebook to be a brand that has both benefits as well as negative outcomes.

When further analyzing the data it seems that one's social environment influences consumption behavior of Facebook. For instance, when other colleagues in the working environment were seen to use Facebook, newcomers (non-academic staff members) also opened accounts of their own. It also supports a main feature observed in postmodern consumers; the attempt to create self-identity through the use of a product or service. Thus, opening up one's own account may be an attempt to fit in with the office environment and to create an equal identity with the other colleagues in the working place. A similar observation was seen among undergraduates where Facebook accounts were first created because other peers / friends had influenced them by sending 'invitations' to join.

The findings also seem to support the view that the post modernistic generation Y consumer is considered to be highly individualistic in their preferences, not brand loyal and expect more than what is offered by the market functionality (Tonder, 2003). Respondents are found to use Facebook for their own unique purposes such as organizing events, using it to build networks for future career aspirations and for academic information sharing. Among the data collected, it was also found that male respondents used Facebook specifically for their (informal) business activities. Since Facebook gave the added benefit of contributing and sharing pictures, communicating with others at no extra cost, this was used as a medium to advertise business activities. While literature has

found that Generation Y consumers are ambitious by nature, (Young & Gautier, 2001), this further proves how generation Y individuals use Facebook, to fulfill individual goals.

The theory of self-presentation suggests that people give performances in everyday social interactions (Goffman, 1959). They perform through a front in which they manage the impressions others form of them. Research finds that people create content online to present the self in their personal web pages (Papacharissi, 2002; Schau & Gilly, 2003). Content and links can convey social status markers through association (Papacharissi, 2002). Thus it can be presumed that generation Y individuals give in to social influence in their brand meaning

creation, in order to manage the impressions others form of them. Facebook acts as a product as well as an ideal platform to carry out this self-presentation.

The findings from this study provide an understanding of how meaning is created for a social networking site such as Facebook. They provide a basis for marketers to target special consumer groups through such social media networks. The findings highlight that despite the market environment and individual environment surrounding Facebook, the social environment plays a relatively more prominent role in the brand meaning creation process of generation Y consumer groups.

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# The Paradise on Earth for TOURISM



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## Preamble

**T**ourism has been one of the world's fastest growing industries in recent decades, and prospects for its continued growth are promising, notwithstanding the recent downturn in global travel numbers and the dismal global economic conditions. However the demand for international travel is discretionary and highly elastic with respect to income.

Sri Lanka is an island. This beautiful island is indeed a land like no other with smiling people who are well known for their hospitality. Sri Lanka's tourism industry has been booming since the three decade war ended in 2009. Legend as well as history record that Sri Lanka has always delighted visitors to its shores. Sri Lanka has a little bit of everything laid-back golden beaches, surf breaks, drizzling, wildlife, aquatic resources, piquant cuisine, tea plantations, Buddhist temples, ancient citadels, graceful colonial architecture and a vibrant capital. The island is near the equator and consequently experiences high temperatures but temperatures in the lowlands are moderated by sea breeze and highlands by latitude. This is an inexpensive and affordable destination to tourists at a time the world is facing economic crisis problems.

Sri Lanka has always been a tourist destination. In the past, due to its strategic location, Sri Lanka attracted many merchants and explorers. Its uniqueness and size earned it the name 'Taprobane' and 'The Pearl of the Indian Ocean'. Tourism is one of the main industries in Sri Lanka. Sri Lanka

has a long-standing reputation as a popular "sun, sand, and sea" holiday destination.

## Overview of the Tourism Industry in Sri Lanka

In 1966 the government established the Ceylon Tourist Board, The board, operating as an autonomous corporation, was charged with promotional as well as organizational responsibilities. Most provisions for tourists were in the private sector, but the board had facilities in areas where private ones were considered inadequate.

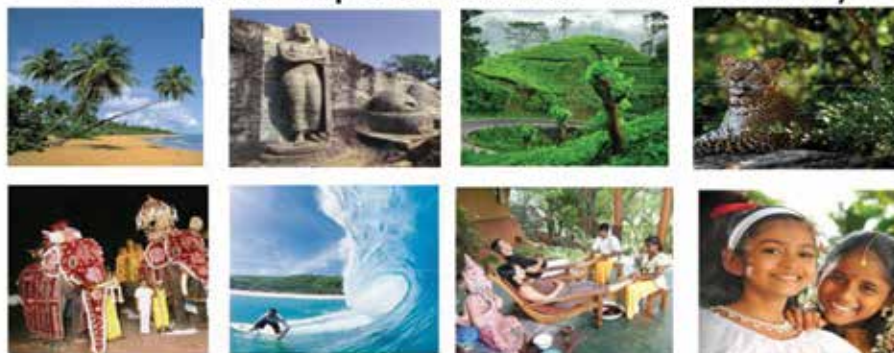
The end of a nearly three-decade-long civil conflict has resulted in 2009 the re-emergence of tourism as a key economic driver, and hitherto untouched areas of the island are now open to the public, particularly in the north and east. A relatively stable post-war environment has also led to the construction of a number of new hotels catering to the growing demand for tourist accommodation, while pre-existing establishments have invested in renovation and refurbishment.

With Sri Lanka being ranked at the first position in the "31 Places to go in 2010" published by the New York Times, co-

hosting the Cricket World Cup from February to April 2011, and the year 2011 being declared as the "Visit Sri Lanka" year by the government, the country witnessed record levels of tourist arrivals in the early months of 2011.



## "8 wonderful experiences in 8 wonderful days"



1. Beaches – Pristine
2. Heritage sites – Heritage
3. Scenic beauty of the country – Scenic
4. Wild life & Nature – Wild

5. Year-round Festivals – Festive
6. Sports & Adventure – Thrills
7. Mind and Body wellness – Bliss
8. People & Culture – Essence

Exhibit 1. Tourist attractions and upcoming tourism projects

In the visit 2011 campaign, Sri Lanka Tourism focuses on eight product categories under the theme '8 wonderful experiences in 8 wonderful days.'" The eight letters in the country name SRI LANKA, shown in 8 different colors symbolize the 8 different product categories that Sri Lanka Tourism wants to promote.

Last year (2013) Sri Lanka welcomed 1,274,593 tourists with 26.7% growth from 1,005,605 tourist arrivals in 2012 and country has earned US \$ 1.8Bn revenue during the year of 2013.

Sri Lanka's tourist arrivals rose 24.5 percent Year-on-Year (YoY) to 141,878 in February 2014, with India, Russia and China leading the list, data released by the country's tourism authority showed. Arrivals in the first two months of the year were up 28.5 percent YoY to 288,453, Sri Lanka Tourism Development Authority (SLTDA) said. Chinese arrivals which include Hong Kong and Macau rose 63.9 percent YoY to 10,319 while arrivals from India stood at 17,534, up 21.5 percent. From the East Asian region, Japan was up 6.6 percent to 3,350, Malaysia dropped 27.4 percent to 1,756 and Philippines dropped 35.5 percent to 708.

Exhibit 2.



Source: <http://www.dailymirror.lk>

Tourist arrivals from Eastern Europe topped the list in terms of growth with a YoY growth of 55.5 percent to 22,927 arrivals during the month under review of which 9,723 were Russians visiting the country, up 92 percent from a year earlier. Ukraine was up 5.3 percent to 4,905 and the Czech Republic up 26.2 percent to 1,996. SLTDA data suggested that during the month in consideration, Sri Lanka witnessed an increase in arrivals from UK and German markets as well. Accordingly, arrivals from the UK grew 5.2 percent YoY to 14,316 while the German market showed an increase of 15% to 11,305. From the same region, France was up 28.6 percent to 10,617, Switzerland up 9.3 percent to 2,244, Austria up 10.4 percent to 2,086 and Netherlands up 13.2 percent to 2,066.

The North American region, which includes Canada and the USA, showed an increase in arrivals from 5,235 in February 2013 to 5,489 during 2014 although arrivals from the USA declined marginally (0.4 percent) YoY to 2,880. Sri Lanka tourism has set a target for 1.5 Mn arrivals in 2014 and a revenue target of US \$ 1.8 Bn.

The average spending of a tourist per day had increased from UD \$ 103 to US \$ 156

despite average room nights of a tourist dropping from 10.5 days to 8.64 days. Tourism is a top foreign exchange earner for Sri Lanka's US \$ 59 Bn economy, with Garments and tea and remittances from expatriate workers being ahead.

Table 1. Tourist Arrivals -2012/2013

Month	2012	2013	% Chg.
Jan	85,874	110,543	28.7
Feb	83,549	113,968	36.4
Mar	91,102	113,208	24.3
Apr	69,591	80,737	16.0
May	57,506	74,838	30.1
Jun	65,245	90,279	38.4
Jul	90,338	107,016	18.5
Aug	79,456	123,269	55.1
Sep	71,111	90,339	27.0
Oct	80,379	107,058	33.2
Nov	109,202	109,420	0.2
Dec	122,252	153,918	25.9
Total	1,005,605	1,274,593	26.7

Source: <http://www.dailymirror.lk>

Sri Lanka has climbed the Kuoni list as the third best selling travel destination for 2014. Kuoni Travel Ltd is one of the largest travel companies in Switzerland, and also one of the leading travel organizations in the world. (Founded in 1906).

### Future Opportunities and Challenges for Tourism Industry

Sri Lanka considers tourism will play a major role in development, reconciliation, social interaction, creating employment and poverty alleviation. Tourist-attraction rich Northern and Eastern Provinces are now free from the civil war and can be easily accessible. Country's infrastructure is getting a considerable improvement, including road network, electricity, water, sea and air travelling, airport, harbour, etc.

### Medical tourism

The country has a long tradition of excellent healthcare and professional medical establishments. In addition, there are other traditions than western medicine in the country such as Ayurveda, Unani and Allopathic medicine to name just a few. These forms of medicine either supplement or represent an alternative form of treatment to western medicine.

As Colombo's hospitals improve, growing numbers of foreign visitors have sought to be treated in Sri



Lanka. A new era of economic activity, where medicine and tourism meet, dubbed medical tourism has emerged in the country. For medical tourism to be successful, Sri Lanka's medical establishments must be able to offer treatment, which is competitive for an international patient to decide to travel to country.

Another consideration is the time factor. There shouldn't be long waiting lists for treatment. Sri Lanka therefore does have the potential of developing medical tourism on the line of the successful ventures undertaken in Asian neighbors such as India, Singapore. These international visitors who have already come to Sri Lanka for treatment have commended the high standards of specific hospitals, their excellent administration and easy accessibility. But the main reason for medical tourism is the quality of medical standards in the country, of its aftercare service, transparency of medical insurance and keeping of good medical records. In addition, Sri Lanka scores well in terms of international exposure of her medical specialists, who have completed post graduate studies at universities overseas.

Some treatment can be long such as reconstructive surgery, where the recent conflict led to acquiring many skills and knowledge in this specialized field. Shorter-term treatment would include kidney dialysis where tourists to Sri Lanka can schedule this treatment in their holiday/ business travel plan.

Sri Lanka has always been a place that refreshes not just the mind and body, but also the soul and spirit. And for thousands of years, the most popular method used to restore and rejuvenate tired bodies and weary souls has been Ayurveda – the oldest and most holistic medical system available in the world.

Sri Lanka has been a center of spiritual and physical healing for 2,000 years. Ayurvedic programmes consist of a range of herbal treatments and various types of baths and massages, together with cleansing and revitalization techniques such as yoga, meditation and special diets.

### **MICE Sector**

MICE is an acronym for the Meetings, Incentives, Conventions and Exhibitions tourism segment. Various sources report that the MICE market is worth around \$30 billion a year worldwide. Some countries rely heavily on the MICE segment – 30% of Singapore's tourism revenue is from MICE, and Malaysia is specifically targeting the MICE market, running schemes such as the Meet and Experience campaign.

Worldwide, at least 50 million trips are taken each year for MICE purposes. Whilst the MICE market is expected to continue to exhibit moderate growth, it is dependent upon the prevailing economic circumstances. A confident market will lead to more meetings and incentives whilst a nervous market is liable to have the opposite effect.

As per MICE tourism, last year Sri Lanka recorded 119,000; this year we hope that number to reach 125,000. MICE tourism is also acting out healthy on par with tourism. The importance of MICE is visitors are spending nearly four times more than normal visitors. As new hotels with large inventories and meeting

spaces enter the market, we anticipate Sri Lanka to become a lucrative MICE destination, especially for companies located in India.

### **ICT for Tourism**

There is a growing awareness that ICT has drastically changed tourism worldwide. It is of vital importance to acquire the skills and tools and to engage in a multi-channel strategy to reach the final customer reducing dependence on foreign media, foreign tour operators and others in the traditional value chain. WIFI access can be seen more attractive even at coffee shops for both visitors.

Merely having a "web presence" is not enough. More detailed knowledge is required of aspects such as usability and search engine optimization and other elements of online branding and marketing. As well as providing content online, there must be services as search facilities, availability checks and online reservation and payment.

It is interesting to note that all countries forming the top ten source markets for Sri Lanka have been provided the option of a 'Visa on Arrival' by the Sri Lankan government. Currently, approximately 80 nationalities are allowed the option of obtaining a visa on arrival for tourism purposes, which is valid for a period of 30 days. Sri Lanka hoteliers had expressed serious concern over government moves to charge for visas from foreigners visiting the country, except those from Singapore and the Maldives, which give Sri Lankans on-arrival visas.

### **Impending HR Crises in the Industry**

The hospitality industry is first and foremost a people business which requires a large pool of labour. The consequences of current and future hotel and tourism developments in the region will therefore result in an increasingly fierce competition for skills.

The shortage of well-trained tourism personnel continued to be a major issue for the industry with the situation worsening with many new hotels coming up in the country and absorbing the existing experienced personnel.

Also there is need to provide necessary training for tour guides, home stay hosts and other formal and informal sector service providers. Sri Lanka Institute of Tourism and Hotel Management is conducting short courses to meet these requirements as well. There are new training institutions for Hotel and Hospitality management especially at the degree and Masters level for empowering required man power requirement for Tourism Industry with sound multi language skills.





## Casinos and Gaming

There is much controversy and debate about the setting up of casinos in Sri Lanka. Tourism experts see this as somewhat of a 'necessary evil' in the tourism trade. If casinos are carefully developed, and managed, it can be a game changer for the industry. Singapore tourism was reaching a plateau with growth rate petering out, when the government of Singapore took a strategic decision to introduce carefully managed casinos, which have given Singapore tourism a complete new lease of life, with monthly arrivals now exceeding 1.2 million on the average.

Industry analysts predict Japan could rake in USD 15 Bn in annual gaming revenue, making its Asia's largest market for gambling after Macau (Macau earned gross gaming revenue of USD 45 Bn in 2013).

Table 2 : Three mega Integrated Development Projects proposed with Casinos

Name	Investment (\$ Million)
Queensbury	300
JKH/Waterfront	850
Crown	400

Source: <http://www.dailymirror.lk>

In Sri Lanka too perhaps this model could have been followed by developing casinos in one central area away from the city (possibly in Kalpitiya), instead of having them in the city (this was suggested in the 'Way Forward' for Sri Lanka Tourism report, prepared by the Private Sector for the Secretary, Ministry of Finance in April 2010). There are now 3 mega 'integrated development projects' that have been approved in the city, which no doubt will make a significant impact on Sri Lanka tourism portfolio, although there may be some socio-cultural fallout.

### A Conducive taxation strategy for tourism

Taxes have been cut down for the benefit of tourism industry. The Tax amount collected as the Tourism Development Levy (TDL) has increased from around Rs. 700 Mn to 1.1 Bn during the year of 2013. The upfront cost of investment in leisure and tourism related activities and plant and machinery as well as branded consumer products are subject to low taxes. Duties on vehicles have been reduced to promote tourism related services. Taxes imposed at various levels of government are being consolidated to make an industry friendly tax regime.

### Tourist Police

The Sri Lanka Tourism Development Authority is dedicated to ensuring that both local and foreign tourists have a safe, pleasurable and memorable travel experience in Sri Lanka without being subjected to any nuisance, fraud, inconvenience. A fully fledged Tourist Police force has been established at Sri Lanka Tourism Development Authority premises.

Violent crimes against foreigners are relatively infrequent, although there have been an increasing number of reports of sexual offences including on minors by local politicians in recent time.

## Other Infrastructures

There have been transport solutions also to lure tourists into Sri Lanka and one of the primary areas of expedited travel has been the promotion of the effective use of sea planes and given the water bodies of the country, sea planes have been deemed as the ideal solution for the high spending tourists. The Katunayake express way has given Sri Lanka tourism a big boost and the Outer Circular express way and the extension of the Southern highway to Matara will certainly create greater tourist movements.

We need to invest in golf courses, water parks, marinas, entertainment studios, light aircraft services and sea planes, convention and exhibition centers, gaming cities (perhaps isolated from the public and special zones), race courses, theme parks, shopping malls, adventure sports (off Road), boat manufacturing and boat hiring and taxi services.

Negative consequences on socio-cultural, Environment aspect due to tourist activities

- The local community will be made aware of the sexual risks that are usually associated with tourism. Spreading threats of HIV/AIDS in areas where tourism is currently a flourishing industry. The case of 'beach boys' in the Western and Southern coastal areas has been documented as providing services largely of a sexual nature. Though individuals seem to be voluntarily engaging in these activities, it is usually poverty and the environment around them that push them towards these sexual trades.
- Drug addiction through associations with tourists may also be of concern for communities the survey pointed out. Tourism can cause child labor and child abuse.
- As of today, infrastructure for garbage collection are lacking in most municipal areas. This has increased uncontrolled scattering and dumping of garbage everywhere in the country including town and uptown areas. It has increased the problem of stray animals including wild elephants and monkeys in some areas feeding on garbage.
- Sri Lanka is an island and cannot bear to lose its wildlife resources because there are no adjoining land masses which could support wildlife migration like large continents (e.g., Africa, South America, North America or India). Therefore it is our responsibility to protect wildlife. Poaching has increased during the last five years. Specifically, leopard and monkeys population in Sri Lanka have become increasingly threatened. Wild boar, elephants, wild buffalo, deer and turtle are a few other wild species that face severe threat due to increased human activities. Since human settlements have expanded and forests have been cleared, invariably it is leading to conflicts not only with elephants but with other wild animals as well.
- Many estuaries and lagoons are fringed with vastly diverse mangrove forests with high biodiversity. Large mangroves can be found in lagoons such as Kalpitiya, Batticaloa, Madu Ganga, Trincomalee, Jaffna, Potuvil, Panama, and

Periyakalappu. Mangroves also help people sustain their livelihoods in fishing, timber, and various other socio-economic activities. In recent years mangrove resources have been drastically damaged or reduced due to various illegal activities.

- Coral reefs are a valuable tourism asset. Reef tourism produces millions of dollars of foreign currency annually and is a popular attraction to many when choosing a vacation destination. Therefore, healthy reefs are important not only ecologically, but also economically. Ecologically coral reefs provide habitat and feeding areas for many finfish and shellfish species. They are one of the most biologically productive ecosystems on Earth, provide protection against wave action and storms and supply nutrients to nearby economically important fish stocks.

## Conclusion

The government's vision is to transform Sri Lankan tourism sector, by 2020, to be the largest foreign exchange earner in the economy; position Sri Lanka as the world's most treasured and Greenest Island and attract high spending tourists while preserving the country's cultural values, natural habitats and environment.

Sri Lanka needs to be known as a tourist destination which can offer all these above and not just sand and beaches. The country tagline would be Wonder of Asia as articulated by the Government Development Policy Framework. Sri Lanka is today, the emerging Wonder of Asia. It has the potential to be the next Asian economic miracle. However, in tourism promotions the emphasis is more on the fact that Sri Lanka is a natural wonder. A lot of travel journalists have referred to Sri Lanka as the paradise on earth or the jewel of Asia. Sometime back Sri Lanka was known as the pearl of the Indian Ocean. All these lead to one conclusion, that Sri Lanka is a natural wonder.

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# SOCIAL IMPORTANCE OF ORGANIZATIONAL THEORY



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**O**rganizational theory is a very important subject for every organization in the current situation. An organization is a collection of people to achieve a common purpose. It is not limited physically only for a building where the world is known as an organization. Any kind of organization, it converts the input to the output. This process can be seen even in banks, industries etc.

Every organization has a vision, a mission, a goal & objectives. Management is needed to achieve those aspects. Management is known as doing the right things & doing things right. Those two aspects are also known as effectiveness & efficiency. The correct usage of resources is known as efficiency. Completing the goals accurately is known as effectiveness. Effectiveness is the heart of management.

The organizational theory builds the principles considering the perspectives of the organizations in world. For example let's take a hospital. Somebody makes the discretions with the micro view of the attendance of the patients, how the patients are being examined, and the process of the staff working. These can be taken as an organizational theory.

Organizational theory & Organizational behaviour are two different subjects. Organizational behaviour is a subject, which follows the employees' behaviour physiologically. In that subject only human resources is emphasized. However, organizational theory deals with the duties of the subject of organizational behavior and it sought out the management practice, utilization of the resources and the whole area, so that organizational theory is fed by the organizational behaviour & organizational theory, which is a broad subject.

Every aspect of the field of management is subject to organizational theory. So the knowledge of this subject area is distributed with a multi perspective of the organizations.

## Scientific Management

The classical approach of management is very important for the development of the organizational theory. Among the various ideas in classical approach, F.W. Taylor's Scientific Management ideas are specific in this situation. Taylor's theme was to express the managers how to maximize the effectiveness of the organization. Taylor started his job as a labourer in a steel industry in USA. He performed his work efficiently and went through the highest position in the management field. After he was appointed to the position of Chief Superintendent in Rolling Machinery Company, he reviewed his past professional life & authored the book that was known as "General Management" in 1911. So that Taylor's scientific management ideas were published rapidly all over the world.



Scientific means a systematic vast area of knowledge. He expressed his ideas in two ways, which are organizational success and employees' success. His fundamental idea is to satisfy the employees from the economic factors only. He did not pay attention to the social factors of satisfaction of employees. His discretion was a job oriented discretion. His basic attempts were to express the managers how to perform the work by the employees. Under that point, his main slogan was to do the organizational activities from the best method. It is the scientific method. The principles of the scientific method can be seen as follows:

1. The division of work and job specialization should be included in the scientific method. The organizational activities can be conducted well by the division of work and the administration make easy from the job specialization.
2. The employees' selection, induction and training should be done in a scientific method.
3. The division of work should be activated not only in the low level management but also in the top-level management.
4. There should be a good relationship between the low level and top level of the organization.

Taylor further explained his perspective as a piece work system. That means to increase production and extra salary should be paid in addition to the normal salary for producing extra units. Under this situation, he aimed to gain the service from the workers as a machine by giving the financial incentives. With the following aspects, he further showed to as to how to gain the service from the workers effectively.

1. Motion studies
2. Method studies
3. Fatigue studies
4. Time studies

### **Motion Studies**

This means to find out the unnecessary motions done by the employees in the employment and make the actions to remove from them. Most of the developed countries examine the unnecessary motions of the workers and try to remove those motions by the chemical researches. Some workers do the motions like biting nails; touch the beard etc., so the managers should pay attention for such matters.

### **Method Studies**

This means the managers should introduce short and easy methodologies to do the activities. (E.g. Electrical lift)

### **Fatigue Studies**

This means the managers should create the jobs as to reduce the physical & mental fatigue of the employees. If the managers do this process, the employees can be encouraged to do their activities. In addition, the labourers' physical fatigue can be reduced by providing boots, small trucks, trolleys & mufflers.



### **Time Studies**

Whatever the kind of work done by the employees it has a standard time to do it. The actual time taken by the employees should be equal to the standard time. (E.g. If a train goes over the standard time in the same track it is difficult for the guards to run the next train in a correct time.) Therefore, the managers should pay attention to time management. Under this case, Henry Gantt (1910) has introduced a process that was known as "Gantt chart".

### **Administrative Theory**

Henry Fayol introduced the Administrative theory of the management. He was a graduate in Geographical science. Although he was an engineer in by profession, he introduced a globally acceptable administrative theory. He has identified six main factors for any kind of institution.

1. Technological activities
2. Commercial activities
3. Financial activities
4. Precautionary activities
5. Accounting activities
6. Management activities

Following this Fayol has mentioned 14 main principles about Administrative theory. Finally, he tried to create a control system for increasing the productivity in an organization by the employees.

### **Bureaucracy**

Max Webber introduced this theory. He was a professor in Social physiology in Berlin University. He introduced three main factors that should be in an organization.

1. Clear organizational structure
2. Legally bias
3. Clear Stability

Organization is a framework that comprises the following aspects.

### **It Should Be Socialized**

That means any kind of organization is a social team. The main foundation of this aspect is the combination of the society. It mean every organization has interpersonal activities. Thus, the organization is a social system.

### **It Should Be Target Based**

Every organization has a common purpose. Every person in an organization tries to achieve it. Some organizations have more than one purpose, such as addition to gain profits and the compliance of social responsibilities. To be a leader in the business world, one has to take over the loosing businesses, maintain sustainable growth, providing services to the stakeholders etc., in the organization.

### **It Should Have A Clear Structure**

The various management levels can be seen top to down in an organizational hierarchy. The departmentalization of those levels in an organization is a good feature of a clear structure. Therefore, there should be a good coordination in vertical & horizontal levels of organizational hierarchy.

### **It Should Be A Clear Boundary**

This boundary is divided by the internal & external environment. The following aspects can be indentified in the internal environment.

1. Organizational volume
2. Technology
3. Structure
4. Culture

An organization utilizes the inputs and provides the outputs to the external environment. Therefore, it has to comply with both external & internal environment. Under this process, the space of the organization should be limited.

Every organization is a system. A system is a collection of parts.

E.g., the society is a collection of communities, the world is a collection of societies, the planet system is a collection of worlds.

Sub systems are firstly included in the universe. Thus, the organization is a collection of sub systems. E.g., In a university the marketing section is taken as a sub system. Any kind of sub system goes through the whole system of an organization. Therefore, the sub systems are connected to the main system as the human neuron system. One main system depends on one or more sub systems.



Five main sub systems can be seen in an organization.

#### **1. Production**

Whatever organization it produces an output to the environment. That output should be produced during different times.

E.g., The A/L exam passed student is an output from a school. Teachers are teaching for that process is an input.

#### **2. Division of the Organizational Boundary**

Some division in an organization does this. The duties of this division are to divide the internal environment from the external environment and gaining items to the internal environment from the external environment (Find out the customer needs & wants, gaining the loan facilities etc.). In addition, this division is done making outputs to the environment, meeting customers and sales agents to identifying their needs etc.

#### **3. Maintenance Division**

Institutional buildings cleaning & painting, machine repair & examination, removing drains etc. belong to this sub system. This causes to reduce staff physical disabilities & encourage their moral.

#### **4. Division of the Institution taking to new areas**

Inventing innovations, developing new products with appropriate research, finding new market opportunities and new technology etc., helps to drive the organization towards areas.

#### **5. Management Division**

This division deals with institutional affairs of the organization, such as leading the staff, progress review etc. Even though the above facts may be different to each other they are inter-connected with the organizational system.

### **Organizational Dimensions**

Every organization has two dimensions.

1. Structural dimension
2. Relational dimension

Structural dimension is related to the internal structure and relational dimension is related to the whole organization including the environment.

#### **Structural Dimension**

This comprises with the following eight facts.

1. Formalization
2. Specialization
3. Standardization
4. Authority hierarchy
5. Decentralization
6. Complexity
7. Professionalism
8. Staff distribution

### Formalization

Formalization means organizational documents are kept in order. Procedures, job description, regulations, policies belong to those documents.

### Specialization

This is also referred to as division of labour. Planning of duties, which are divided into sections of the staff, is the objective of this effort.

### Standardization

The equal duties done in various sections of the organization, in a similar way is known as Standardization.

### Authority Hierarchy

Under this category we can see the positional hierarchy from top to down and they are distributed accordingly.

### Decentralization

The decision making process which is distributed with more than one person is known as Decentralization. (E.g. The power is given to some committee or commission for making decisions)

### Complexity

This is a measurement of the number of organizational duties and the sub systems. If the duties and sub systems are many then the institution is very complex. If the duties and sub systems are fewer then the institution is very simple.

### Professionalism

If the organization expects staff to possess formal educational qualifications and relevant training is known as Professionalism.

(E.g. A Specialist Doctor is a professional when in addition to his medical degree he has training on conducting research)

### Staff Distribution

This is considered as the model of staff distribution and it is calculated to a specific ratio. (E.g. Administrative service ratio)

This is measured as the ratio between the direct and indirect employees. It is calculated as the number of employees doing in a specific job divided by the total number of employees in the institution.

### Relational Dimension

This is considered with the main 3 facts as follows.

1. Organizational volume
2. Technology
3. Environment

Organizational volume is measured based on the number of employees, sales volume & the assets volume.

Technology is the collection of knowledge, activities & the techniques.

Environment comprises with the government, community, customers & suppliers.



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# INTEGRATION OF THE INNOVATION SYSTEM OF A COMPANY WITH STRATEGIC MANAGEMENT TERMINOLOGIES



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## **Innovation Failures**

Given the all-favorable facts, one might drive into the delusional conclusion that innovation is always rewarding, as it appears to be, but in reality, innovation carries both merits and demerits. Failing to bear the negative consequences would amount to resistance towards the innovation process. Classic example can be drawn from country wise R&D spending structure. According to reports USA's spending on R&D in 2013 was 39% of world's spending but their revenue was only 27% of global R&D revenue. While Japan another big contributor for R&D also had 2% gap in their R&D cost with the revenue. These countries have realized that innovation is not a short term investment and that any mistake made while the development stages can be a valid learning experience. Therefore, when above countries plan their research and development budgets, provision is always made for failures, which will never hinder the phase of the innovation process. In the meantime, occasional failure shall not be confused with consistent disability to create results, hence in such cases there is no constructive input from that experience. Frequent failure in innovation will inevitably drain into market failure, thus

Concept of "Innovation" has become the betting horse in the business arena of the modern world. It is the most prominent and lucrative strategy that every CEO would love to implement.

This fact is evident when particularly considering the R & D expenditure of the fortune five-hundred companies. Inventions like artificial intelligence and nanotechnology are in the mission of changing the lives of millions of humans as we speak.

## **Importance of Innovation**

**A**ccording to international business reports, Apple, Google and Samsung's investment on new products sums up to 20 Billion US dollars in 2013. The spending on new products and technology has increased by 5.8% compared to last year and the total revenue earned was US \$ 638 million across the globe. Interestingly the software and internet industry have increased their innovation spending by 22% which is very high compared to the 5.8% average spending rate. This gives a clear indication that in future the cyber space will play more important role in our lives. Creativity and innovation would not only form a competitive edge over the competitors but also sets a clear path on

achieving company goals. That is the sole reason why many reputed brands like Toyota, IBM and Facebook are dominating the list of most creative companies in the world. A recent trend is noticeable were countries like China, India and Brazil are more intense on innovation driven economic development, which they believe, would reduce the wastage of resources and increase the productivity of their nations. Positive movement also can be found in Sri Lanka where the country's first ever nanotechnology centre and park have been instated with an investment of Rs. 2.08 billion. The facility was established with collaborative effort of both private and public sectors. Although this facility is yet to provide a technological breakthrough both government and private sector are optimistic on the future.

resulting in a brand collapse and loss of competitive advantage permanently. Therefore, companies should always enlighten their path of innovation with sound strategy, which will prevail in the long term of the business. To understand the argument more solidly we can refer some industrial examples as follows:

- **Laserdisc:** This disc was introduced parallel to video cassettes and promised to provide high quality and high storage capacity than all the available substitutes. However, could not catch up with the first impression they made as the products had no recording capability plus the super high cost. Additionally, due its size the disc was exposed to damage and hard to move.
- **Betamax:** A home videocassette made by Sony, which was small and durable, also had better resolution than VHS technology. This too failed to capture the market as the product was more expensive and the recording time was only 1 hour compared to 3 hours. Therefore, the customers were compelled to use other products that have more capacity and cheaper in price.
- **QR Codes:** Also known as, the quick respond codes. This involves the same technology as the barcode systems. Its technology however contained more data than the barcode system but failed in the market due to lack of public image and public awareness. The survey done at that time has clearly indicated that the population had less understanding on this technology.
- **Cinerama:** First widescreen projection format, which combined three synchronized 35mm projectors and was considered the replacement of that time's wide cinema screens. The product was a flop as the technology at that time was not sufficient to deliver such cinematographic experience.

When considering the above four scenarios it is evident that the innovation failure does not happen for only one reason, it is but collection of reasons. Looking further at the scenarios in the case of 'Laserdiscs the producers were interested only in superior quality or

'technical superiority' but failed to address the 'customer expectations'. Where as in the **QR Code** case developers failed to gain enough market awareness. The 'Cinerama' case however, clearly shows that chasing after customer fantasies without having clear technical means or expertise has similar disastrous outcomes as not meeting customer expectations at all. When you try to deliver something that is not possible customers will not only be dissatisfied but also will move along to competitors. Therefore, the innovation in an organization should be always both technically and market oriented. To fulfill this task companies should equip themselves with proper innovation systems. A solid innovation system would achieve the goals of being technically superior and market sensitive.

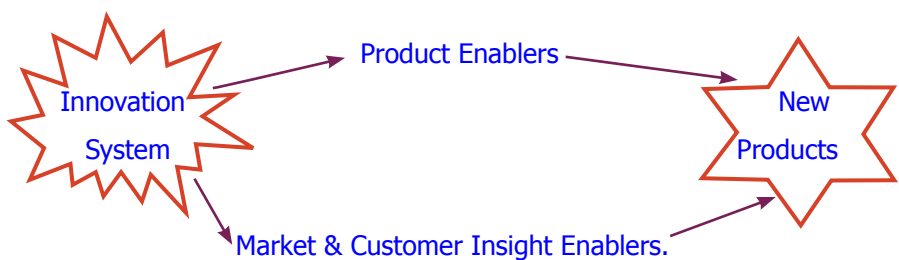
### Innovation System

Innovation system refers to set of policies, rules procedures and processors that will trigger novel ideas and apply those ideas to create new product or service. In a company there can be a separate department known as research

and development department for this purpose but concept of innovation system has a broader prospect. It covers the entire organizations' effort to create novelty within the organizational boundaries.

Therefore innovation system would not be restricted only for the research and development department. It is more shared goal among the peers and superiors in the organization. There are two main sub-deliverables in an innovation system those are **Product enablers** (Technical superiority) and **market & customer insight enablers** (customer expectations). Followed by the main deliverable that is the successful innovative product/service. Following diagram will elaborate the concept

Even innovative giants like Steve Jobs have mentioned in many occasions that allocating money on R&D is not innovation, the real innovation focuses on people and how they are being led to find new ideas. This clearly shows that Apple Inc. is not just an outcome of a



single person but also result of a well-planned and maintained innovative system. Similarly if we consider one of the highest innovative companies in the world 3M have a rule of 15% time off, where each employee should use their 15% of work time on their own projects. Each year the company gives a grant of US \$ 750,000 for the eight most innovative ideas that do not have respective departmental approval officially.

Sri Lankan business culture on the other hand is very much focused on short-term benefits of innovation than its strategic position. This is mainly due to the lack of trust and innovative culture among the top management. Most of the top management finds it convenient to import innovative processes or technology rather than creating it inside the country. They argue that in-house development would carry a huge cost component and to recover the cost it would take lot of time. Another problem commonly found in this type business structure is that lack of skilled workers who have undertaken research and development projects. Although many skilled workers render their services in different industries in Sri Lanka, most of them do not have capability to undertake R&D work to diagnose innovative outcomes. In fact very few PhD holders who remains in the country are employed in the academic sector. Although they publish articles and research reports industrial sector does not seem to be interested on those findings as most findings reflect poor applicability to the industry. Another cultural norm in business fraternity is that lower tolerance level on innovation failures. Majority of the companies consider seriously that the direct ROI in innovation as a must and a criterion to be met and failing to do so would result in discontinuation of the operation.



### Why Blend With Strategic Management Terminologies?

As we can see from the points listed above innovation system should not empower few employees or only part of the organization to increase and stimulate novelty. It should be linked with strategic management prospects to be consistent and long lasting. Sustainability of the business depends on the sustainability of the innovation system in the organization. and to do so the strategic fit among innovative strategies should be maintained. Clear example can be taken from 3M Company where recently **Geoff Nicholson** former vice president and current ambassador of 3M has mentioned that six sigma principles have hindered the innovation in the company and that it doesn't allow workers with much time that is required to come up with new products. Hence, he argues innovation system included with six sigma principles would have negative influence on strategic management in the long-term. Therefore, developing and maintaining an effective innovation system alone would not be sufficient. Companies also should focus on aligning their vision and mission with the respective innovation strategy and the outcomes.

### Strategic Issues in Innovation

When all the factors are favorable and when success is there to be taken some organizations still manage to be

unsuccessful. This is mainly due to the wrong strategic mapping, which will result in misplacement of the innovation function of the organization. If the strategic position does not clarify the role of innovation clear enough, then innovation will be like a vaccine available after the infection. It will be just a mere trend not a core value adding activity. Following are some strategic issues found by individual researchers with respect to the innovation of a company.

- One of the main issues in innovation is the lack of knowledge and experience about the innovation system itself, by top management. Most of the Sri Lankan CTO's (Chief Technical Officers) and general managers are well renowned with their experience and proven records of accomplishment, but they even share a common feature of lack of innovative exposure. Most of the top level managers in Sri Lanka have made it up to that level by gathering experience in lower levels at least five to six years, and they were so busy on maintaining performance of their respective team or the department. This led them to have lesser time to focus on innovation. Thus, by the time they reach to the top level they have perfect technical and administrative skills but Zero knowledge on innovation process. Therefore, their trust on innovation is also circumspect.

- Another strategic issue that exists in Sri Lanka is that innovation is target driven, in the sense innovation would have strict time limit and cost allowance, which is hard to meet and failure to do so would result in discontinuation of the initiative. The approach of innovative companies like Toyota and Google will differ vastly from this type of approach. In companies like Toyota or Google there is a fixed and allocated budget for innovation hence, less answerable but stimulates the creativity.
- Another issue in innovation is the lack of innovative cultures inside the organizations, which is mainly the unpopularity of the concept of innovation. Even if the top management grant the chance to come up with innovative ideas employees mostly would hesitate to suggest any. Part of the reason is shame of rejection. Particularly in a country like Sri Lanka, failure is something to laugh about and due to our powerful link between cultural norms and social behavior people think about shame of being unsuccessful rather than privilege of becoming successful.

### How to Integrate Innovation System with Strategic Management

Following strategies can be suggested to improve the grid of strategic management and innovation system.

- **Frequent Audit and Review of Existing Innovation System:** Due to change in the technology and the business environment most of the innovation policies and procedures become obsolete. For example earlier the textile industry focused on improving the machine technology in the production process but lately the priority is been given to the fabric where various experiments are undertaken with the help of Nanotechnology to increase the quality of the fabric. Similarly, until recent past the highest priority of IT hardware manufacturers was to



enhance the circuits to improve the PC performance. Now they are more focused on **Nano Tubes** that are little different from circuits we know of. Therefore, when the technologies change like that the innovative products should also diagnose those changes and inherit those changes, otherwise the products would obviously fail. To capture such changes the innovation system should be revised and changed. Only way to do so is by doing in-detailed innovation audit at least once a year. This will detect the loopholes in the existing innovation system.

- **Become Need Seekers than Market Readers:** The “need seeker innovation strategy” focuses on identifying the future needs of the customers and then align them with the company’s innovation system. Need seeker would be the first to identify the new needs of the customer and would be the first to satisfy those needs. Contrastingly, the “market reader innovative strategy” would focus on incremental steps of innovation. This method will be safer but less challenging as the innovation commences after conformity of the

existence of new needs, which will take time. Consequently, the Need seeker may have already skimmed the essence of the market.

**Example:** when **Samsung** introduced their first ever touch system phones to the market Apple had already established the high-end market. Resultantly Samsung had to approach from behind and enter into Mass market with low price tags.

- **Usage of Digital Enablers in the Innovation Process:** Digital enablers are the digital tools and technologies used to enhance and stimulate the innovation process. It can be an intranet add on or a website tracking cookies or else a tab in your public website which will allow the visitors with their opinions. In a research done in recent months it was revealed that there is 77% probability of high digital enable users to over perform those who do not use digital enablers frequently. Every innovation is based on a solid research finding that mostly companies outsource these research works but when digital tools are around companies can gather information and do researches using their own systems, blogs

and websites. They can use online analytical software to capture the movement of the customer and study those without any additional cost.

- **Triggering Innovative Culture inside the Organization:** Just like 3M where if you have not invented new things you feel like do not belong to the staff. Company can change the mindset of the employees by introducing innovation related habits like organizing competitions to find out the most innovative idea of the year and those winners can be awarded with monetary incentives. Another method is to empower the innovators with authority and resources. This can be practiced by allowing the people who have innovative ideas to contribute to new product development directly and let them be a part of the innovation process.

All in all the companies in Sri Lanka would have to put a larger effort on aligning their innovative systems with strategic management terminologies and the effort should be triggered from the top management. Hence, the culture also should be a factor at the forefront in dealing such a task.

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# EXPLORING SERVICE QUALITY AND INSIGHTS FOR PROFESSIONAL MANAGERS



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**I**mportance of quality is unequivocal not only to business managers in Sri Lanka, but also to anyone who is interested or affected by quality dimensions worldwide. Therefore, people are most likely to anticipate that defining quality will be the starting point of this discussion. However, service quality is one of the elusive concepts to define as it is normally dependent on the perspective upon which it is evaluated. In other words, quality could be explored as 'How a consumer perceives it when associated with an actual service interaction or performance' or it could be 'How the management of the company perceives it'. In addition to being influenced by the external communication campaigns implemented by the company in concern, it could also depend on 'How it was actually delivered by the employees during the service encounter'. Thus, it becomes valuable for professional managers in Sri Lanka to explore service quality in-depth and assimilate insights from research findings and key practices adopted globally. With this background information in mind, now it becomes more meaningful to look at different definitions that have evolved throughout the history.

## 1. Diverse and Evolving Definitions of Quality

Some interpret quality as 'meeting or exceeding customer expectations' or 'fitness for intended use'. Further, according to popular Japanese terminology, quality is identified as 'zero defects' or 'doing it right the first time'. Some of the earlier definitions describe it as 'conformance to requirements' (Crosby 1979).

Peter Drucker has put forward an interesting definition, 'Quality in a product or service is not what the supplier puts in. It is what the customer gets out and is willing to pay for' (Drucker 1985). This definition itself proves the fact that quality is most commonly being identified with reference to a perspective.

## 2. Service Quality Model and Insights for Managers

The Service Quality Gap model is popularly identified as a management tool that describes five gaps which can be encountered in relation to a service delivery experience.

Further, it continues to be utilised as a useful model by managers who are responsible for ensuring a satisfactory service experience to consumers, with a long term objective of establishing mutually beneficial relationships with their consumer base. For example, professionals employed in the banking and financial services industry in Sri Lanka would benefit from undertaking a thorough analysis of service quality gaps and thereby, aiming to minimise or close the gaps by implementing the chosen strategies.

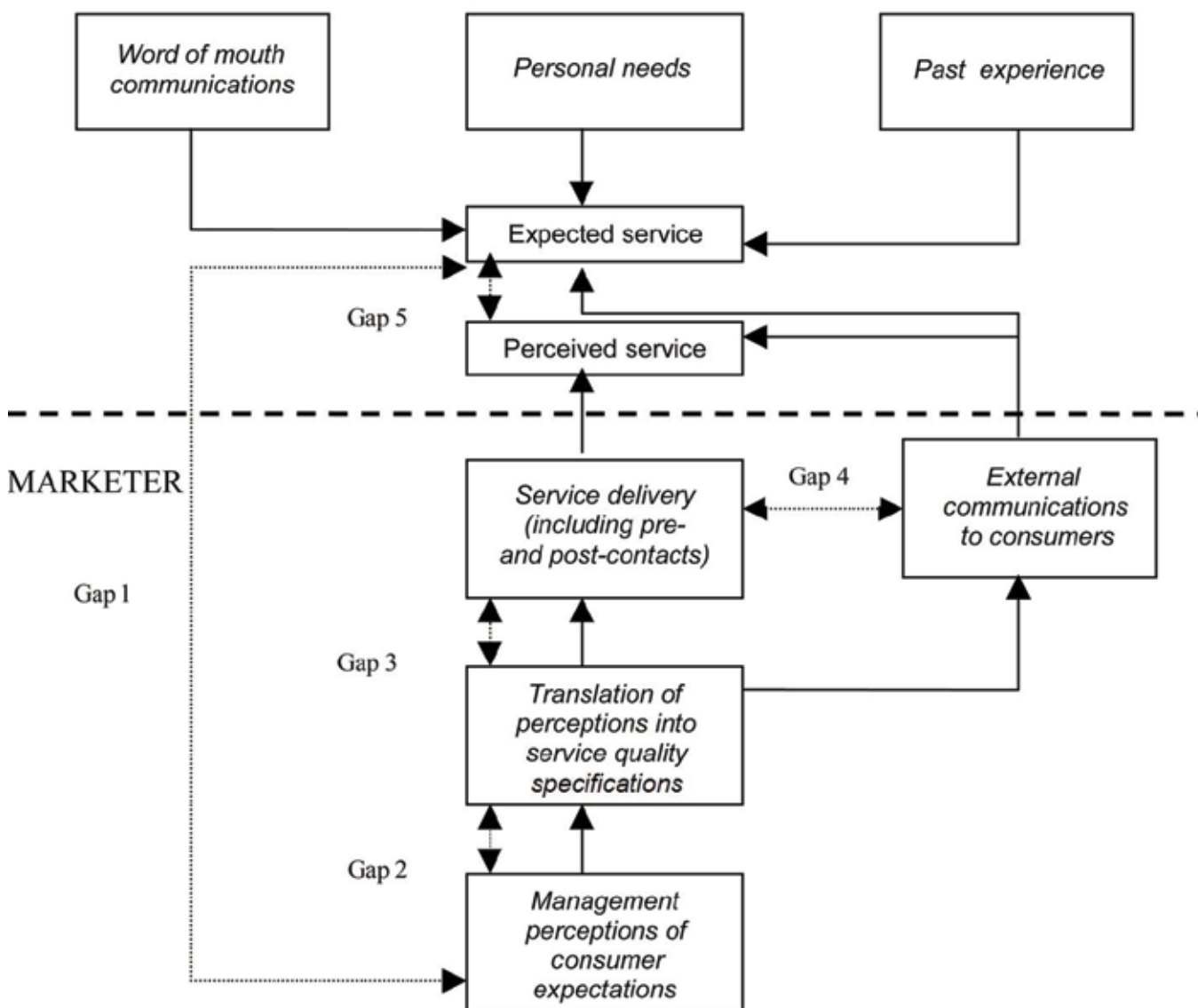
The Service Quality Model was developed by A. Parasuraman, Valarie A. Zeithaml and Leonard L. Berry in 1985 and key findings from their interesting article (Parasuraman et al. 1985) have provided the basic foundation to the following discussion. Five gaps depicted by Figure 1 are elaborated in detail with key learning points observed and insights for professional managers. The model has been separated into two sections to represent the consumer's side and the service marketer's side (referred to as either the 'company' or company's 'management' throughout this article).

Strategic benefits that could be derived from this model are:

- Identify the gaps that are encountered at different stages of service delivery focused on interactions between the consumer and the company and their associated perceptions,
- Explore mechanisms to close the gaps and improve overall consumer satisfaction.

Figure 1 - Service Quality Model

## CONSUMER



Source: (Parasuraman et al. 1985)

### 2.1 GAP 1: Gap between Consumer Expectations and Management Perceptions

Some refer to this gap as the "Knowledge Gap" which could arise when the consumer's expectations regarding service delivery does not match with the management's perceptions of consumer expectations. In other words, management is either not aware of or has incorrectly perceived what the consumer wants. However, from a strategic point of view, accurate identification of consumer needs and anticipation of consumer expectations are of paramount importance for organisational sustainability. For example, the sophisticated and time conscious consumers of today who seek convenience as their first priority may look for on-line solutions, whilst managers may be more concerned about improving the performance of front line employees.

Key Insights and Learning Points for Professional Managers:

- Insufficient marketing research and incorrect interpretation of consumer expectations may lead to widening of this gap.
- Conduct comprehensive market research as an initiative to closing the gap.
- Focus group studies will help to gain valuable insights on consumer expectations.
- Reduce the layers of organisational hierarchy

In summary, 'wearing your customer's shoes' meaning; thinking, anticipating and analysing about service quality from the consumer's perspective would be the best strategy that managers could implement. In Sri Lanka, companies adopt different mechanisms to explore and identify the expectations of their consumer base, and on this context, market research and focus groups studies are increasingly gaining their prominence.



## 2.2 GAP 2: Gap between Management Perception and Service Quality Specification

On this context, although the management might correctly perceive what the consumer wants, it may not get correctly translated into an appropriate performance standard and/or policy. Hence, this difference is sometimes referred to as the "Policy Gap". As an illustration, managers may correctly identify that consumers want a quick solution by staff at service counters, but may not specify 'how fast' they should be (eg.- a target response time).

Key Insights and Learning Points for Professional Managers:

- Ensure that standards and policies are current and up-to-date.
- Develop an effective communications system within the company that facilitates the translation of strategic management decisions into action and a review process to ensure that they are implemented.
- Adopt a well-established process for the introduction of new developments.

## 2.3 GAP 3: Gap between Service Quality Specification and Service Delivery

Even with well-established service standards and guidelines for effective performance, this "Delivery Gap" may arise due to the incapability or unwillingness of employees who are responsible for actually delivering the service to consumers.

Key Insights and Learning Points for Professional Managers:

- Review Human Resource policies to ensure effective recruitment and accurate mapping of skills to job specifications.
- Establish well defined position descriptions and avoid role ambiguity and role conflict.
- Educate employees and be clear and transparent on aspects such as responsibility, authority and delegation.
- Provide proper training including on-the-job training and knowledge sharing sessions.
- Strengthen intrinsic and extrinsic employee rewards such as performance based compensation, recognition plans (eg. - employee of the month), etc..
- Match demand and supply (eg. - To avoid poor service delivery due to lack of adequate employees).

## 2.4 GAP 4: Gap between Service Delivery and External Communication

This gap tends to originate if the consumer expectations influenced by external communication and marketing initiatives differ from what is encountered at the actual service delivery. External communication mechanisms include statements and promises made by company representatives and advertisements. Dissatisfied consumers due to "Communications Gap" are more likely to seek alternative solutions offered by competitor companies. For example, the company may advertise that its branches offer fast and efficient service to consumers, however



if the actual performance is very slow, consumer could stop using company's services and divert to competitor offerings.

Key Insights and Learning Points for Professional Managers:

- Review whether the company's external communication initiatives match their long-term strategic direction. The company should not over promise if they cannot deliver the promised level of service.
- Marketing department should streamline communication campaigns and coordinate with other Strategic Business Units (SBUs).
- Ensure that systems and processes are in place and employees are trained to facilitate a proper service delivery according to specifications.

## 2.5 GAP 5: Gap between Expected Service and Perceived Service

This gap arises when the consumer misperceives the service quality (Kotler et al. 2012). The expected service is influenced by word-of mouth communications, personal needs and past experience.

Key Insights and Learning Points for Professional Managers:

- Consumer's judgment of high or low service quality seems to depend on how consumers perceive the actual service performance in the context of what they expected (Parasuraman et al. 1985). Hence, management of expectations is considered vital.
- Two different types of expectations have opposite effects on perceptions of service quality. i.e. (a) Increasing customer expectations of what the company will deliver can lead to improved perceptions of overall service quality & (b) Decreasing customer expectations of what the company will deliver can also lead to improved perceptions of overall service quality (Kotler et al. 2012).

## 3. Determinants of Perceived Service Quality

The 10 determinants of service quality were originally identified in 1985 by Parasuraman et al., the authors of SERVQUAL. According to the focus group studies, they revealed that regardless of the type of service, consumers used similar criteria in evaluating service quality and these are explained by Table 1 below (Parasuraman et al. 1985):

**Table 1 – Determinants of Service Quality**

1. **Competence** means possession of the required skills and knowledge to perform the service.
2. **Courtesy** means politeness, respect, consideration, and friendliness of contact personnel.
3. **Credibility** involves trustworthiness, believability and honesty. Factors contributing to credibility are company name, company reputation and personal characteristics of the contact personnel.
4. **Security** is the freedom from danger, risk or doubt including physical safety, financial security and confidentiality.
5. **Access** involves approachability and ease of contact including convenient hours of operation and convenient locations.
6. **Communication** means keeping customers informed in a language they can understand and listening to them.
7. **Knowing** the customer means making an effort to understand the customer's needs, providing individualised attention and recognising the regular customer.
8. **Tangibles** include the physical evidence of the service such as the appearance of personnel, physical facilities and tools and equipment used to provide the service.
9. **Reliability** involves consistency of performance and dependability.
10. Responsiveness refers to the readiness and willingness of employees to provide timely services.

Source: Adapted from Parasuraman et al. (1985)

In Sri Lanka as well as globally, companies make various efforts to improve service quality and they could relate to one or more of the determinants identified above.

Key Insights and Learning Points for Professional Managers:

- Quality of service usually depends on the person who provides the service, i.e. employees. Therefore, the adoption of effective human resources practices and employee benefit schemes, provision of adequate training, etc. would support to ensure that determinants such as competence, responsiveness, courtesy, etc. are being managed appropriately.



- Undertake efforts to understand the consumer and ensure that a personalised service is provided. For example, financial institutions in Sri Lanka have correctly identified the importance of 'Knowing the customer' concept and always try to offer customised solutions.

### 3.1 Service Quality Dimensions - From Ten to Five

Based on the service quality model, the 10 elements were later amalgamated into five key factors namely; reliability, assurance, tangibles, empathy and responsiveness (Parasuraman et al. 1988). These five elements are popularly known through acronym 'RATER' and are elaborated by Table 2 below.

**Table 2 – Perceived Service Quality Dimensions**

- R – Reliability - The ability to perform the promised service dependably and accurately
- A – Assurance - The knowledge and courtesy of employees and their ability to convey trust and confidence
- T – Tangibles - The appearance of physical facilities, equipment, personnel and communication materials
- E - Empathy - The provision of caring, individualized attention to customers
- R – Responsiveness - The willingness to help customers and to provide prompt service

Source: Adapted from Kotler et al. (2012)

The refined 'SERVQUAL' scale comprised of 22 items spread across the five service quality dimensions (Parasuraman et al. 1988). Businesses use this SERVQUAL as a measurement tool. On this context, three possible scenarios exist and professional managers should try to avoid scenario (i) and undertake efforts to shift the company towards scenario (iii) (Parasuraman et al. 1985).

- i. Expected Service (ES) > Perceived Service (PS), perceived quality is less than satisfactory, and will tend towards totally unacceptable quality;
- ii. Expected Service (ES) = Perceived Service (PS), perceived quality is satisfactory;
- iii. Expected Service (ES) < Perceived Service (PS), perceived quality is more than satisfactory, and will tend towards ideal quality.

### 4. New Trends and Developments : Assessing e-Service Quality

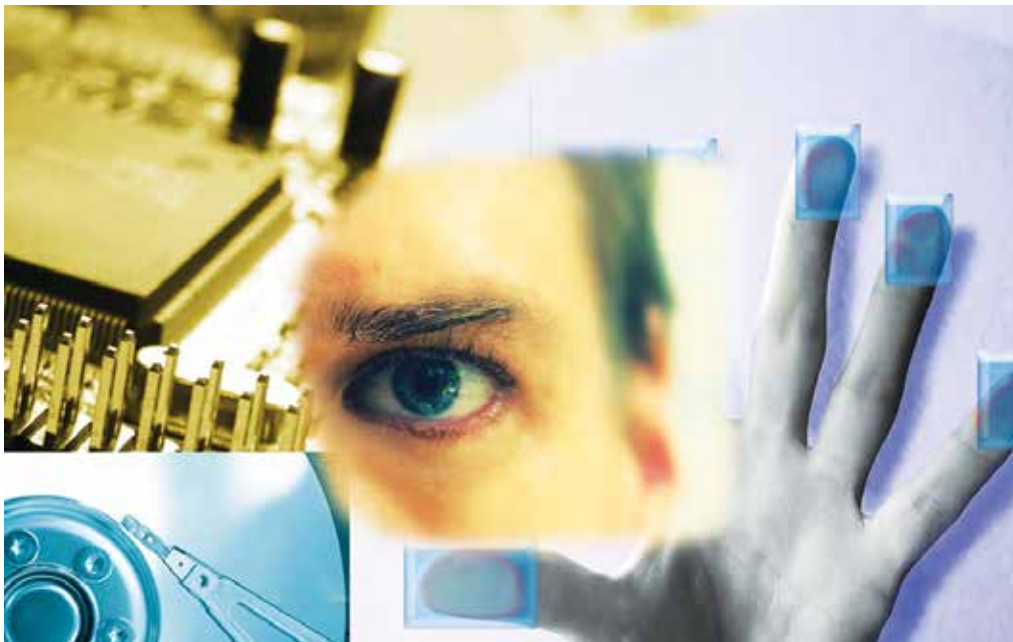
Appreciating the multiple developments in on-line business transactions, self-service technologies (SST), social media and networking, many researchers have explored mechanisms of

assessing electronic service quality. Parasuraman et al. (2005) have introduced a multiple-item scale known as 'E-S-QUAL' for measuring the service quality delivered by web sites on which customers shop online. The basic E-S-QUAL is a 22-item scale comprising of four dimensions, namely (1) Efficiency, (2) Fulfillment, (3) System Availability and (4) Privacy (Parasuraman et al. 2005).

We have to acknowledge the fact that since trends and developments in many areas continuously evolve, managers of today needs to accept change and be geared towards facing new challenges of tomorrow. Similarly, researchers have continuously tried to evaluate existing concepts and models, as an example Yaya et al. (2012) in their article has attempted at assessing the current state of E-S-QUAL.

## 5. Conclusion

Professional Managers could explore the findings captured by this article and determine which of the identified gaps are most critical to their company, whether favourable or unfavourable gaps exists, which strategies could be used to close or minimise any unfavourable gaps, etc.. Further, considering today's business context, professional managers need to be equipped towards responding to new developments around the world, in addition to reacting to changes within the country, and the measurement of service quality is no exception as it has evolved throughout and will continue do so in the future. However, we have to acknowledge the fact that the model in discussion is considered as one of the most comprehensive models associated with measuring service quality worldwide. Nyeck, Morales, Ladhari, and Pons (2002) have mentioned that SERVQUAL as a measuring tool 'appears to remain as the most complete attempt to conceptualise and measure service quality', thus further enhancing the credibility of the model.



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## CPM hosts International Accreditation Awareness Seminar conducted by the ACBSP

The Institute of Certified Professional Managers (CPM) the premier professional management body in Sri Lanka was hosted the Accreditation Awareness Seminar in collaboration with the Accreditation Council for Business Schools and Programs (ACBSP), on 24th January 2014 at Hotel Taj Samudra, which was first ever event in the Sri Lanka in this manner.

The CPM has identified the importance of foreign accreditation for Business Programs conducted by Universities and University Colleges. In this context, CPM invites all business schools of state owned universities, business schools of private universities approved by the University Grants Commission of Sri Lanka and the private institutes conducting foreign business degrees to attend this Seminar and benefited by obtaining accreditation from a US accrediting agency.

The presenter was Mr. Douglas Viehland, Executive Director of ACBSP. Mr. Viehland's presentation was described the process, costs, requirements, and benefits of international accreditation of business programs with an emphasis on what is offered by ACBSP. The presentation also included information about how business schools in Sri Lanka can become involved in the South Asia Council of Business Schools and Programs. There was ample time for questions and comments from those in attendance.

The Accreditation Council for Business Schools and Programs (ACBSP) is an international accrediting agency for business



schools. ACBSP has the largest number of international accredited business schools in India than any other similar agency. ACBSP's mission is to promote continuous improvement and recognize excellence in the accreditation of business education programs around the world. ACBSP currently has 1,227 member campuses, 186 of which are located outside of the U.S. Of those campuses, 800 have achieved accreditation and more than 345 are in candidacy for accreditation. Individual members on these campuses now exceed 10,000. The focus of ACBSP accreditation is supporting, celebrating, and rewarding teaching excellence.

## CPM President Prof. Lakshman R. Watawala & Council Member Mr. S.E. Satharasinghe, tribute the Hall of Fame Induction and Lifetime Achievement Award

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) paid a glowing tribute to President of CPM Governing Council, Prof. Lakshman R. Watawala and CPM Governing Council Member, Mr. S.E. Satharasinghe, in appreciation of their outstanding contribution to uplift the accounting profession, public, private sectors, and society.

At a ceremony held at Waters Edge, Battaramulla, CA Institute honoured Prof. Lakshman R. Watawala by inducting him to the CA Sri Lanka Hall of Fame in recognition of his services to the profession and the public in an illustrious career spanning over four decades covering the private and public sectors in the country.

Prof. Watawala served the Council of CA Sri Lanka for 20 years, and was the youngest President of the Institute.



*Prof. Lakshman R. Watawala receiving award from Mr. Sujiva Rajapakse-President CA Sri Lanka. Others from left are Mr. Asita Talwatte, Mr. Aruna Alwis, & Mr. Lal Nanayakkara*

He was the founder signatory of the South Asian Federation of Accountants formed in 1984 and its president in 1986. Prof. Watawala was the founder president of the Association of Accounting Technicians of Sri Lanka and steered it for more than a decade. Subsequently, he founded the Institute of Certified Management Accountants of Sri Lanka of which he currently serves as Founder President.

Prof. Watawala served as the Chairman of the Board of Investment and was the brainchild behind the implementation of the 200 Garment Factory programme. He was also the Chairman of Peoples Bank, Peoples' Merchant Bank, Pan Asia Bank, and Deputy Chairman of Singapore Informatics and was an Advisor to the Ministry of Finance.

The CA Institute also honoured Mr. S.E. Satharasinghe, the only surviving member of the Institutes' first Council was decorated with the Lifetime Achievement Award for 2013 for his outstanding professionalism and his dedication to the profession and the institute.

Mr. Satharasinghe was a founder member of CA Sri Lanka and was the first Chairman of the Taxation Committee of the Institute. He was also the first Sri Lankan to be elevated to the position of Chairman/Managing Director of a Sri Lankan Company of a Multinational Group - Brooke Bond.



*Mr. S.E. Satharasinghe receiving award from Mr. Sujiva Rajapakse-President CA Sri Lanka. Others Mr. Lal Nanayakkara on left and Mr. Aruna Alwis on right*

Mr. Satharasinghe was a member of the Income Tax Board of Review, Sri Lanka Standards Institution, and Sri Lanka Tea Board. He was also a Director of Bank of Ceylon, Insurance Corporation of Sri Lanka and Development Finance Corporation. He was also a Consultant to the Peoples Merchant Bank, Financial Advisor to the Ministry of Plantation Industries, Chairman of the Agricultural and Industrial Corporation of Ceylon, Janatha Estates Development Board, and Council for Information Technology and Vice Chairman of the Employers Federation.

Additionally he was the Peoples' Bank representative on the Central Bank Committee of Management to investigate Mercantile Credit Ltd.



**Mr. Piyadasa Kudabalage**

### **CPM Fellow Member Appointed as Managing Director of Sri Lanka Insurance Corporation**

Mr. Piyadasa Kudabalage, who was the Executive Director of Sri Lanka Insurance, assumed duties as the Managing Director Sri Lanka Insurance Corporation with effect from 1st January 2014.

Mr. Kudabalage was appointed to the Sri Lanka Insurance Board as the Executive Director in 2010, and is actively involved in the business operations of Sri Lanka Insurance Corporation Ltd. Under his stewardship the Company achieved many milestones as the declaration of heist profits in the history in 2011, and achieving AAA Ram Ratings and AA Fitch Ratings. He is also instrumental and is involved in streamlining many internal processors.

Mr. Kudabalage holds a Bachelor of Commerce (Hons) Degree from the University of Kelaniya and is a Fellow Member of the Institute of Certified Professional Managers (CPM), Institute of Certified Management Accountants of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

Mr. Kudabalage is also the Managing Director / Chief Executive Officer of Litro Gas Lanka Ltd, Litro Gas Terminal Lanka (Pvt) Ltd, Canwill Holdings(Pvt) Ltd, Taprobane Hotels & Spa (Pvt) Ltd, Helanco Hotels & Spa (Pvt) Ltd, Sinolanka Hotels & Spa (Pvt) Ltd, Canowin Hotels and Spas (Pvt) Limited and Canwill Holdings (Pvt) Ltd. He is the Executive Director of Management Services Rakshana (Pvt) Ltd, and is the Chairman, Peoples Merchant Finance Ltd,. He also serves the Boards of Peoples' Bank, Colombo Dockyard PLC, Sri Lanka Insurance Corporation (Pvt) Ltd – Maldives, People's Leasing & Finance PLC, People's Leasing & Finance PLC, People's Leasing Property Development Ltd, People's Leasing Havelock Properties Ltd, People's Leasing Fleet Management Ltd, People's Microfinance Ltd as a director and a Senior Partner of M/s P Kudabalage & Company, Chartered Accountants.

He has well over 30 years' experience in the mercantile sector and held several senior positions prior to assuming the duties of aforesaid companies.



**Mr. Samantha Rathnayake**

### **CPM Member Samantha Rathnayake, Appointed as the Director of Studies at SLITAD**

Educational Affairs and Human Resource Development professional Samantha Rathnayake has appointed to Sri Lanka Training and Development Institute which the national platform for professional trainers and HRD practitioners w.e.f. February 2014 onwards. At present, he serves as the Consultant Academic Affairs at Sri Lanka Foundation (SLF) which is known as the center for Leadership, Education and Training comes under the purview of Presidential secretariat. Also, he offers services to Sponge Global Learning as a Director Learning solutions.

He counts over 15 years of management and learning solutions experience in diverse sectors covering Richard Pieris, Lanka Market Research Bureau, Food and Agriculture Organization of United Nations, ICICI Bank India/SL where he had undergone one year International Managers Programme assignment in India. His academic and professional education career started with Gateway International and subsequently joined as the head of education of Sri Lanka Institute of Marketing and later promoted to Assistant General Manager Education and Operations. During his SLIM career, he was instrumental for reviving a number of key educational programmes of SLIM.

He has graduated from the University of Kelaniya and has obtained MBA from Postgraduate Institute of Management of Sri Jayawardenapura University. He holds Certified Professional Marketer - Asia status and Practicing Marketer (SL) status. At present, he is reading for the doctoral studies.

He is a life member of Section F (Social Science) of Sri Lanka Association of Advancement of Science, a member of Marketing Institute of Singapore, a life member of Sri Lanka Institute of Marketing, Associate member of Institute of Personnel Management. He is a regular resource person for Institute of Personnel Management, some leading MBA programmes and Professional Diploma programmes in both state and private sector institutions. He has extensively involved in both private and public sector organizations for multiple training programmes.



# New CPM Memberships Awarded During January to March 2014

Member	Associate	
<b>Mr. M.G.N. Niroskana (MCPM00519)</b> Senior Analyst - Corporate Planning Nawaloka Hospitals PLC	<b>Mr. K.M.A. Ashik (ACPM00926)</b>	<b>Mr. M.S. Sivakumar (ACPM00942)</b> Accounts Executive Victory Skills (DFS) (Pvt.) Ltd.
<b>Mr. C.W.R. Suthakaran (MCPM00520)</b> Finance & Accounting Manager Shams Abu Dhabi Travel - UAE	<b>Mr. G.C. Kumara (ACPM00927)</b> Finance Manager Trans Global Lanka (Pvt.) Ltd.	<b>Mr. M.A.M. Shamhan (ACPM00943)</b> Audit Supervisor Ernst & Young
<b>Mr. N.K.D. Hemachandra (MCPM00521)</b> Accountant USHA Ltd.	<b>Mr. W.H.S. Abayagunawardana (ACPM00928)</b> Accounts Executive The Coffee Bean & Tea Leaf SL	<b>Mr. R. Vinothkumar (ACPM00944)</b> Audit Executive Union Bank of Colombo PLC
<b>Mr. S.M. Perera (MCPM00522)</b> Sales Manager St. Anthony's Industrial Group	<b>Mr. C. Naveenthara (ACPM00929)</b> Accountant Almarai Company	<b>Mr. A.R. Ramzy (ACPM00945)</b> Accountant Engineering Service Team (Pvt.) Ltd.
<b>Mr. E.G.C.R. Kumara (MCPM00523)</b> Senior Manager-Sales & Marketing Kanrich Finance Ltd.	<b>Mr. S.M.U.G.S.K. Subasinghe (ACPM00930)</b> Assistant Accountant Galoya Plantations (Pvt.) Ltd.	<b>Mr. N.M. Nithal (ACPM00946)</b> Senior Banking Assistant Hatton National Bank PLC
<b>Mrs. S.A.N.N. Perera (MCPM00524)</b> Manager-Student Registrations AAT Sri Lanka	<b>Mrs. L. Mascarenhas (ACPM00931)</b> Manager - Business Development SLT Manpower Solutions (Pvt.) Ltd.	<b>Mr. M.G.M.T.J. Perera (ACPM00947)</b> Accountant Debug Computer Peripherals (Pvt.) Ltd.
<b>Mrs. A.Sarvodayan (MCPM00525)</b> Assistant Manager Pan Asia Banking Corporation PLC	<b>Mr. H.M. Dayarathna Nandasiri (ACPM00932)</b> Senior Merchandiser MAS Intimates (Pvt.) Ltd.	<b>Mr. M.A.C.N.M.Perera (ACPM00948)</b> Group Manager, Administration & Finance SCK Holdings
<b>Mr. P.D.D. Padukka (MCPM00526)</b> General Manager Sri Lanka Social Security Board	<b>Mr. D.S. Weththasinghe (ACPM00933)</b> Accountant Samudhi Trading Co. (Pvt.) Ltd.	<b>Mr. T. Ollegasegaram (ACPM00949)</b> Management Assistant - Finance District Secretariat, Batticaloa
<b>Mr. P. Athukorala (MCPM00527)</b> Deputy General Manager (Support Services) Ceylon Petroleum Storage Terminals Ltd.	<b>Mr. P. Philip Melvin (ACPM00934)</b> Accountant Janaka Bogollagama & Co. (Pvt.) Ltd.	<b>Mr. Ranjan Pinwattage (ACPM00950)</b> Marketing Executive American Premium Water System
<b>Mr. H.L.S. Wijesinghe (MCPM00528)</b> Deputy General Manager (Finance) Sri Lanka Social Security Board	<b>Ms. Y.A.D.N. Yapa (ACPM00935)</b> Executive Assistant Ceylon Petroleum Corporation	<b>Mr. H.M.M. Nibras (ACPM00951)</b> Trainee Client Coordinator Officer SLT Manpower Solutions (Pvt.) Ltd.
<b>Mr. M.R.K. De Silva (MCPM00529)</b> Head of Management Accounting Colombo Dockyard PLC	<b>Mr. S.K.D. Nishantha (ACPM00936)</b> Accountant Niromi Trade Centre (Pvt.) Ltd.	<b>Mr. E.G.C.B. Ellegama (ACPM00952)</b> Accounts / Audit Clerk Ceylon Petroleum Storage Terminals Ltd.
<b>Mr.H.D.A.I. Handaragama (MCPM00530)</b> Head of IT People's Merchant Finance PLC	<b>Mr. S.D. Khalid (ACPM00937)</b> Director SDK Brothers (Pvt.) Ltd.	<b>Mr. R.M.S.M.T. Mahanama (ACPM00953)</b> Accounts / Audit Clerk Ceylon Petroleum Storage Terminals Ltd.
	<b>Mr. J.M. Bisrulhafa (ACPM00938)</b> Accountant Expoworld Buttons (Pvt.) Ltd.	<b>Mr. H.A.I.T. Jayasinghe (ACPM00954)</b> Manager - Promotion Sri Lanka Social Security Board
	<b>Mr. K.R.N. Fernando (ACPM00939)</b> Junior Executive Officer Commercial Bank of Ceylon PLC	<b>Mr. H.M.T.B. Dissanayaka (ACPM00955)</b> Accountant Nawaloka Hospitals PLC
	<b>Ms. E.D. Jayalath (ACPM00940)</b> Director SDK Brothers (Pvt.) Ltd.	<b>Mr. N.V.V.K. Gunarathne (ACPM00956)</b> Audit Officer Union Bank of Colombo PLC
	<b>Mr. H.F. Mohamed Inshaf (ACPM00941)</b> Finance Analyst Zamil Steel Holdings	