

CERTIFIED MANAGEMENT ACCOUNTANT

“

**EDUCATION IS NOT
ABOUT GETTING A
QUALIFICATION. IT IS
ABOUT EXPANDING
YOUR HORIZON AND
LEARNINGS.**

”

Kasturi Chellaraja Wilson
Director / CEO
Hemas Holdings PLC





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President's Message

Greetings!

I have pleasure in sending a message to the "Certified Management Accountants" September 2021 Journal covering a range of professional and business articles with interviews with four key personalities. My heartfelt gratitude is extended to all of them for their fruitful contributions which are relevant and will provide valuable reading material to our membership, business managers and other professionals.

The journal features four main interviews given by leading personalities including General Daya Ratnayake former Commander of the Army and the current Secretary Ministry of Industries and former Chairman Ports Authority, Ms.Kasturi Wilson, Group CEO and General Manager of Hemas Holdings highlighting women leadership in the corporate sector, Mr.Dinesh Weerakkody former chairman Hatton National Bank and Commercial Bank and currently Chairman, International Chamber of Commerce Sri Lanka and Prof.Dayantha Wijeyesekera first Vice Chancellor of Open University of Sri Lanka and former Vice Chancellor of University of Moratuwa a leader in the academic profession.

We are going through a global pandemic and public health crisis, which is unprecedented in our lifetime. COVID-19 has severely affected the global economy as well as the financial markets. This has resulted in adverse impacts on all businesses, exports, imports, tourism, foreign employment, SME sector and self - employment. School, university and professional education too have been severely affected.

CMA Sri Lanka have taken bold steps to overcome these challenges and taken the path of digitization which has made a radical change in the way we provide our professional education. This timely decision to go online and provide free digital education at



the start and thereafter through our recognized educational institutes, examinations, registrations, receipts & payments, email, facebook, social marketing, enabled us to continue our activities uninterrupted despite the lockdowns and the safety measures introduced. For our membership and business community we have conducted continuing professional development webinars free of charge using local and foreign resource persons a new change experienced as a result of the pandemic. The CMA Sri Lanka Covid-19 SME development Committee comprising of professional bodies, chambers of commerce and industry, commercial banks and industry experts have focused on the SME sector and worked with our partners to provide relief to the SMEs. The recommendation made to the Ministry of Industries to set up the SME Credit Guarantee Institution has now been approved by the Cabinet of Ministers and will assist those SMEs and entrepreneurs who cannot provide collateral to obtain a credit guarantee to obtain funding from the banking sector. The Government has also been able to get funding from the Asian Development Bank for this project to meet a long felt need of the SME sector. We will also submit proposals to the upcoming budget to develop the SME sector to expand exports, linking the big companies with SMEs to provide a sustainable SME sector.

This September Journal will be released at the CMA Sri Lanka National Management Accounting Conference Inauguration on 27th September 2021 where the Chief Guest will be Mr Ajith Nivard Cabraal the Governor of the Central Bank of Sri Lanka and former State Minister of Money, Capital Markets and State Enterprises Reform in the distinguished presence of Mr Alan Johnson President of the International Federation of Accountants the global body for the accounting profession comprising over 3.0 million accountants of which body CMA Sri Lanka are a member.

I wish to thank all Authors, Chairman and Members of the Journal Committee and especially the Secretary of the Journal Committee Ms Sumudu Pagoda for their dedication and commitment to bring out the journal to be released at this special event and to make it available in e - format on the CMA Sri Lanka web site. I am confident that the CMA Journal will provide valuable reading material to our members and all readers.

President

Prof. Lakshman R. Watawala

Chairman's Message



I am happy to share this message as the Journal committee chairman of the Certified Management Accountants of Sri Lanka which recently celebrated two decades of existence as the only National Management Accounting body of Sri Lanka. It has been at the forefront in developing the management accounting professionals in Sri Lanka.

CMA Sri Lanka has taken initiatives during this difficult times, especially supporting the SME's who are major creators of employment opportunities in the country and made several representations to the relevant authorities on behalf of different sectors. We hope these will be implemented within the coming months.

CMA Sri Lanka has provided opportunities for its members, and the leaders of different sectors, to share their valuable experience by providing articles to the journal for the public, in managing and overcoming the current environment .

CMA Sri Lanka conducts interesting seminars via zoom almost every week, free of charge to our members, students and the general public. In this backdrop, we are releasing our journal through the virtual platform created by the new normal situation due to COVID.

I take this opportunity to thank Prof. Lakshman R Watawala, founder President of CMA Sri Lanka for providing dynamic leadership during this pandemic period. We greatly appreciate the authors who took the initiative to submit valuable articles. Finally my sincere thanks goes to the Council members and most importantly the CEO and staff of CMA Sri Lanka. Without them this journal would have not been possible.

Puvendran Gajendra

FCMA, FCA, FMAAT, FCPM
Chairman
Journal Committee



General R. M. Daya Ratnayake, WWV, RWP, RSP, USP is a former senior Sri Lanka Army officer. He was the 20th Commander of the Sri Lanka Army and is the current Secretary to the Ministry of Industries and former Chairman, Sri Lanka Ports Authority.

He was appointed Chairman, Sri Lanka Ports Authority in 2019 by President Gotabaya Rajapaksa and in 2021 he was appointed Secretary to the Ministry of Industries.

He got many awards including Weera Wickrema Vibushanaya (WWV), Rana Wickrama Padakkama (RWP) (Awarded four times for Exceptional Gallantry), Rana Sura Padakkama (RSP) (Awarded four times for Gallantry), Uttama Seva Padakkama (USP) (For distinguished conduct) and Desha Puthra Padakkama (DPP) (For wounded in combat). He has been recognized as the most decorated officer to have been made the commander.

FROM MILITARY LEADERSHIP TO STATE ENTERPRISE MANAGEMENT

GENERAL R. M. DAYA RATNAYAKE, WWV, RWP, RSP, USP

SRI LANKA ARMY

I took over as the 20th Commander of the Sri Lanka Army on 1 August 2013, after 34 years of military service and became the first Commander from an outstation school. While all previous Army Commanders had been from Colombo schools, I hail from Maliyadeva College, Kurunegala. I joined the 13th intake of the Army in 1980 as an officer cadet and had my initial training at the Military Academy, Diyatalawa. I started my career as a Second Lieutenant of the Sri Lanka Light Infantry, the oldest regiment in Sri Lanka. I steadily rose through the ranks and became Lieutenant Colonel after only 13 years of service, which would have usually taken at least twenty years of service. The Sri Lanka Army, which had only around 10,000 uniformed personnel when I joined, had 228,000 when I became the Commander.

Before being appointed as the 20th Army Commander, I was the Army Chief of Staff for over three and a half years since 10 January 2010, the longest period served by anyone in that position. When the war in the North was over, we had a huge army of about 250,000 soldiers. Transforming them from a fighting army to a peace-time army was an onerous task, which took two years for me to accomplish.

When His Excellency Mahinda Rajapakse was elected President of the country in 2005, the ethnic conflict had been dragging on for nearly twenty-five years. His government initially attempted to solve the problem through peaceful negotiations, but when his overtures were spurned by the LTTE, His Excellency decided to end the conflict once and for all and launched an all-out offensive operation. It was during this period a turning point of my career occurred when I became the General Officer Commanding of the 23rd Infantry Division in the East, where I developed a major Humanitarian Operation concept on my own in early 2006 and 2007. I spearheaded a relentless offensive against the LTTE in the Eastern Province and was able to liberate Vakare and Thoppigala, two terrorist strongholds.

In addition, I held the posts of Commanding Officer of Sri Lanka Military Academy, Director Media, and Military Spokesman for the Ministry of Defence. While holding the position of Commissioner General of General Rehabilitation, I was able to rehabilitate over 14,500 ex-LTTE cadres.

SRI LANKA PORTS AUTHORITY

The vast experience of 34 years in the Sri Lanka Army, most of which in war-time, stood in good stead when I assumed duties as the Chairman of the Sri Lanka Ports Authority (SLPA). The Colombo Port is a singularly prominent place since over 99.7% of all imports and exports to and from the country passes through it. As an island nation, it is the prime link to the outside world with the other major link, the Colombo International Airport, rendered ineffectual due to



THE GOVERNMENT NEEDS TO INTRODUCE A PROPER STATE POLICY FOR ALL ITS ORGANISATIONS.



the prevailing Covid-19 pandemic. The Port, however, continued to function fully in spite of all restrictions of movements and curfew. Due to our heavy dependence on both imports and exports, it is impossible to close the Port of Colombo. Operating the Port under such trying conditions was a gargantuan task.

SLPA is a mammoth institution with over 10,000 employees plus a number of branches. I had to dive deep into its structure to comprehend its true proportions. Then we developed a concept on how to run it effectively and profitably, and then marketed it to the people. I met all the concerned people and visited all the branches. SLPA is one of the strongholds of trade unionists with 30 individual trade unions. I had to have one-on-one meetings with them about the new concept we were proposing to introduce.

My vast experience in the Sri Lanka Army was invaluable in handling such a large state enterprise. In the Military, we apply four fundamental principles when handling a critical situation: We always check, 1. Where are we now? 2. How did we come to this position? 3. Where do we want to go? and, 4. How will we get there? These are the four major areas we assessed. We analysed the situation of the Port and how we came to this position. Then we set goals on where we want to be as a leading the strategically placed port in the region. Consequently, we had a very good opportunity to forge ahead in the best interest of the country. There were so many problems to be addressed. The organisation had been highly politicised over the years by different political parties, governments, and ministries. We had to understand these realities in framing our strategies. Therefore, my primary function was developing a plan with an understanding of the ground realities. Subsequently, we educated everybody and got their support and interaction and they worked together to achieve it. Finally, I have to say that we achieved a lot through a significant transformation of most of the functions. I don't say it was 100% successful, but we were in the process of achieving it. I hope they will continue to do the work we have originated. Definitely, the Port will have to work hard to bring it to the expected levels.



WE HAVE A STRONG CONTROLLING AND MANAGEMENT SYSTEM IN THE GOVERNMENT WHICH SHOULD BE APPRECIATED, BUT I PERSONALLY FEEL THAT THE PROPER EXPERTS ARE NOT SITTING ON THOSE DESKS.

PORT OUTLOOK LANDSCAPE

As the heart of the nation, the SLPA premises boundary wall spans 8 km from Chaitya Road up to Modera, where a substantial multiracial and multireligious population inhabits. It was my intention to develop this huge area surrounding the Port wall into an entertainment park comprising restaurants, cinemas, shops selling indigenous products, and walkways. During an average day, there are about 600 foreigners within the SLPA premises as well as fifteen to twenty ships berthed, some of which are passenger ships carrying 350 to 5000 passengers. Where can they go when their ships are berthed?

The Department of Architecture of the University of Moratuwa submitted a proposal on a concept given by me to develop the city boundary along the edge of the Colombo City with a sustainable approach to promote a relaxing and entertaining area for its users. The area around the edge of the port is to be developed into a lively open area network for the city.

This project was due to be implemented in three phases: Phase I will have an eco-cultural frontier harbour edge as a public realm; Phase II will promote Sri Lankan culture and heritage at the entry point to the country by envisioning to depict historical, religious and cultural fabric through a landscape

of vibrant visuals, food cultures and built environments. In Phase III, it is expected to strategize internal Port activities.

UPGRADING THE BASIC NEEDS OF THE EMPLOYEES OF SLPA

The Port Authority has planned to upgrade the living standards of SLPA employees by constructing one 12-storey building to replace a multitude of small buildings scattered all around to accommodate staff. SLPA has over 10,000 employees and during the day about 6-7 thousand employees are at work in the premises. Many activities concerning the staff that should be centralised are presently operated from many different locations.

HOW SLPA FARED DURING THE COVID-19 PANDEMIC

During my tenure as Chairman, the Covid-19 pandemic was spreading out of control in Sri Lanka and the rest of the world, and we were able to bring its spread under considerable control within the Port premises. Keeping in mind the national importance of keeping the Port open 24x7, especially when the Colombo International Airport was closed, the Port of Colombo, as the only link to the rest of the world, maintained industrial peace and took collective action against the unseen enemy. We also took proactive measures to prepare the Port to face the brunt of the aftermath in case the situation worsened.

An operational room was set up to address the challenges of the pandemic through a joint initiative of the SLPA, South Asia Gate Terminals (SAGT), the Colombo International Container Terminals (CICT) and all other main stake holders involved in day to day port operations.

These initiatives were commended even by the Health Ministry officials who inspected the programme. A number of technical and humanitarian measures were in place to protect employees and visitors to the Port. The Covid-19 Preventive Action Committee which oversaw the preventive operations acted with utmost responsibility to contain the virus from spreading.

One of the major setbacks in managing the SLPA was the absence of any consistency. It is rather difficult to introduce a new system and implement it. However, we were able to introduce stringent cost-cutting measures quite effectively.

The financial management of SLPA was not in an acceptable state. For that matter, most of the government institutions aren't. From a military point of view, the biggest challenge we face as a civilian organisation is the absence of a national policy to manage state institutions. Although such policies were introduced from time to time, there has been no consistency, making it particularly tough for a succeeding Chairman to continue seamlessly. Therefore, the introduction of a consistent National Policy for all state organisations is of paramount importance.

The Military, on the other hand, works with an unambiguous policy. The recruitment system in the Military always puts the right person in the right position. Nobody is able to interfere with the promotion system. All the basic requirements have to be fulfilled. Whatever influence you have, you have

to meet the criteria to get promoted. These systems are never violated. That's why everything in the Army is moving so smoothly. Even the Army Commander is unable to change the system; there are advisory boards and councils at different levels. Everything runs according to Military Policy. This type of disciplined systems is not present in the Civil Service. Various governments come to power from time to time with different political agendas and manifestos, and such manifestos become national policy for a particular term of office. This is not a sound system.

In the Port also we had the same issue. We couldn't continue with the policies of the previous government because they clashed with the policies of the current government. As a result, we had to follow the ruling government's policy and, in the process, some of the policies had to take a 180o turn. Thus, the government institutions face serious challenges.

My suggestion is that the public service should have a national policy. The political parties, when preparing their election manifestos, should base them in accordance with the national

policy. They must say that they will continue to uphold the national policy in their own unique innovations and style. In this way, the new government can adopt the election manifesto which is consistent with the national policy. But what happens is, after each election, the succeeding government changes the national policy which places the country in a chaotic situation. When I first came out of the Military and joined a civil organisation, I had to face the challenge of tuning myself to work with such a system.

When I joined SLPA, the Port of Colombo ranked 24th in the Best Ports of the World chart, and by the time I handed over, it had gone up to the 17th position. As far as the connectivity is concerned, the Port of Colombo is now 11th or 12th in the world. There were countless inconsistencies in the Port, yet, we are one of the leading ports in the world. We have achieved this ranking in the world without any great effort but purely due to its strategic location. Sri Lanka is the gateway to Asia and we are surrounded by vast countries of Asia. Therefore, we have a huge opportunity if we are to properly exploit this strategic advantage by developing a proper master plan.



The most singular achievement that was made during my stint as Chairman was getting back the Eastern Container Terminal (ECT) back to the SLPA even though we had signed agreements to hand it over to India. And we are in the process of developing the ECT as a fully automated terminal, a first in Sri Lanka, and for that matter first time in the region as well.

We also have huge potential to operate a logistics centre. Two logistics centres are in the pipeline. SLPA also intends to replace the manual and primitive storage system with an automated storage system for the first time in the region.

All our payments and financial transactions were handled manually, but due to the Covid-19 pandemic, we were able to expedite the introduction of digitalisation. In August 2020, SLPA achieved 100% digitalisation of all its payments.

In a single day, the human and vehicular traffic to and from the Port is huge; 26,000 people, 3,500 motorcycles, 11,000 light vehicles, and 3,500 prime movers (container trucks). All these movements, which were handled manually, was digitalised within a matter of six to seven months by the end of 2020. In addition, around 1,700 containers leave the Port daily. This operation too was handled manually but SLPA was able to digitalise it completely and enable the operators to work from home with only the driver arriving in the port. The year 2020 was a year where SLPA achieved digitalisation in leaps and bounds.

INTRODUCTION OF CONTAINER TERMINAL MANAGEMENT SYSTEM

The Container Terminal Managing Systems that was operating at the JCT and UCT were Navis™ SPARCS Ver. 3.10 and Navis™ EXPRESS Ver. 2.9. However, during my tenure, this ten-year-old system was upgraded on 29th April 2021 to N4 (Navis 4). This was a major milestone in the SLPA's development to a "Superior Service e-Port".

The recruitment and promotion system at SLPA, was quite pathetic, we regularised it entirely. There were people in the Port working for 30 years in the same position. A new career development system was introduced and implemented by replacing the haphazard system of recruitments and promotions. Now these are streamlined, and everybody has to follow through the advisory and promotion boards. We were able to achieve these in a considerably shorter period of time. I could never have introduced such sweeping methods had it not been for my military experience.



ALL THE MINISTRIES SHOULD BE GIVEN THE TASK OF DEVELOPING THEIR OWN POLICY WHICH SHOULD THEN BE INTEGRATED INTO ONE CENTRAL POINT.

MINISTRY OF INDUSTRIES

At the Ministry of Industries too we have been doing a tremendous service. But my personal understanding is that, as a country, we must do better because there's enough room to improve. The Ministry of Industries handles all the industries in the country. In the GDP of a national economy, there are three pillars, i.e., the Service Pillar, the Manufacturing Pillar, and the Agrarian Services Pillar. If you look at our GDP, 57% of it comprises the Service Pillar (before the Covid-19 pandemic); 27% of it from the Manufacturing Pillar; and only 8% from the Agrarian Services Pillar. I think this needs to change since the Agrarian Services should make the biggest contribution to the GDP. Around 60% of the working population are involved in the agriculture industry. Manufacturing is insufficient at 27%, out of which the major contributor is the garment industry. That is not a good indicator for a country like ours with a high literacy rate. The level of

higher education and skills level of our people are high, which is in par with many highly developed countries. So, our workforce should be more involved in high quality manufacturing. The garment industry engages less skilled and low-cost labour. Of course, they should be there when you don't have anything else. But we must expand other areas of high-quality manufacturing.

With the help of the government and the Minister, we are exploiting many new areas such as ceramic and its related clay industry for which there's a huge global market. Even locally, the market is vast if we properly exploit it. We are known to possess one of the best clays in the world and in plentiful quantities. The salt-related industries are also not been properly tapped. We are importing products like Caustic Soda which is salt-based. Arrangements are finalised to introduce such industries within the next two years. We have the best graphite in the world but export it in its raw form instead of as value-added products. We have already called for tenders to introduce value-addition to graphite for which many studies are underway. Ilmenite is another area where we possess the best quality but export in raw form. Here also, we have plans to introduce value addition. Other such industries include the shoe and biscuit industries.

The present government has stopped importing many products that could be manufactured in Sri Lanka. However, there's an inherent problem in Sri Lanka; one government invites investors to develop these products, but the next government comes and starts importing them. During the government of 2005 to 2015, many investments were brought in, but the next government which came to power in 2015 liberalised the economy and re-commenced importing everything. This action had an adverse effect on the investors who lost both their money and their confidence. And it is now quite difficult to get back those investors to re-invest.

There are many non-traditional exports for which we have signed agreements with India and Pakistan. We have not properly exploited the huge Indian

market. India is developing fast and, as a result, their consumption levels have risen. Products that were exported by India are now imported because, with the high development of their economy, the local demand for most products have increased. We must look into commodities that can be exported to India.

We need to get the best practices and

of twenty years, the investors were required to hand over the plants to Vietnamese staff. Today, Vietnam is one of the top shoe manufacturing countries in the world. They invited Samsung and gave them the fullest support to build manufacturing plants in the country. So much so that Samsung and related industries are now contributing about 20% of their GDP. Last year, the FDI in Vietnam was US\$20 billion even in

sufficient raw materials but lack of funds to develop them. We must get foreign investments, and for that, we must have proper policies to give them confidence. Noritake, for example, came here and were able to produce the best porcelain from our own raw materials. We are now doing a proper analysis to see what we have and what we don't have and bridge the gaps by bringing experts, finances,



technologies from outside. If you take Vietnam as an example, they identified their vacuums and gaps and the measures to bridge them. In the shoe industry, they found the availability of the required raw materials and their own capacities, and then went to the countries that produced the best shoes and invited them to invest in Vietnam with the best technology in shoe manufacturing. Within a matter

spite of the pandemic.

What is the secret of Vietnam's phenomenal growth? It's due to proper policies, implementation, and consistency. In Sri Lanka, even if we have the technology, we don't have the money to put that technology into use. Then we must look for investments. For the tile industry and other industries that I mentioned before, we have

and investments from outside. The Industries Ministry will become the major pillar in our economy.

We have been having a 57% share of the economy from the service industry, but when the pandemic broke in, the Tourism Industry collapsed. So, without depending too much on the service industry we must strengthen the manufacturing industry.

Almost all the industries are human-intensive like the garment industry and need support. Even running the Industries Ministry, which is still not properly automated, needs support. When asking people to work from home, required facilities like equipment should be provided. We have many resources and must be properly identified and used for the best advantage of the industry.

Sri Lanka must be ready to transform to a knowledge based industrial nation from resource based one, in this era of industry 4IR (fourth Industrial revolution). Our tertiary education system must be overhauled as a matter of urgency to prepare our young generation for this evolution.

Sri Lanka is ranked 90th in entrepreneurship index (2018). Enterprise is crucial to economic growth. Without entrepreneurship there will be no innovation, development, and employment creation. Educational institutions must spur entrepreneurship among our youth and mould them to become “employment generators” and not “employment seekers”. Only then we can achieve the true potential of youth and get them to meaningfully contribute to the nation building.

The supply chain management system is still not properly identified in the public sector. We still don't have all the statistics relating to all the industries in our ministry. The technology is so developed that it is possible to have such information in a centralised database. The pandemic has enabled us to fast-track our development. Some of our staff are working only one day week and work from home on the other days. These facilities must be provided to staff everywhere if they are asked to work from home due to the pandemic. But the proper financial allocations to provide the facilities to work from home should be provided by the government. So, at this time, the government needs to re-allocate the finances to the government ministries. The concerned authorities must sit and discuss how to allocate finances by reducing finances in some other less important areas.



We are also developing plans to formulate a National Industrial Policy. Our Minister has taken the initiative and has appointed a board in January 2020 to do it. It is still in draft form and discussions are still underway. It's difficult to get all the people at one sitting and there's a vast diversity of opinion among them. But I have taken steps to get everybody into one table and finalise this within the next three months and there will be one clear policy soon. However, I must state quite categorically that just one ministry having a policy wouldn't be productive with another nearly thirty ministries not having policies. All the ministries should be given the task of developing their own policy which should then be integrated into one central point. If we could achieve it in one or two years, we could have one single national policy. We are trying to set the trend and

assume that the government will form a national policy by then.

CONCLUSION

It is important to consider the nature of the environment of the State sector institutions and the purpose of inducting a military officer to lead a state institution. The objective of substituting a civil state officer with a military officer at a state institution is to drive change, deliver on deadlines and sustain efficient processes.

Even though a military leader will be seen with suspicion and mistrust initially, this needs to be surmounted through building trust by relating to each individual stakeholder. He needs to prove that he is an asset and not a threat by attaining missions by carrying a greater share of the burden.



THE ACCOUNTANCY PROFESSION IN THE NEW NORMAL

*Brian Blood, Chief Executive and Elaine Hong, Executive Director –
Confederation of Asian and Pacific Accountants (CAPA) Stakeholders and Strategy*

Every generation has a defining moment. There is little doubt that 2020 was a year when the world experienced a crisis like no other. The COVID-19 pandemic swept across the world, shifting most economic, political and social landscapes.

How any organization responded and performed, was dependent on many factors. One key factor was the strength of the organization's general resilience. Another factor was the industry it operated within.

At the end of April 2020, as governmental responses to the pandemic were introduced in most jurisdictions, CAPA undertook a survey of its members in or with an interest in the Asia Pacific region to:

- Firstly, understand the magnitude of the challenges faced, both in the immediate period and near future;
- Secondly, examine these challenges, its impacts and organizational responses; and
- Finally, identify trends, learnings and opportunities - thus facilitating the sharing of insights and experiences among its members and the wider profession.

In brief, the responses to the survey – summarized in the report **“COVID-19 impacts – Challenges facing the profession and PAOs”**, - supported

by continued engagement with CAPA members and stakeholders, as well as the monitoring of trends and researches, indicated the focus in the short term was on people, in particular the safety of professional accountancy organization (PAO) employees and how to assist the members of the PAO. This was quickly followed by making any necessary operational changes and carefully managing finances. The focus for the longer term was ensuring organizational sustainability and remaining relevant to the market, which required consideration of what the ‘future accountant’ would look like. Some six months later, to ascertain further insights, including the views of CAPA members for 2021 and beyond, CAPA undertook a live polling session at a Member Forum organized in December 2020. The session captured the responses of 47 of the attendees expressing views relating to 25 member organizations. This represented close to 80% of CAPA members.

The responses pointed towards the following:

1. A positive outlook for the profession and PAOs

There was a solid sense of optimism across the CAPA membership compared to a year ago, i.e., pre-COVID-19, and this applied almost equally to the profession in a broad sense, and to the PAOs as membership organizations. Only about 10% of

respondents expressed any level of pessimism, whilst 50% viewed the outlook ‘a little more optimistically’. The remainder was generally split between being ‘much more optimistic’ and feeling ‘about the same’. The sense was that this was more than just ‘cautious optimism’ – it appeared to reflect the accelerated changes taking place and the opportunities being seized. The positive outlook was supported when looking at some short-term key performance indicators and also taking a longer-term view of a PAO’s financial sustainability.

2. In the short term, expected key performance indicators varied across jurisdictions – though generally remain strong

Student registrations – half of those polled were expecting an increase, generally between 1-5%, in annual student registrations for qualification programs, with a further 20% expecting the position to remain unchanged. This bodes well for the medium-term outlook.

New member growth rates – 34% forecast an increase, 40% to remain the same, and 26% to reduce. On balance, this suggests a positive outlook for PAOs that have had to be innovative in retaining students and staging examinations. However, some PAOs clearly feel they are facing some challenges.

Existing member retention rates – the majority, 56% expected no change, with the remainder split evenly between expected increases and reductions. Again, this is a positive picture, whilst acknowledging some PAOs sense a risk of losing some members, perhaps as a fallout from the economic consequences of the pandemic.

3. The financial sustainability of most PAOs in the medium to long term is unaffected

As an indicator of the resilience of the profession and PAOs, more than 50% of the PAOs are expecting their longer-term financial stability to remain the same, with the balance split fairly evenly between those expecting improvements or deterioration. The positive outlook in student registrations and member retention rates discussed earlier will be a factor. Some PAOs have witnessed a noticeable uptake in professional development programs with amazing attendances at virtual conferences. Accessibility and more offerings due to the online nature of such programs appear to be factors in this uptrend. In addition, significant focus has been applied on containing and reducing operational costs. Many of these developments are expected to continue.

The 25% of PAOs forecasting a deterioration in financial sustainability must not be overlooked. The reasons for this need to be understood, and perhaps lessons learnt, ideas shared and assistance provided, such that the profession can continue to thrive in all jurisdictions.

4. Continued digital transformation

Looking 3 years ahead, it is expected online delivery models for staging **examinations** and continuing professional development (CPD) will feature prominently. In particular, CPD is expected to be offered always with an online option, though rarely by only online means. In contrast, 23%

“The focus for the longer term was ensuring organizational sustainability and remaining relevant to the market, which required consideration of what the ‘future accountant’ would look like.

of respondents forecast only an online offering for examinations, and 16% mainly or only in-person. The latter may reflect the nature of the PAOs and countries involved, or current challenges, including the ability to manage the risks surrounding online examinations such as ensuring proper invigilation in remote settings.

5. Impact of Artificial Intelligence (AI) is of most interest and concern

In response to a selection of statements of interest and concerns, the majority opined that AI will greatly impact the profession. Anecdotal comments included a belief among parents and students that AI will replace the need for accountants. The onset of AI was seen as both a challenge and an opportunity, noting the need for shifts in mindset, including repositioning accountants to be more advisory with the potential for new business lines or services to emerge.

6. The need to change the nature of annual reporting, and the attractiveness of the accountancy profession, are also of interest and concern

The area of greatest ‘interest’ after AI was expressed as: the nature of annual reporting needs to fundamentally change. Curiously, this did not translate into being a ‘concern’. Perhaps this reflected a sense that the profession can and is dealing with it. The call for the emergence of a possible Sustainability Standards Board, and the announcement of the intention to merge by the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) are recent cases in point. In contrast, the lack of attractiveness of the accountancy profession to students was not viewed as being of significant current interest, but was seen as the highest area of longer-term concern after AI. An attendee at the forum indicated that this is an area of priority in their PAO’s strategy in 2021. Perhaps the profession as a whole will need to consider giving this area a much higher level of attention.

The COVID-19 crisis is far from over, although the emergence of vaccines has given some hope and possibly some light at the end of the tunnel. How far the tunnel goes or whether there is an oncoming train, remains to be seen. However, the learnings from CAPA’s milestone surveys thus far have provided a strong indication that its member PAOs and the profession is responding and rebounding well. General resilience appears to be the order of the day, with PAOs on track to build back better, and ready to adapt, flex and respond to the future, in the new normal.

Kasturi joined Hemas in 2002, where she held many senior management positions, including Chief Process Officer and Managing Director of the Hemas Transportation Sector. In 2016, Kasturi took over as Managing Director of Hemas Pharmaceuticals, Surgicals and Diagnostics, where she was responsible for driving the company's local and regional expansion. She also functioned as the Managing Director of Hemas Mobility Sector prior to being appointed as Group CEO in October 2020.

Kasturi is a Fellow of the Chartered Institute of Management Accountants, and is an alumni of the Senior Executive Leadership Program at Harvard Business School.

She serves on the Board of Capital Alliance Limited as a Non-Executive Director, along with several other Hemas subsidiaries in the healthcare and consumer industries. Kasturi is an active member of several industry associations and currently serves on the main committee of the Ceylon Chamber of Commerce and serves as a committee Member of the National Sports Council of Sri Lanka. She is also the immediate past president of the Sri Lanka Chamber of the Pharmaceutical Industry.

She was recognised as one of the twelve Top Women Change-Makers in the country in 2019, by the Parliament of Sri Lanka. Kasturi also represented Sri Lanka as a member of the National Netball and Basketball Teams.

Kasturi Chellaraja Wilson
Director / CEO
Hemas Holdings PLC



Tell me about yourself, what kind of person are you?

I am a strong, passionate, and compassionate individual who believes in doing the right thing.

Where did you grow up? What was your ambition in school? What part did games play? How did you end up with a professional qualification?

My parents were from Jaffna and I was born and bred in Colombo. Back then my mother was the person who supported the family as my father lost his job when I was four years old. I had a strong mother who encouraged me to pursue my passion and always stressed the importance of having a good education. I studied at Holy Family Convent, Bambalapitiya, where I participated in many sports activities including athletics, netball, basketball etc. When I was doing my O/L's, I was in the Tamil class, and during the 1983 riots, 38 out of 40 students in my class went back to Jaffna and some migrated to Australia and other countries. In such a backdrop, for my A/L my school even created a math class in English medium for me, because they did not want me to leave as I was valuable to them. Early in life I learnt that if you were valuable to people around you, they would accommodate your needs and adjust to make you succeed. During school, I captained the netball and basketball teams, and was the Games Captain. This allowed me to hone my leadership skills. I did my A/L's in 1987 and took double math, physics, and chemistry, as I wanted to become an Engineer. However, within one week of leaving school, I got a job at an audit firm. Actually, it was not for work but to play netball, because they were the A Division Champions then. I have a principle that whatever I do, I want to learn it well and do it well. Even in my studies I would push to be in the top 3 in my class. When I joined the audit firm, I made sure I learnt everything related to the basics in auditing. Even though I was able to enter the University of Colombo to do Physical Science, I had to say goodbye to my tertiary education on the first day itself for fear of being ragged. It was an added pressure since the only request my Mum had was that I needed to get qualified. However, my head of the department and the company I worked



As a woman, the biggest challenge in the society was having a strong personality and being straight which is generally not accepted or tough to accept in terms of a female persona.

at encouraged and supported me in my education. As a result, I did CIMA and qualified as a Chartered Management Accountant when I was 22 years old.

What were some of the difficulties you faced in your professional career?

I needed to be confident enough to be myself and own my space. It was crucial that my team understood and accepted my leadership style, and I had to ensure that a fine balance was maintained between the two. I had to also let go of what I am good at to be able to focus on new skills that I needed to learn and develop.

How did you end up as Group CEO of Hemas?

Hemas is an organisation that is gender-blind and it believes in finding the right person for a particular role be it male or female. It is also an organisation which believes that families matter. Being a part of such a Group gave me the courage to take on different roles while also spurring my passion to work with teams, and to push and inspire them. When your team succeeds, it opens doors for the leaders. I was able to bring out the best in me since I knew I had the permission to be a mom and be there for my kids without apologising to anyone.

How do you evaluate your success?

I measure success by the growth of people around me and the organisation.

What has been the highlight of

your career so far?

I managed to find a balance of being happy as a mom and managing the career. The fact that my kids have turned out to be amazing human beings is the biggest highpoint. The credit again goes to the organisation for having the courage to say that families matter, and that finding that balance was left to the employee

After all this success, what do you struggle with now?

This is a job. For me, the impact of COVID-19 on loved ones who live in different countries and not being able to see my kids who are overseas is what I currently struggle with. Success does not mean anything here.

How would you describe the company culture here?

For us, your family always comes first. We also have a very inclusive culture at Hemas where we respect and support each other, and allow diverse talents to grow.

When you began your career many years ago, did you ever imagine that you would be a Group CEO of a company?

No. When I started my career many years ago, it was not about a title. From early on I had this mindset where whatever the job I did, I was determined to do it well. I wanted to do well and be able to provide for my kids.

Describe one of your biggest failures. What lessons did you learn and how did it contribute to a greater success?

I believe some of the investments made in the transportation sector. I learnt that you should never undermine the role cultural differences play when establishing partnerships.

What has been your proudest moment during your corporate journey? Also, tell me about a project or accomplishment that you consider to be the most significant in your career.

It was a deal in maritime, where we were the underdogs. There was so much external interference from people of influence that finally my superiors told me that if I was not comfortable,

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Education is not about getting a qualification. It is about expanding your horizon and learnings.



I was free to let it go. There was a team of four who were not willing to give up on something we clearly felt passionate about. We went against industry giants and achieved it purely based on a few things such as making sure our strengths were highlighted, making sure that we were very open about what we didn't know, and also courageous enough to say, teach us and we will do our best.

What challenges have you faced in your professional life as a female leader, and how can these challenges be managed?

All the organisations I worked in, whether it's SJMS, Aramex or Hemas, they rightfully understood that women have multiple roles. Internally, the eco system supported women to succeed. So, I was lucky not to have many challenges from the organisation. However, internally for me to push myself to take on more while being a mom and having responsibilities at home was a challenge. Those were overcome by having conversations with my bosses.

As a woman, the biggest challenge in the society was having a strong personality and being straight which is generally not accepted or tough to accept in terms of a female persona.

What is your management style? How do you like to communicate with your team?

My team is entrusted and empowered to make decisions and solve problems. I will step in when it's needed and even take the responsibility if something goes wrong. I maintain a very open relationship with my team and always encourage in person one-on-one communication with them.

What woman inspires you?

Mother Theresa.

How do you differentiate yourself?

I am always true to myself. I am aware of all my derailers, I am too straight, I get annoyed when people are inefficient and dishonest, and I am not shy to show my soft side. I own my complete package. It is not something that people associate with when it comes



Just being a member would have no advantage unless you pursue and understand how much you can actively contribute to the organisation and leverage that to widen your network.

to a persona of a leader. However, what differentiates me is I have made so many mistakes and I own those mistakes. I am not shy about it. I feel usually people are scared that society will judge them, so you portray yourself as how you think they would want to see you versus portraying yourself as who you are.

Do you experience resistance when you are leading men?

I do not experience resistance within the organisation as Hemas has a gender-blind and an inclusive culture. However, in external affairs and at other industry forums, I have experienced resistance when leading men.

What is your greatest weakness and greatest strength?

I think two of my biggest weaknesses are my temper and impatience. I also tend to trust people too much and too quick to give them the benefit of the doubt all the time. I am also a very passionate and emotional person, and that can be both a weakness and a strength at the same time.

One of my key strengths is that I live by my values, and my decision-making is guided by what I believe is the right thing to do. I am also a very compassionate person and I have the ability to work with a diverse set of peoples from any background, religion or society.

What is your greatest regret in your life so far?

I could not tell my father I loved him. While I respected and loved him as a daughter, I could not have that feeling of closeness or warmth towards him. This meant I never told him that I loved him.

Also, there is one more thing which is not necessarily a regret. My kids are now adults and are away. Looking back, I wish I had more moments with them when they were growing up.

Who is your role model and why?

I am a spiritual person and I follow what the God says.

Who are the other female leaders you admire and why?

Jacinda Ardern. I admire how there is clarity in her thought process, and her decision-making skills and her style.

What do you think is the most challenging barrier to female leadership?

Having self-belief and the courage to push through the biases people have formed.

What are some strategies that can help women achieve a more prominent role in their organisations?

They must be more confident, know what makes them happy and what they want. They also should not allow themselves to be pushed aside by people just because you are a woman.

What advice would you give to young women who want to succeed in the workplace?

If you want a career and want to succeed, figure out what your unique strengths are and let those elements shine. The world will always try to tell you what you are not good at. Be aware of your weaknesses and work and invest on improving your strengths.

As you go on in your life, you will have certain priorities which become higher based on the situation. Sometimes it's the career, sometimes it's the family or

sometimes it's just you. You must figure out how to balance this and own the choices you make.

What advice would you give to the next generation of female leaders?

There will be many moments in your life where you will fall, or you will be pushed back. If you wish, take the time to complain, feel sorry for yourself, and grieve. But pick yourself up and continue as your future is more than that moment. Every time you fall, remember that there is a reason. It's the universe telling you that there is an alternative way, so find your light and move forward.

How did you balance being a mother and a professional?

I have never claimed to have balanced being a mother and a professional, as I have never done it. It was the perfect imbalance. I think the biggest sacrifice is what my kids made. They had to get used to not having a mom at some of the times when they needed me. They had to grow up to understand that they sometimes had to go to the doctor alone because their mother was not there. I think they sacrificed more than me. I think what really matters was that we communicated, and they understood why it happened. They are great human beings, and somehow, I know I did something right.

How would you encourage young people to value education?

Education is not about getting a qualification. It is about expanding your horizon and learnings. You are a lifelong learner and if you are approaching education look at it from understanding what the world is doing and how you could learn from that and different industries to enhance your knowledge.

What advantages can one get by being a member of a professional organisation?

Just being a member would have no advantage unless you pursue and understand how much you can actively contribute to the organisation and leverage that to widen your network.

HOW THE CEO OF MUMBAI AIRPORT IS PLANNING FOR RECOVERY

By SUSAN MULDOWNNEY



Rajeev Jain

FCPA, chief executive officer of Mumbai International Airport Limited (MIAL).

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Air travel has faced a new form of turbulence during the past year, but Rajeev Jain FCPA, CEO of Mumbai International Airport, maintains a steady focus on adapting to change and planning for recovery.

At a glance

- Rajeev Jain FCPA is the CEO of Mumbai International Airport Limited (MIAL), which operates Chhatrapati Shivaji Maharaj International Airport (CSMIA), the second-busiest airport in India.
- Pre-pandemic, one of Jain's most significant tasks was driving a project to finish constructing a second airport in Mumbai.
- Jain has had to focus on resetting priorities in order to stem the financial losses incurred by CSMIA due to pandemic-driven travel restrictions.

Prefer to listen to this story? Here it is in audio format.

The aviation industry was among the first to feel the **economic impact as COVID-19** swept the globe in the early months of 2020. The imposition of **travel restrictions** and a wide-scale suspension of flights saw the industry suddenly switch to survival mode.

Global passenger numbers fell by more than 5.6 billion in 2020 and the decline in total airport revenues worldwide exceeded US\$104.5 billion (A\$147.6 billion).

For Rajeev Jain FCPA, chief executive officer of **Mumbai International Airport Limited** (MIAL), 2020 felt like the longest year on record. MIAL operates Chhatrapati Shivaji Maharaj International Airport (CSMIA), the second-busiest airport in India after Delhi's. COVID-19 restrictions on domestic and international air travel were implemented across India in March 2020, and the fallout for CSMIA was immediate.

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THERE SHOULD ALWAYS BE A CUSHION IN LIQUIDITY TO TIDE THE BUSINESS OVER IN CASE OF UNEXPECTED DISRUPTIONS.

Conserving cash flow is an ongoing challenge in an industry where two-thirds of costs are fixed, no matter how many passengers fly. For the financial year to 31 March 2021, Jain estimates that a total of 9.45 million passengers will have flown through CSMIA. This compares to 45.9 million the previous financial year.

“It's a conservative estimate,” Jain says.

“The pandemic was never expected, and it became clear sometime in March [2020] that it was going to be greater than any challenge we've faced in the past.”

Modernising Mumbai's airport

MIAL was formed in 2006 with the mandate of modernising and upgrading CSMIA as a joint venture between **Airports Authority of India** (26 per cent) and a private consortium led by Indian conglomerate GVK (74 per cent). Under MIAL's stewardship, the airport has undergone significant transformation, including the addition of an 84-metre-tall, wishbone-shaped air traffic control tower and the modernisation of a second air terminal, known as T2, with a design that draws inspiration from India's national bird, the peacock.

In 2017, MIAL won a bid to build Navi Mumbai International Airport, a second airport for a city of 20 million people that is growing by 5 per cent year on year.

The larger of the two airports, it will be located approximately 35km from CSMIA in Navi Mumbai, a satellite city of the Mumbai metropolis and home to mega infrastructure projects and a burgeoning real estate market since its creation in the early 1970s. The airport was originally expected to open in 2021, but the deadline has now been pushed back to 2023-24.

Jain acknowledges that COVID-19 has been a significant stumbling block for the Navi project, but is hopeful that it will not need to be postponed any further. "There may be a surge in demand for travel much earlier than we are expecting," he says. "A lot of the land development work has been done – we have cut hills and filled the site. I think it will be the best airport in India because of its unique location. Plus, the city is growing around that area. It's the future of Mumbai."

Stemming the flow

Jain started his career as a management trainee with the MP Birla Group, before moving into the telecom and aluminium manufacturing industries. He joined MIAL in 2006 as the company's first employee.

"I was always in infrastructure, and an airport is a form of infrastructure, although it is quite different to running

manufacturing facilities, because there is a much greater customer aspect," says Jain.

"I was approached for the role at MIAL, and I thought it would be an exciting new sector for me. I've enjoyed the journey."

This journey took an unexpected turn when COVID-19 changed the course of 2020. Between April and August last year, CSMIA's international passenger numbers plummeted by 96 per cent from the previous year, and domestic numbers dropped by 94 per cent over the same period, despite local travel bans being lifted in May.

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IF YOU ARE HAND-TO-MOUTH WITH YOUR AVAILABILITY OF CASH, ANY DISRUPTION WILL HURT. THERE SHOULD ALWAYS BE A CUSHION IN LIQUIDITY TO TIDE THE BUSINESS OVER IN CASE OF UNEXPECTED DISRUPTIONS.”

Pre-pandemic, getting the Navi Mumbai airport project off the ground was among the greatest challenges for Jain.

When the severity of the pandemic became clear in March last year, however, his efforts turned to stemming the flow of CSMIA's financial losses.

Fixed costs, such as interest, utilities, maintenance and employee expenses, represent 80 per cent of airport operating expenses. Jain says CSMIA's operating costs have reduced by only 12 per cent since the beginning of the pandemic, while aeronautical and non-aeronautical revenue dropped by 70 per cent.

"Airports are 'lumpy' investments," says Jain. "There is a lot of capital expenditure at the beginning. Interest repayments present cash flow issues, and we are not contemplating how to surmount this issue, because we have to do something to infuse cash so that operations can remain ongoing."

Responding to a crisis

To preserve cash flow, the salaries of approximately 5500 airport contract workers and about 1500 MIAL staff were suspended for two months.

"We have not sacked any workers, but they are getting reduced hours and wages," says Jain.



"I expect the reduction in hours to remain for some time, because we have temporarily closed Terminal One due to low traffic.

"This has been another way to reduce expenses," adds Jain.

"There is no reason to incur operating costs, like utilities and power, at the terminal. We cut our electricity consumption by 60 per cent by closing it.

"We have also used dynamic lighting and switched off air conditioning across the airport wherever possible.

"Once traffic comes back to normal – or even 70 per cent – I think all workers will resume normal hours and wages."

CSMIA's air cargo business has managed to cushion much of the economic impact. It has continued to perform comparatively well, largely due to the urgent need for medical and emergency supplies throughout the crisis.

Between April and August 2020, it handled more than 169,000 tonnes of cargo, including approximately 135,000 of international and 34,000 tonnes of domestic cargo.

"We focused on cargo during this time and managed quite a large quantity, which has supported us very well," says Jain.

"We are expecting that, by year end, we'll have reached about 72 per cent of cargo capacity based on last year's numbers, so we anticipate our revenue from cargo will be going to be 10 per cent lower than it was last year."

Cash flow is key

In August 2020, it was announced that MIAL would be sold to Indian infrastructure giant Adani Group, making it the country's largest private airport operator after the GMR Group, which operates Delhi and Hyderabad airports.

Jain says the acquisition by Adani will provide MIAL with greater liquidity and will make funding for Navi Mumbai airport easier to access.

“EVEN THOUGH 80 PER CENT OF OUR EXPENSES ARE FIXED, WE FOUND WAYS TO SAVE,” JAIN SAYS.

Cash flow has also been improved with a return of domestic flights.

By September 2020, Indian Airlines were allowed to operate at 60 per cent capacity, but Jain notes that international travel will be a challenge, with every country having its own COVID-19 travel restrictions.

Adapting to change

CSMIA has been quick to respond to the resumption of domestic travel, with a number of measures to address customer safety and peace of mind.

The airport launched a COVID-19 testing facility, available for all arriving passengers, and social distancing is encouraged through distinctive signage.

Seating arrangements at the food court and the terminal building have also been reshuffled to promote a safe physical distance, and the airport has put in place a QR code-enabled contactless check-in mechanism, which allows passengers to use their mobile phones to remotely operate check-in and bag drop kiosks for printing boarding passes and bag tags.

"This is the first airport in India that has an airport health accreditation from [ACI \[Airports Council International\]](#) for dealing with COVID-19," says Jain.

"These steps that we have taken are to instil a sense of confidence in passengers that it is safe to fly. Every month there is an improvement."

Despite signs of growth, Jain expects a challenging road to recovery. [The](#)

International Air Transport Association predicts that global passenger traffic will not return to pre-COVID-19 levels until 2024. However, with Asia-Pacific being a growth market, Jain says the estimated recovery period is closer to three years.

"In India, the expectation is that, in two to three years, we will reach pre-COVID-19 levels of travel, but it is difficult to predict," says Jain. "We have to be ready with cash, so that we can be sustainable."

Lessons from the COVID-19 crisis

Rajeev Jain FCPA believes the pandemic has presented three important lessons for all finance leaders.

Lesson #1 Build a cash flow buffer

"If you are hand-to-mouth with your availability of cash, any disruption will hurt," says Jain. "There should always be a cushion in liquidity to tide the business over in case of unexpected disruptions."

Lesson #2 Be prepared to cut costs

"Even though 80 per cent of our expenses are fixed, we found ways to save," Jain says. "We cut electricity consumption by 60 per cent by closing one terminal. This is a big saving. Similarly, we had dynamic deployment of workers, which helped us to control our costs."

Lesson #3 Always maintain strong relationships with suppliers

"You need to have very good relationships with vendors, so that they can support you during a crisis," says Jain. "In normal times, pay them on time and have a good rapport with them, so they are willing to stand up and help in times like this."

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Environmental Disclosure Practices of Sri Lankan Listed Companies

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Introduction

The main objective of a company is to generate acceptable returns for their shareholders. However, the survival of a company depends not only on the financial performance, but also on non-financial performance, because companies have to satisfy a broader group of interested stakeholders. Their interests are more than just financial. Traditionally, the main focus is given to the financial information which gives an idea about financial performance of a company. This communication is called for by shareholders and investors to analyze the relevance of their investments. However, other stakeholders demand for particular information about corporate, social, and environmental performance. Over the years, the importance attached to other interest groups was also recognized, and corporations provide the particular information required by them. Companies have thereby expanded social and environmental reporting that can be viewed as a vehicle through which companies take responsibility for their impact on society and the environment. According to Elshabasy

(2017), companies should show some concern with regard to the environment in order to successfully face the ongoing competition in business world. Accounting and reporting for environment have become a critical concept of accounting information system in the twenty-first century. The stakeholders' demand for environmental information is also increasing day by day. Thus, environmental information disclosure has become a popular topic not only among business corporates, but also among general public, the government, and social media. Jariya (2015) found that stakeholders are always looking at sustainability practices of corporates. Rajapakse (2003) found that stakeholders' attention on environmental information and firms' impact on physical environment have gradually increased in the last few years. Moreover, Pahuja (2009) discovered that environmental disclosure shows positive impact on the financial health of a company. At present, many firms produce environmental reports in addition to the annual financial reports as a voluntary discourse

(Sameera and Wijethunga, 2013). The main objective of this study is to identify the practices of environmental reporting among highly environment-sensitive companies listed in the Colombo Stock Exchange. Chemicals and pharmaceuticals, construction and engineering, power and energy, plantation, and manufacturing sectors were selected due to their environment sensitivity nature out of 20 industries of CSE. Fifty-five companies were selected as the sample of study using random sampling method. Annual reports for four consecutive financial years from 2015 to 2018 of each company were used to analyze their environmental disclosure practices. Global Reporting Initiative's (GRI) Standards 2019 was followed to build up Environmental Disclosure Index (EDI). The GRI standards create a common language for organizations whether they are large or small, private or public to report on their sustainability impacts in a consistent and credible way. This enhances global comparability and enables organizations to be transparent and accountable. GRI standards 301 – 308 were selected for this study which is related to the environment information. Environmental disclosure index consists of thirty items of disclosure under the above eight categories.

“The environmental disclosure in Sri Lankan context is still low, but it is on a growing stage.”

Findings and discussion

Descriptive statistics and trend analysis are used to identify the environmental disclosure practices.

Table 01: Environmental disclosure practices – Sector-wise analysis

	Total	Chemical and Pharmaceutical	Construction and Engineering	Power and Energy	Plantation	Manufacturing
Number of companies	55	8	4	8	13	22
Number of observations	220	32	16	32	52	88
Number of companies which satisfied all criteria	2	0	0	0	1	1
Number of companies which satisfy none of criteria	34	6	0	4	0	24

The findings given in Table 01 show that thirty-four companies representing 15.455% of the sample did not disclose any criteria in the index. Among them, six companies represent the chemical and pharmaceutical sectors, another four companies represent the power and energy sectors and the remaining twenty-four companies are

manufacturing companies. Only two companies have disclosed all the criteria given in the index. These companies represent the plantation sector and the manufacturing sector. Most of the companies have not disclosed any environmental information in their annual reports.

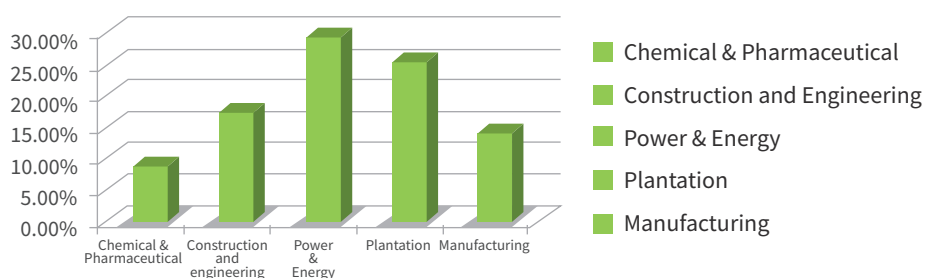
Table 02: Descriptive statistics of environmental disclosure index - Sector wise analysis

Number of items disclosed	Total sample	Chemical and Pharmaceutical	Construction and Engineering	Power and Energy	Plantation	Manufacturing
Minimum	0	0	1	2	1	0
Maximum	30	11	10	29	30	30
Mean	6	3	5	9	8	4
Median	3	2.5	6	3	6.0	3
SD	6.456	2.5	3.8	8.9	7.5	5.2

On an average, companies disclosed only six items out of thirty environmental disclosure items given in the GRI index. It is about 20%, which is a significantly lower level. Aruppla & Perera, (2013) also found that the level

of environmental disclosure is low in Sri Lankan listed companies. Relatively, companies in power and energy sector and plantation sector are disclosing more environmental information.

Figure 01:- Mean value of environmental disclosure index



There is a considerable variation of average disclosures of each sector. Power and energy sector has the highest mean value indicating that this industry is disclosing more information on the impact on the environment. Chemical and pharmaceutical sector is the industry which has the lowest disclosure level. Average disclosure level of power and energy sector is 29.53% while, in contrast, chemical and pharmaceutical sector has an 8.75% mean value. Mean value of index of the plantation sector, construction and engineering sector and manufacturing sector are 26.242%, 17.331 % & 14.367% respectively.

Trend Analysis of Environmental Disclosure Index

A trend analysis was used to identify the fashion of disclosing environmental information by the environmental sensitive companies listed in Colombo Stock Exchange.

Figure 03: - Trend analysis of Environment Disclosures

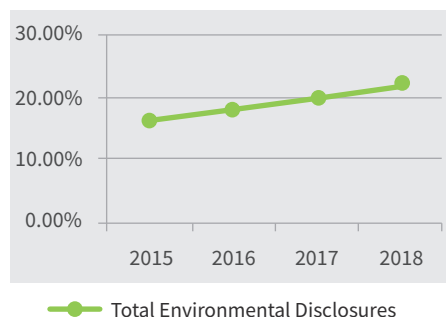
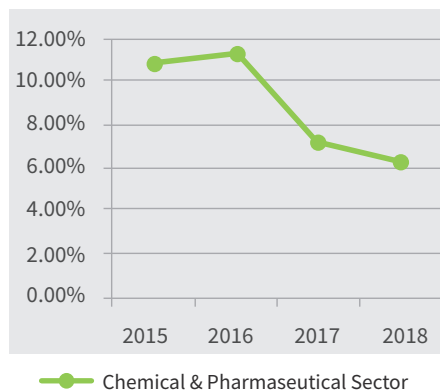


Figure 03 depicts an overview of the trend of environmental disclosures by the environmental sensitive companies. Accordingly, there has been a gradual increase in the level of environmental disclosures over the years. This indicates that the companies' concentration on environment is increased annually. Jariya (2015) also noted that environmental disclosure practices have increased year by year not only in Sri Lanka but also in the international context.

Figure 04: - Trend Analysis of Environment Disclosers in Chemical and Pharmaceutical Sector



It is apparent from Figure 04 that environmental disclosure index of the chemical sector has slightly increased from 2015 to 2016. However, there had been a considerable downward trend after 2016. This is mainly due to some companies in this sector not having disclosed any environmental information in their annual reports. Instead of reporting sustainability information in annual reports, they have a tendency to report that information in their websites.

“Environment disclosure practices have increased year by year not only in Sri Lanka, but also in an international context.”



Figure 05: Trend Analysis of Environment Disclosers in Construction and Engineering Sector

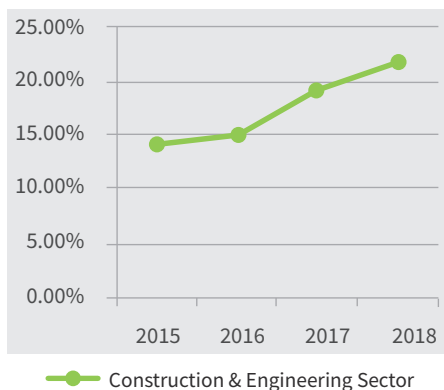
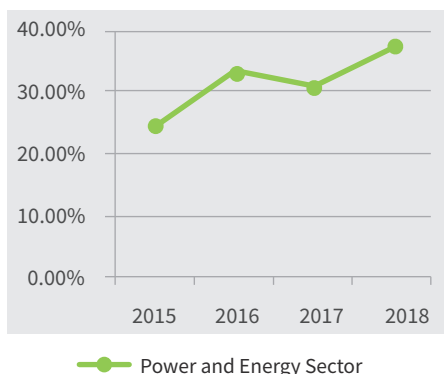


Figure 05 depicts an overview of trend analysis of environmental disclosure index of the construction and engineering sector. In 2015 and 2016 there had not been considerable fluctuations in Environment Disclosure Index. However, it had been gradually increased after 2016.

Figure 06: Trend Analysis of Environment Disclosers in Power and Energy Sector



As Figure 06 shows there are little fluctuations in environmental disclosures of power and energy sector. Environmental disclosure level had been gradually increased year by year. But there was a slight decrease in 2017.

Figure 07: - Trend Analysis of Environment Disclosers in Plantation Sector



Figure 07 shows an overview of trend analysis of environmental disclosure index of plantation sector. In 2015 and 2016, there had not been considerable fluctuations in Environment Disclosure Index. However, it had been slightly increased after 2016.

Figure 08: Trend Analysis of Environment Disclosers in Manufacturing Sector

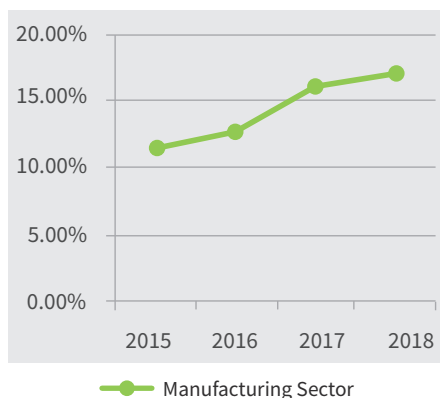


Figure 08 shows an overview of trend analysis of total environmental disclosure index. It indicates that there is a gradual increase in the level of environmental disclosures annually in the manufacturing sector.

Conclusion

This study examines the environmental disclosure practices of most environmentally sensitive companies listed in the Colombo Stock Exchange. Environment disclosures have gradually increased annually over the period analyzed. The same finding was discovered by Jariya (2015). He has noted environment disclosure practices have increased year by year not only in Sri Lanka, but also in an international context. In conclusion, the environmental disclosure in Sri Lankan context is still low, but it is on a growing stage. Study of Aruppala & Perera (2013) showed that the environmental disclosure practice of listed companies in Sri Lanka is not at a satisfactory level. Moreover, another interesting finding was that there is a trend of Internet Financial Reporting which, instead of being attached to the sustainability report in annual reports, are reported in websites.

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Mr. Dinesh Weerakkody, *Chairman, International Chamber of Commerce Sri Lanka and Former Chairman, Hatton National Bank, Commercial Bank of Ceylon, the Employees Trust Fund Board, and the National Human Resources Development Council of Sri Lanka.*

Were you ambitious in your youth and how would you describe yourself?

Not at all. I was fun-loving, but determined at the start, but later became studious. Unlike these days, students then did not have multiple options to pursue. However, I was lucky to have a good family background, so I had inspiration in my own family to drive my own destiny. But I never imagined, as a teenager, becoming the Chairman of two big banks early in my career.

What was your first job?

My first job was at Ernst & Young (EY), Chartered Accountants, as a trainee. That is where I was able to both improve my skills in writing and also apply the things I learnt, and being a writer for the Sun newspaper also helped. Studying in England and in the US also helped me to look at life very differently. In life, you need to work hard and be prepared to take chances. Also, be ready to take on responsibility when luck and opportunity present themselves. When you get that opportunity, it is important to exceed expectations.

Have you ever had challenges in your career?

My career was all about working hard, looking for opportunities, and building a strong foundation, so that I was in the right place at the right time when an opportunity presented itself. I have lost some great opportunities by taking a firm stand on certain issues. But I have no regrets. Also, having faith in a religion gives meaning to life.

What are the top skills that you would recommend a student to have apart from the academic background?

Communication, both verbal and written, self-confidence, and tech-savviness. The students need to seek out opportunities and start doing new things. I urge students to get involved in community work. I remember how I was a part-time journalist/writer as a teenager. But I never did it for money. Instead, it was to learn, report, and improve my life skills. There were some great opportunities that came with them when I applied for jobs. Since I had interviewed some famous business personalities back then, it helped me to learn about current affairs and build my network. So, whenever I applied for jobs, those leaders recognized me and this gave me an advantage over others. From my experience, for a single vacancy, hundreds of qualified people apply, so merely having 2-3 degrees will not help students to get employed. So, it is crucial for students to acquire other soft skills in order to stand out from the rest.

“

I firmly believe that students should focus on their career and in getting the education they need in the early stages so that later, when they have a family, they can have a decent work-life balance.

What is your advice for students to have a work-life balance?

Work-life balance is about giving enough attention to both work and other parts of life without being too interested in

watch videos or movies on Netflix or Prime. So, if we work hard in our youth, a balanced lifestyle is possible.

Advise you can give the youth and millennials?

“Follow your passion”, as suggested by Steve Jobs. Students should follow their passion. If they have not found it, then they need to keep looking for it until they find what they enjoy doing. I recommend finding mentors who can guide them and support them to move laterally and also to move up.

What has been the impact of Covid-19 on Organizations?

The Covid-19 pandemic has in the last few months tested us to the core

to change – this is our time to shine – this is our time to lead – this is our time to deliver. We must look to the post Covid-19 future with optimism.

Do you think we should change our HR Management practices?

HRs real job is to hire, develop, promote the best people, and move problem cases out of the door. Also, create effective mechanisms to reward and recognize the right people in the business and prepare the organisation to face future challenges. But still, most HR departments plan picnics, put out the in-house newsletter, and generally drive everyone crazy by enforcing rules and regulations that appear to have no purpose other than to increase bureaucracy.

“

The Port City will catalyze our next growth phase to create a knowledge-based highly competitive economy at the center of the Indian Ocean.

With the establishment of the Port City Project, we are going to need a large number of professionals?

The Port City will catalyze our next growth phase to create a knowledge-based highly competitive economy at the centre of the Indian Ocean. It will become a dynamic hub that would create opportunities to attract the best regional talent.



either one. I firmly believe that students should focus on their career and in getting the education they need in the early stages so that later, when they have a family, they can have a decent work-life balance. I play tennis after a typical day at work, read books, and

and will continue to stretch us into the foreseeable future. Many leaders held the organization and their people together and served their customers well. Let's take to heart what Albert Einstein said, “In the midst of every crisis lies opportunity”. This is our time

Do you think that we have a stable economic atmosphere where we can provide jobs and opportunities for highly skilled persons?

As Sri Lanka is slowly moving from a manual economy to a technology-driven economy, an absence of technologically skilled individuals could act as a hindrance to the country's ability to attract investments. Also, if people are laid off due to lack of skills or wanting to become entrepreneurs, then there should also be relevant social or unemployment benefits so that if someone falls through the net, then their livelihoods are not at risk.

How do you see the Sri Lankan job market post Covid-19?

In Sri Lanka, a lot of youth are not productively employed. The industry requires more skilled youth coming into the labour market. The requirement for skills will be even greater post-Covid-19. Organizations that expect to grow won't get very far if they lack the people to bring the plans to life. What might seem like an irritating talent gap today could prove a fatal competitive liability in the not-too-distant future. Also, Fintech, such as blockchain applications that disrupt traditional mechanisms for doing business, will demand a more diverse skills set. Whether we are ready to rise up to that challenge remains to be seen.

What advice would you share on raising the retirement age in Sri Lanka?

Increasing the retirement age in Sri Lanka can bring the country's working tenure closer to that of a developed nation, give a fillip to economic growth, and maintain a good balance between retirees and new entrants in the job market. The pros of increasing the retirement age far outweigh the cons for Sri Lanka. The key lies in the implementation and flexibility.

According to the global competitiveness report, Sri Lanka is in the 71st place out of 138 countries. However, in labour market efficiency we

“ Sri Lanka operates in a tight labor market, characterized by low unemployment, relatively high underemployment, and a high proportion of employment in elementary occupations.”

relatively high underemployment, and a high proportion of employment in elementary occupations. It is estimated around 1.5 million Sri Lankans are in employment overseas, mostly as unskilled workers. So, it is imperative for the government to train the workers and develop their skills in order to match available opportunities both here and overseas - more so in Sri Lanka than overseas. The challenge for our policy makers is to develop programs to impart skills to the workforce as quickly as possible to fill the gap in the workforce.



are in 128th place out of 138 countries. What is the main reason for that? How can we increase the efficiency of the labour Market?

The skilled labour component is a key input to our economic development. The consequences of not having the right skills have overall led to a productivity drop and direct output losses. Sri Lanka operates in a tight labor market, characterized by low unemployment,

Given the increasingly competitive nature of the global and local markets and the need to improve the technical and vocational skills of the labor force, our education providers will need to be very innovative and oriented towards industry demand to address many of our skills gaps going forward. Institutions like the CMA should lead that effort.

HOW AI IS CHANGING THE ROLE OF ACCOUNTING AND FINANCE PROFESSIONALS

By Derek Parker

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Artificial intelligence is becoming part of the business mainstream. The transition presents challenges, so how will businesses and managers respond?

At a glance

- Artificial intelligence can affect many job roles, and managers need to start assessing staff responsibilities in order to build jobs that are fulfilling.
- This prompts opportunities for relearning and reshaping roles within an organisation to make sure employee skills are put to the best use.

Every leader, manager and finance professional now understands the importance of being able to deal with disruption. The story of the past decade has been about one wave of technology based disruption following another. The idea of disruption is not new – **Clayton M. Christensen** described and defined it in his seminal 1997 book *The Innovator's Dilemma* – but the game is now moving up a notch.

“Artificial intelligence [AI] has potential impacts similar to other forms of technology based disruption, but it also has additional characteristics that need to be considered separately,” says Dr Mathew Donald FCPA, an academic who consults widely on change management and business strategy. He is also the author of an important new book, **Leading and Managing Change in the Age of Disruption and Artificial Intelligence**.

“This includes the potential to affect a wide range of work. Managers will need to rewrite job descriptions, procedures and responsibilities, while trying to build jobs that are satisfying for staff. They will have to recognise that many people remain wary about AI systems.” Donald's experience is that the

Australian business community is less prepared for the practical reality of AI than comparable countries. He cites the UK, Ireland, India, the US and the EU as further along the AI transformation curve. Many Australian corporates – not all – believe that the rollout of AI is still some way off, so have not included it on their risk registers.

“Every leader, manager and finance professional now understands the importance of being able to deal with disruption”

AI systems such as “phone bots” are already being used to handle simple interactions with clients, but will eventually be able to take on higher-level activities. Donald believes that

the finance profession will use AI to review and improve transactional and management information, moving up the complexity ladder.

There is good evidence that some business sectors have already moved solidly into the robotic field. Professor Eduardo Nebot, director of the **Australian Centre for Field Robotics** at the University of Sydney, notes that robotic systems are already being used in the mining, stevedoring and agricultural industries. **Driverless vehicles** such as harvesters are being successfully used, and these robots are increasingly being linked to basic AI systems.

FAST TRANSITION

Donald believes that AI will not be a “big bang”, but a series of waves that occur over time, first in areas where the work is repetitive and the decision principles are easy to determine. Then, it will move into areas such as inventory control, stock locations and customer service. Eventually, virtually every area of a business will be affected in some way by AI.

"The most limiting factor for AI will be consumer acceptance, and it will only be adopted once it can be shown to be superior in function to the human equivalent, as well as reliable and safe," Donald says. "The transition, when it starts, will be fast. There is a real risk that it may happen too quickly for the ethical issues to be fully considered, understood and mitigated."

"The capacity of AI systems to process huge amounts of data means that they can provide analysis, reports and new insights in faster timeframes." Dr Mathew Donald FCPA

For the **accounting profession**, AI raises a host of challenges. Technology has already had a crucial impact on the traditional functions of recording and reconciliation, and AI is going to drive that even further. While many finance professionals now focus on **data analysis** and trend insight, these areas would appear to also be open to AI disruption. This is the case for accountants in both corporate roles and public practice.

"The capacity of AI systems to process huge amounts of data means that they can provide analysis, reports and new insights in faster timeframes," Donald notes. "The potential for AI to integrate systems between organisations in new ways has already been demonstrated overseas. In Australia, B2B and B2C systems have been around for a while, especially in the space of warehousing, deliveries and orders. Data connectivity is increasing globally, as seen in the social media and marketing fields."

CHANGING ROLE FOR FINANCE PROFESSIONALS

While there are significant problems, there are also many new opportunities for finance professionals. The removal of routine tasks will allow financial specialists to get closer to business decision-making, providing more of their expert opinions and advice. To take full advantage of this, they may have to overhaul their business structures, procedures and skills base, so they can offer up-to-date advice in almost real time.

Donald believes that this is an area where the profession should be taking the initiative in the immediate future, rather than allowing others to establish themselves as experts on the advisory element in AI. The key area of opportunity lies in the potential to provide guidance about the most suitable AI system and its implementation, as well as any bias and ethical issues. This will not necessarily require high-level technical knowledge, but will be more about business and strategic advice.



As AI moves squarely into workplaces, managers will likely be presented with the task of explaining to staff that their roles have changed or diminished, or even been eliminated. Staff, especially those with lower levels of skill, will likely become worried about their future, and managers will have to stretch themselves to provide workplaces that people want to work in. On the other side of the coin, highly skilled people will become more valuable.

These people may prefer to work from home, or under new arrangements and for higher pay – and they will be making such demands at the same time that the less skilled are being replaced by AI.

"Managing this period of transition is going to be a real challenge, a balancing act," Donald says. "And in the longer term, there will be even more issues to address. Some employees may have to work for rather than with an AI system, and that is a big psychological shift. Managers will have to work much harder to attract and retain staff in this situation."

He foresees a new period of re-learning for managers and leaders, so they have a conceptual knowledge of the technology and what it may deliver. The spread of 5G communication will assist AI development. Faster communication speeds will underpin AI-integrated driverless urban vehicles, drones, and even power generation.

Nebot agrees about the importance of 5G. "The game changer will be if 5G can provide the bandwidth and latencies required to move the computational power outside vehicles," he says, "but there are a lot of challenges to address before we get to that."

Donald believes that many businesses are likely to soon be interested in AI-based automatic phone systems for customers or will consider drones, driverless cars or robots to do routine tasks. The challenge for the accountant is to provide the tools to determine if the proposals are worthwhile, and to understand the issues arising from the technology.

"Advisers need to be on top of the technical areas of AI while providing broader advice on issues like redundancy, upgrades and system integration," he says. "There are many potential new areas for finance specialists who are willing to get involved, but they need to start now."

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Public Sector Accounting for Better Transparency and Accountability

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Lead Finance - Remediumone (Pvt) Ltd.



Introduction

Financial transparency is the extent to which an investor or a stakeholder of a company has access to the company's financial information including price levels, market depths, audited financial reports etc. Even though transparency is not a financial term, it has become increasingly important to stakeholders of a company over the past few years.

Accountability can be defined as, "the fact of being responsible for what you do and the ability to provide a satisfactory reason for the same, or the degree to which it happens".

Mostly, developing countries like Sri Lanka are experiencing the gravity of a

lack of transparency and accountability in the public sector, which leads towards corruption, fraud and mismanagement of public funds.

The main purpose of this article is to provide the facts that prove proper implementation of accounting methods and standards can help the public sector to achieve better transparency and accountability of its performance.

The Importance of Transparency and Accountability

The lack of transparency and accountability in public sector has led to major risks to the efficiency of the capital market, global market stability, and long-term sustainability at present. If we are required to build a society that is sustainable and stable in the long term, we must be prepared to take responsibility for changes that will be essential to more effectively manage public sector resources. Hence, people must gain a better understanding of the importance of public sector financial reporting.

Transparency is achieved when citizens or taxpayers have access to information

and decision-making forums in order to judge and assess the appropriateness of decisions made by the authorities.

The requirements for Transparency can be divided into three categories as follows:

1. Clear Information – which means the citizens should be aware of the decisions and actions taken by the Government.
2. Transparent Partnership – all the people should have a right to take clear political decisions personally or through their representatives.
3. Clear Answer – when violation of law has a severe impact on the interest of the people, the judicial system and the authorities should clearly be accountable for their performance.

Accountability exists in a relationship between two parties where one has expectations of the other, and the other is obliged to provide information about how they have achieved the expectations or face the consequences of failing to do so. There are two components of accountability. They are,

1. Answerability – providing information or justification for how the actions align with expectations.
2. Enforcement – being subject to and accepting the consequences of failing to meet the expectations.

Reasons for the Lack of Transparency and Accountability in Public Sector

1. Lack of proper monitoring and supervision

One of the major reasons for lack of transparency and accountability lies in improper monitoring and supervision in the public sector. Supervision is narrowed down to certain areas while most of the irregularities and shortfalls are not discovered. This mainly happens due to the lack of knowledge and education, laziness or not given proper authority to make decisions.

2. Cash basis accounting

Cash basis accounting is a method of accounting that records a revenue when cash is received, and expenses when they are paid in cash. Public sector institutes mostly maintain cash basis accounting which provides a limited

“The lack of transparency and accountability in public sector has led to major risks to the efficiency of the capital market, global market stability, and long-term sustainability at present.”

picture of the income and expenses. Cash basis accounting does not show the liabilities of a company, which leads to the investors or decision-makers thinking there is more money to spend when the actual cash flow is less.

3. Ineffective mechanism of internal auditing

Internal auditing procedures in the public sector is much more complicated due to the lack of well trained, experienced and independent audit personnel. At the same time, a well explained audit report can be withheld as a result of political influence.

4. Politicization

Politicization or political influence can be identified as the major contributor to the lack of transparency and accountability in public sector which leads to fraudulent activities.

How can we achieve Transparency and Accountability through Accounting?

1. Annual reporting

Annual report is a document which

includes governance and performance information of an organization in a certain reporting period. Annual reports are abundantly used by private sector organizations to connect with their stakeholders. Hence, it might be vital to use annual reporting in order to connect with citizens or the stakeholders. The annual report will provide: information regarding the organization's vision, mission, values, strategic goals; statements from the organizational leaders; profiles of organization directors and organizational structure; information of key organizational resources; and, information regarding the organization's activities during the reporting period with statistics and performance data. An annual report is a magnificent way to share the information with interested parties, which can be highly recommended to public institutes to accommodate.

2. Financial reporting

Preparing financial reports as per the Sri Lanka Financial Reporting Standards (SLFRS) is a must, for private institutes. But, in the Sri Lankan public sector, it is rare to find a financial report prepared in accordance with SLFRS. Financial reporting methods differ from one institute to the other. If all the public institutes follow the SLFRS in their financial reporting, that will provide a clear picture of organization performance and governance to its stakeholders and leaders to make appropriate, effective, and efficient decisions regarding public resources and also, will bring the transparency of the organization's performance to the general public.

3. Disclosing related party transactions

It is advisable to disclose any related party transactions which happened in the organization to its stakeholders. Related party transactions can be defined as the transactions undertaken by people who are closely related to the organization. Related party transactions are not uncommon, but they must be carefully managed in order to meet any obligations under the law or any requirement to disclose them. Related party transactions are common in public sector organizations. As a result of high political influence in the public sector, all related party transactions are

happening under the table, which make the general public restless. Hence, it is high time to develop a policy to disclose related party transactions in public sector in order to promote transparency, and proper and accountable use of public resources.

Practical Issues of Implementing Accounting Practices in the Public Sector.

1. Centralization

The public sector has a centralized decision-making process, which takes considerably more time to make/implement a decision. In a centralized environment there are several levels of command that must be passed in order to implement a simple procedure. As an example, if a finance department of a public institute decided to prepare an annual report in order to provide information to general public, the decision must reach the top management by passing each and every level of command. The top management of said institute must inform the same to central government and publish a gazette notification making provisions to do so. This long process might adversely affect the interest of the original idea to prepare the annual report.

2. Lack of interconnectivity between departments

The interconnectivity of different departments in the same institute is very limited in public institutes. The departments have their own procurement, financial and administration teams. Bringing all the information to one place and preparing the financial reports can be very challenging.

3. Lack of knowledge

As the public sector is highly politicized, politicians always compensate their supporters by offering government jobs, contracts etc. This has been a huge burden to the public sector institutes, since they have to cater to an uneducated and non-skilled labour force, while the talented and educated labour force cannot have access to the institutes mostly, since they do not have the necessary political backup.

Implementing highly standardized procedures with an incapable workforce will lead to greater problems.

4. Lack of computer literacy and Information Technology

As I explained in the previous point, the non-skilled labour force lacks computer literacy. On the contrary, public institutes still follow the manual method of bookkeeping rather than using any modern information technology. If the public sector can implement the necessary technological infrastructure facilities and provide computer literacy course work to the labour force, all the activities can be simplified. Interconnectivity between departments can be achieved by using the information technology, which will lead to greater transparency and accountability.

5. Resistance to change.

Most of the public employees are elderly and traditional. They would love to continue their job task as per the traditional methods or the way they used to perform. Implementing the new methods in the face of this kind of negative attitude is very difficult, since most of the employees are conservative or resistant to change. If Public Institutes need to achieve transparency and accountability, the most suitable suggestion is to recruit fresh employees and provide them with the necessary training.

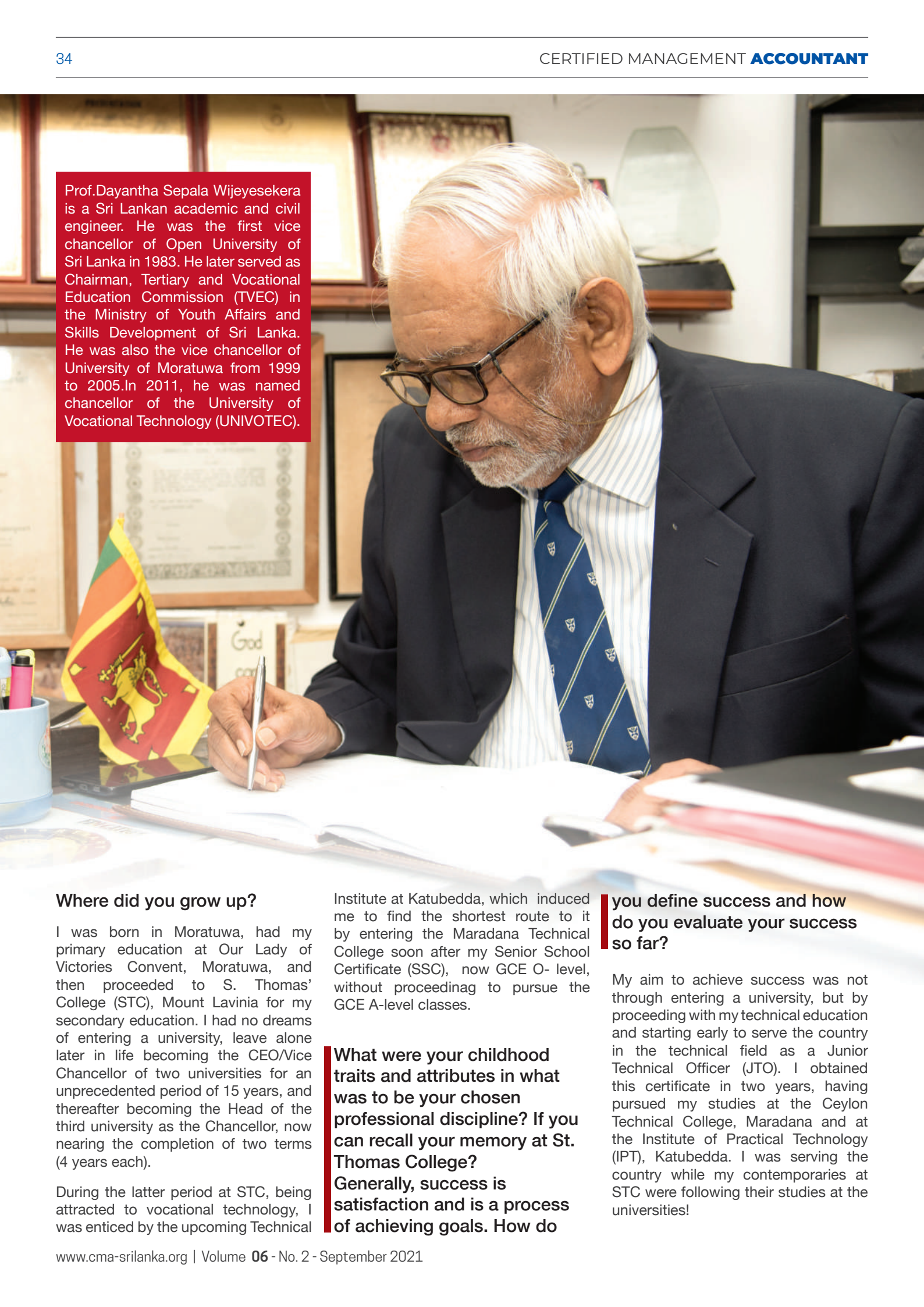
Conclusion

Transparency and Accountability in Public Sector is a common and crucial factor all over the world. Third World Countries/Developing Countries like Sri Lanka have lagged behind for decades without achieving a single milestone to reach the goal of transparency and accountability in the public sector. Public sector accounting will be a great opportunity to achieve better transparency and accountability in the public sector. If the authorities will have an interest in implementing the procedures recommended in this article, they could easily overcome the difficulties and irregularities mentioned herein and strive for a greater chance of success and a better future.

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Prof. Dayantha Sepala Wijeyesekera is a Sri Lankan academic and civil engineer. He was the first vice chancellor of Open University of Sri Lanka in 1983. He later served as Chairman, Tertiary and Vocational Education Commission (TVEC) in the Ministry of Youth Affairs and Skills Development of Sri Lanka. He was also the vice chancellor of University of Moratuwa from 1999 to 2005. In 2011, he was named chancellor of the University of Vocational Technology (UNIVOTEC).

Where did you grow up?

I was born in Moratuwa, had my primary education at Our Lady of Victories Convent, Moratuwa, and then proceeded to S. Thomas' College (STC), Mount Lavinia for my secondary education. I had no dreams of entering a university, leave alone later in life becoming the CEO/Vice Chancellor of two universities for an unprecedented period of 15 years, and thereafter becoming the Head of the third university as the Chancellor, now nearing the completion of two terms (4 years each).

During the latter period at STC, being attracted to vocational technology, I was enticed by the upcoming Technical

Institute at Katubedda, which induced me to find the shortest route to it by entering the Maradana Technical College soon after my Senior School Certificate (SSC), now GCE O- level, without proceeding to pursue the GCE A-level classes.

What were your childhood traits and attributes in what was to be your chosen professional discipline? If you can recall your memory at St. Thomas College?

Generally, success is satisfaction and is a process of achieving goals. How do

you define success and how do you evaluate your success so far?

My aim to achieve success was not through entering a university, but by proceeding with my technical education and starting early to serve the country in the technical field as a Junior Technical Officer (JTO). I obtained this certificate in two years, having pursued my studies at the Ceylon Technical College, Maradana and at the Institute of Practical Technology (IPT), Katubedda. I was serving the country while my contemporaries at STC were following their studies at the universities!

We would like to hear your journey starting from Advanced Level class and ending up with the University of Edinburgh, UK, as a Senior Lecturer.

With the completion of the Junior Technical Course, (now upgraded as the National Diploma in Technology - NDT), along with one year of Civil Engineering experience, I was able to get the first year exempted, by making a lateral entry to the second year of Enfield College of Technology (now University of Middlesex, UK) to follow a course in Civil Engineering. Upon graduation, and with a further one-year of design and field experience in Civil Engineering, I was invited by the Head of the Civil Engineering Department of the University of Edinburgh for a research position and to pursue research studies leading to a Doctor of Philosophy (PhD). Thereafter, I while serving as a Senior Lecturer in Civil Engineering till my late wife (Edinburgh Medical Graduate) and I decided to return to Sri Lanka in 1970 to serve our motherland.

You were the first Vice Chancellor to hold the Office in two Universities, namely, the Open University of Sri Lanka and the University of Moratuwa for a total unprecedented period of 15 years. How did you manage the affairs of two universities during some of the most turbulent times in Sri Lanka's political landscape, especially in the late eighties? During the 6 years of your tenure as Vice Chancellor of university of Moratuwa, not a single day was it closed due to student unrest. It shows your exceptional leadership skill. We are pleased to hear your experiences.

Having risen to the Office of the Dean of the Faculty of Engineering of an up and coming conventional university, it paved the way to head a non-conventional Open University,

“Dissatisfactions and mismatching among graduates is the result of “inappropriate raw material being used to obtain the final product.”

which was made to adopt Distance Education, though not taken too seriously at that time. But now, as an “online educational institution”, it has almost become an indispensable system, though practiced under very undeveloped conditions and most often conducted by non-professional and untrained staff for the purpose.

Thereafter, at the end of the year in December 1999, I was once again appointed to the Office of the Vice Chancellor of the University of Moratuwa (originally the Institute of Practical Technology, Katubedda, where I was among the 99 students of its first batch), when, with the support of all the staff, students, and decision makers, we were able to achieve the Number One Rank among the Universities in Sri Lanka. We were also able to achieve the status of “no graduate unemployment” due to excellent industry interaction, high standards of discipline with “no ragging”, due to the commitment and ownership among staff and students. This was the main reason for all the great achievements including the non-closure of the university for even a single day due to student unrest, even though in the late 1980s, during the country's civil disturbances, the university recorded the unfortunate incident of the assassination of the first sitting Vice Chancellor of a Sri Lankan University inside his office.

You have a long and distinguished career in the conventional university system and an equally long and distinguished carrier in open and distance learning education. Being the founder vice chancellor of the Open University of Sri Lanka,

we would like to hear your unparalleled service and the contribution to the Open University and especially to the distance education.

It has been a great opportunity and privilege to have been involved in ALL THREE modes of tertiary education which is now emphasizing the need for the undoubted practice of all three modes, and the mix of all three modes for special scenarios, which is now termed “blended learning”, and above all, the need for the systems to be available at all levels, i.e. Primary, Secondary and Tertiary and even at Post-graduate levels.

“We were also able to achieve the status of “no graduate unemployment” due to excellent industry interaction, high standards of discipline with “no ragging”, due to the commitment and ownership among staff and students.

The University of Vocational Technology is popularly known as UNIVOTEC, and provides an academic career path, specially to those pursuing the NVQ route up to degree level. What was your experience as the first Chancellor of University of Vocational Technology (UNIVOTEC)?

The University of Vocational Technology (UNIVOTEC) is an outcome of all three modes and had to be very carefully steered without any executive powers during my two terms as the Chancellor. The biggest challenge during this period of nearly eight years was having to work with four Vice Chancellors, about five Cabinet Ministers, and about six Ministry Secretaries, and with more

or less a single Act of Parliament. Thus, the adherence to the interpretations of the Act had been quite arduous, giving rise to productivity and the outputs being hampered. The UNIVOTEC gave an opportunity to many students with relevant mid-level qualifications to read for a degree recognized by the relevant professional bodies.

You have taught students at all levels such as graduate, post-graduate and foundation levels and they number over half a million - a very fulfilling experience. You were the Guru among Gurus. Many of your students also reached exalted positions. Can you recall a few of them?

There is a large number of my former students, and it may not be proper to recall them by name lest I miss some of them. But I could mention that among them there had been Cabinet Ministers, Members of Parliament, Secretaries of Ministries, Vice Chancellors, Chairmen/ Members of Governing Boards of State Corporations and Private Sector Organizations, and Academic staff.

Sri Lanka needs to have mid-level qualified personnel in various disciplines of study as they proceed up the ladder to a degree and above. What were the new developments you have introduced during your tenure at the Tertiary and Vocational Education Commission as its Chairman?

The Tertiary and Vocational Education Commission (TVEC) is the Regulatory Monitoring body of the TVET sector leading to National Vocational Qualifications (NVQ), and during my tenure, the Recognition of Prior Learning (RPL), together with the Mature Candidate Route (MCR), were consolidated, and the Computerization of Assessment Division was established.

ICT (Information and Communications Technology) makes access to education possible at any time and

everywhere, meaning that learners do not have to be confined to institute premises. ICT provides a platform for collaborative education, enabling learners to interact with fellow learners, subject experts, mentors and many other stakeholders, including industry personnel, spread across the world. How can an integrated ICT academic platform boost future economic prospects for Sri Lankans?

Online education through the ADB-sponsored "Distance Education Modernization Project" (DEMP) and the "Technical Education Development Project" (TEDP) were introduced and implemented with ICT provision for collaboration and interaction of learners and experts, mentors, interaction with industry, thus contributing towards economic national development efforts in the country.

The skills gap is more prominent in the faculties of arts and humanities than in professional degree programmes, as their relevance and quality are regulated by their respective professional bodies. How can the private sector partner with higher education institutions to address skills gaps between academia and the professional world?

The skills gaps are becoming more prominent in all faculties due to insufficient interaction and liaison with industry despite accreditation by the relevant professional bodies and this situation can be improved by greater participation by the Private Sector as a coordinating body for the relevant discipline of study and the profession.

What Is the importance you will give to professional accounting bodies such as CMA which have been set up by an Act of Parliament

and the role they can play in providing education to the A/L qualified students, undergraduates, and graduates providing the necessary skills of both theory and practice putting them ahead of graduates in the selection for jobs especially in the private sector?

The Organization of Professional Associations (OPA), through its member associations such as the Institute of Certified Management Accountants of Sri Lanka (CMA) and the recently enacted Acts of Parliament, could aggressively monitor the interaction and collaboration, especially in the Private Sector, for its members in the respective associations.

All A/L qualified students in Sri Lanka are not able to do a degree especially in the Science, IT, and Engineering streams, and there is a delay in entry of students to university resulting in them being unable to obtain their degrees at the age of 21 or 22. Further, this is a drain on the country due to the aging population. Do you think a system of a private college system used by Oxford and Cambridge can meet these challenges?

There are many avenues available for Tertiary and Vocation Education as detailed in the Annual "TVET Guide" published by the TVEC and in the Publications on "Admission to Universities" under the UGC, including the Open University of Sri Lanka which are established under separate Acts of Parliament, and also through approved "Degree Awarding Institutes", together recognized foreign degrees awarded by offshore universities

A system of Affiliated University Colleges (AUCs) was established in the early 1990s with mid-level Diploma Awarding Colleges affiliated with most of the conventional universities. Unfortunately, the parent universities were not in a position to provide lateral entry to the diploma holders

for the respective degree programmes as envisaged and developed by the academic staff from the very same universities, thereby causing the system to be a failure. The AUCs were all converted to be conventional universities, with inadequate facilities to grant degrees at that time.

Once again, a system of City Universities is being planned, and unless the career paths of the diplomates are possible, their success would be at stake, and an excessive, poor quality, unplanned number of graduates can be expected.

Another reason for unemployability on one hand and shortages of graduates on the other hand is because of irrational academic development in some universities which are deviating from their original objectives leading to skills gaps and skills mismatches.

The main causes for these two shortfalls are the lack or insufficient industry interaction. These are not aspects which could be corrected by lectures but could be guided during industrial training.

The main reasons for brain drain are better opportunities for those scholars who go abroad for various academic purposes, and the frustrations and challenges they face when working in Sri Lanka. What can the government do to address the issue of “brain drain”?

Brain drain is a complex situation which exists at different **ages with aspirations, levels of education, and social classes in society**, etc.

Ages with aspirations – some students at very early ages develop ambitions. Due to competencies and the availability of both personnel and national coaches, some of them are realistic and some are not. It is here that “Career Tests and Career Guidance” play an important role.

Levels of education in tertiary and vocational education have opened many opportunities for the youth up to degree level. If rightly chosen, the exit level could be profitable, otherwise

it could be a mismatch/misfit and frustration at degree level.

Classes of society and financial standing would have serious consequences when there will be those with resources able to proceed overseas for further education and those possessing patriotism or national mindedness would return to the motherland for better or for worse. There will be those with sufficient resources who would pursue further education up to professionally recognized overseas degrees locally, according to their competencies and aspirations, followed with patriotism and desirous to remain in the country to contribute for national development while others who would be soon “drained out” of the country with their “brain gains” to greener pastures.

While the “brain drain” could be due to some of the above causes and many other personal reasons, the irrationalities induced at some universities of being inconsistent with the very objectives they were established by the Parliament of Sri Lanka could be made responsible



for the mismatch at graduation, leading to discontentment, under-employment, and even frustration. Such situations would be due to the inconsistent vision of some academics, and with a blind eye being turned by the decision-makers would also not help the situation.

Dissatisfactions and/or mismatching among graduates is the result of “inappropriate raw material being used to obtain the final product”. This can be best illustrated by an overall view of Universities in Sri Lanka.

Basically, there are four groups of Universities in Sri Lanka. They are:

1. **Conventional Universities** and Institutes under the University Grants Commission (UGC).
2. **Several Universities under separate Acts of Parliament** or Ordinances, e.g., the Open University of Sri Lanka (OUSL). Though under the provisions of the Universities Act of 1978 (as amended), it has its own Ordinance specifying the unique characteristics it should have with open entry with Foundation Courses and exit.

The students should be on distance mode gaining their experience while in their respective occupations. The duration of degree courses is not based on whether it is a three or four-year degree programme, but on knowledge gained by credits accumulated and through experience acquired and required for the industry. In short, OUSL should be the leading ODL university in the country for these reasons.

Similarly, the UNIVOTEC should be the leading Competent Based Training (CBT) University in Sri Lanka. Wasn't it set up for Career development in Vocational Technology? Or, was it set up to compete with Engineering Faculties of four-year degrees such as in Peradeniya, Moratuwa, Ruhuna and other Conventional University Engineering Faculties of Sri Lanka? Or were the Graduates in Technology from UNIVOTEC expected to be leading researchers in Engineering or academic staff at conventional engineering faculties? Certainly not!

3. Also, there are **Offshore Universities** offering professionally recognized degree programmes,



and the “affluent” graduates from such universities would readily obtain employment locally, mainly in the private sector, or proceed overseas for employment.

4. There are **other State Universities** established for specific purposes such as the University of Vocational Technology, Kotelawala Defense University, Ocean University of Sri Lanka, and others already established for specific purposes or being set up for such specific purposes.

In summary, these four categories of universities should not attempt to unhealthily compete among the categories and defeat the purpose of such natural categorization, but compete within each category on a healthy basis logically. The schemes of

recruitment in the public sector should accommodate the recruitment of such graduates.

This type of streamlining and rational categorizations would reduce brain drain, unemployability, and dissatisfaction among graduates.

There could be many such irrational planning or development being allowed giving rise to brain drain, unemployability, and skills mismatching, causing dissatisfaction among the youth of the land and industry.

The panacea for this is effective career guidance along with responsible, logical, and rational academic planning and development of tertiary education, especially university education.

WHY PUBLIC COMPANIES GO PRIVATE

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INTRODUCTION

The role of the government has been an area that was up for debate; there are many different philosophies that explain as to what are the key activities that the government will need to undertake in order to benefit the people of the country. The primary target of the government is to improve the quality of life of the people. The government also has to consider the economy and make sure that the economic development takes place so that the lives of the people are enriched.

After the World War II, governments have heavily intervened in the economic activities of their respective countries. This could have been due to the expectations the public had from their governments to drive the direction of the economy. While some of the nations have been able to successfully develop

their economies, such as Singapore, there are many other places where the market forces have provided a more effective outcome when compared with the government activities.

The private sector would look into the market forces and allocate sufficient resources accordingly. Thus, the market mechanisms associated with these activities are likely to be beneficial and the parties will be able to achieve the right outcomes in terms of managing these challenges.

PRIVATIZATION OF STATE ENTERPRISES

The privatization of the public companies is justified by the fact that the private sector will be able to carry

out these economic activities and utilize these assets to a higher level. It is often the case that the government sector is not profit-oriented. When government entities are being managed, the lack of profit focus and target-driven environment would eventually lead to inefficiencies in the operations and deterioration of the productivity of the organization. Whilst maximizing the benefits to the people remain a key area of importance, the government sector related inefficiencies would eventually lead to wastage of many resources, resulting in the inability to meet the intended results. While many countries still maintain very large state-owned enterprises, there are many examples of effective privatization and how this has impacted different sectors in a positive manner. Thus, the outcomes have been successful in many different areas and



hence privatization remains an area of focus which require appropriate attention.

With increased focus of the government as a regulator and facilitator in a country, they have been moving away from the commercial enterprises/ profit-oriented sector. In the Sri Lankan context, successive governments have continued to move towards a more neoliberalist economic model and as a result of this, they have started privatizing many different industries. This has contributed to many positive as well as negative issues related to these areas.

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The main expectation associated with the privatization is the increased productivity of the organizations that will enable the continued improvement of the performance levels and achieve the desired outcomes.

THE EXPECTATIONS

The main expectation associated with the privatization is the increased productivity of the organizations that will enable the continued improvement of the performance levels and achieve the desired outcomes. Basically, the private sector should generate profits, which is one of its main objectives. Moreover, the private companies also do not have the liberty to depend on



funding by another party. Thus, the private companies are compelled to focus on the overall performance whilst achieving sustainable development. This would improve the financial focus and because of this, the state enterprises can be converted to more efficient operating units that will generate profits.

They will also have the ability to focus on market needs. When they have the right focus on the market expectations, they will be able to develop the products and services according to market demand. This means that they will be able to modernize the activities in line with the customer expectations. This shows that the markets will also benefit from the privatization of these enterprises due to competition. The economy is ultimately expected to benefit because of the privatization, as the government will be able to utilize its funds for other development works as well as welfare activities. These are

some of the important areas of concern that require attention.

With privatization, the employees are expected to be more performance-oriented as they have to achieve certain targets if they want to sustain or upgrade. They will be required to work with a specific set of outcomes in mind to safeguard their jobs. These will allow them to look into achieving certain benefits in the future. The career growth of the employees also can be better facilitated through privatization as the private enterprises continue to look for growth opportunities. Particularly in the Sri Lankan context, the majority of promotions of the government employees are driven by seniority. Whether they perform or not, they are promoted after completing the required number of years. Consequently, the government enterprises could allow the employees to stagnate in their comfort zones.



KEY ISSUES

Nevertheless, there are many issues that should be considered before making the final decision to privatize a certain enterprise. This is due to the fact that private enterprises are highly focused on generating profits and operating in a competitive environment. They rapidly amend the prices of their products or the services according to market indicators with the intention of making more profits than their competitors. This might highlight the fact that they will not be able to provide certain services to the lower income generating people of the country. The quality of life of the lower income generating group might be negatively impacted due to these issues.

There are many instances that highlight the short-term financial goals the private sector might have. Sometimes the state enterprises are very large organizations and have many undervalued assets. The private sector will be able to purchase

these entities and then sell off the assets rather than actually continuing with the operations. These could harm the interests of the economy as well as the employees. This could prove to be challenging for the parties.

On many occasions, the private sector has not been able to efficiently manage the state enterprises. As a result, the quality of the services has deteriorated, and many other issues were identified to be in place. The private sector sometimes does not have the required knowledge to manage these state enterprises and has failed to provide the required capital and improvements to the work areas. These are some of the main issues that require attention when the privatization is taking place.

THE RESULTS

There are a number of cases where privatization has been identified as a success story; one of the best examples is the telecommunications sector in Sri Lanka. Prior to the privatization and deregulation of the sector, the state telecommunications giant had the monopoly in the area. However, the operation was so inefficient that customers had to wait for many years in order to obtain a telephone connection. Thus, the customers were always inconvenienced without being able to receive high-quality service from the state-owned company. After allowing privatization and deregulation, many players entered into the market and the competition has resulted in improved efficiencies as well as better quality of services.

The same can be identified with the Sri Lankan Airlines; when a part of the company's shares were sold to Emirates Airlines, they had been able to provide the company with the management knowhow and technical expertise. The improvements related to the quality of the operations have benefited Sri Lankan Airlines immensely. The eventual result was that the company has been able to generate profits and achieve beneficial outcomes. However, after the government has taken over the operation, Sri Lankan Airlines has

started making massive losses. This shows that renationalization of the airline has not been able to provide the specific economic outcomes that were expected.

However, owing to some of the decisions taken to privatize state enterprises in the 1980s and 1990s, the country has lost many production facilities as the private sector only had short term goals of taking over the assets and selling them at a higher margin. This shows that privatization has not been a total success story in the context of Sri Lanka. Successive governments have changed their policies related to the privatization from time to time. The governments from 1977 to 2005 have been maintaining different policies of privatization of the state enterprises. However, after 2005, a limited renationalization drive was initiated. Thus, the consistency of the privatization policy of the country is in question with the change of governments every five years.

CONCLUSION

The privatization of state enterprises has become a part of the neoliberal economic policies of the world. The policies were devised with the view that the government has to move out of the commercial activities and provide the private sector to manage these activities. The Sri Lankan governments from 1977 to 2005 continuously followed this policy with mixed success. While some areas such as the telecommunications sector has seen a higher degree of success due to privatization, the other sectors such as textiles, chemicals and other industries have suffered adversely due to privatization. The production facilities were either left to deteriorate due to the lack of knowledge by the private sector or they only had short-term targets with these facilities. Thus, it is important in the future to identify as to how the privatization policy can be developed and what results are expected to maximize the beneficial results to the public through privatization.



IMPACT OF COVID-19 ON VENTURE CAPITAL IN SMALL AND MEDIUM-SIZED ENTERPRISES - CRITICAL PERSPECTIVE

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Abstract

The COVID-19 pandemic has dramatically remodeled the country's economy toward small and medium-sized enterprises (SME). The economic growth of each developing country is now mostly influenced by SMEs. Supporting SMEs is one of the most important driving forces in developing the country's economy to accelerate growth and become self-sufficient. Venture capital is the main source of

equity for SMEs as a start-up business. This study explores how SMEs and venture capital have been halted by the COVID-19 pandemic. This study has further highlighted the practical implications of venture capital in the crisis. The methodological tool of the research method is a descriptive analysis that was conducted without an empirical study. The main aim of the study is to investigate venture

capital impacts for SMEs from the COVID-19 perspective. This paper will include the following logical sequence: introduction, literature review, methodology, changes in venture capital investment, the new dimension model in venture capital investment, and the conclusion of the study. The outcome of the study can enlighten the existing literature review in venture capital of SMEs. However, the COVID-19

pandemic has created a financial distance between SMEs and investors, and the seed capital for SMEs have also been affected due to uncertainty. The result of the study can be useful to provide significant implications and insights into the venture capital and the SMEs from the COVID-19 perspective. Finally, a future study will explore to develop a resiliency model to venture capital for SMEs.

Keywords: COVID-19, Small and medium-sized enterprises, and Venture capital.

1. Introduction

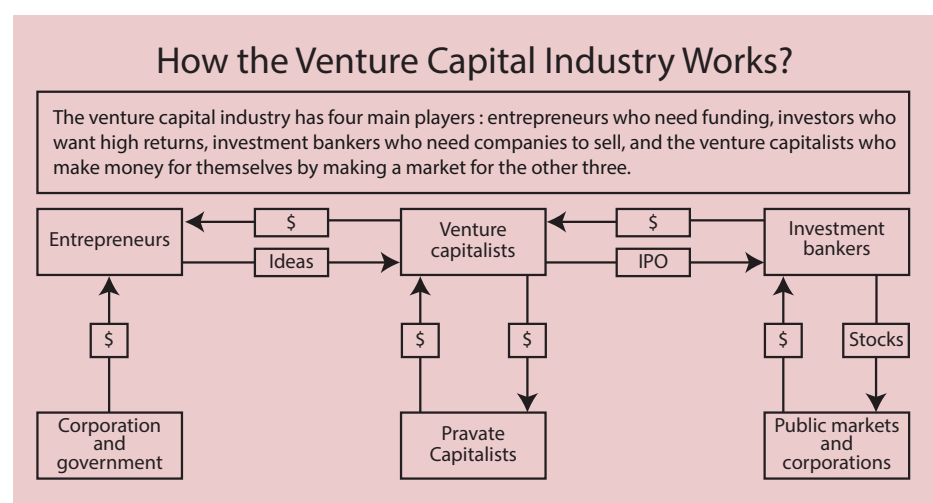
Venture Capital (VC) has made great progress globally where SMEs are desperately looking for finance to launch the business. The small and medium business is the backbone of any economy in the world, thus the increase in VC investment is the most welcoming sign for the business community. Currently, Venture Capitalists (VCs) look more like financial institutions, but they're using investment knowledge and operational know-how as capital. In this context, VC is not a long-term investment, but the idea of investing in a particular entity to expand the business, and once the business reaches a matured stage, it can continue to exist with the help from investing in financial institutions. COVID-19 has created a financial distance between SMEs and investors. The startup or seed capital for SMEs has also been affected due to uncertainty. Global Pandemic has impacted a decrease of 60% of the total volume of investment raised between the first quarter in 2019 and the first quarter in 2020 (Brown & Rocha, 2020). Overall, VCs has to monitor the business environment and be more proactive in strategic planning for managing the uncertainty of the business. The innovation of young companies depends on the continuous inflow of venture capital, but it has been halted by the COVID-19. The international venture capital market has been completely locked down. Each country is keen to develop its own self-sufficient economy since the borders are closed. SMEs are idealistic businesses to be started,

however this has been postponed for an indefinite period due to the lack of investors in the financial market.

SME focused funds and accelerators will experience performance deterioration and harder fundraising (Strusani, Verma, & Manent, 2020). The VC investors are from families or of people with high net and less institutionalized investors. The growth of SMEs has been affected in short and medium terms due to a decline in revenue and profitability. Most SMEs do not have to service debt and increase borrowing cost, adding to the high-risk aversion that will lead to defaults and

liquidation. The entire global value chains have been challenged by the pandemic. The VC investment can create more opportunities in relation to technology, transfer know-how, innovation, digitization, and increase operational capabilities into SME investment. More debate on the impact of COVID-19 has thus far centered on existing SMEs (Bartik et al., 2020). This article examines how COVID-19 has impacted VC in SMEs.

The following way of VC works in the corporate world (Figure:1).



Sources : Bob Zider, How Venture Capital Works? HBR, 1998

Figure:1 How the Venture Capital works in the financial market

2. Literature View

The VC has declined due to COVID-19. VCs are working on extra time to monitor and evaluate the existing portfolio (Jones, 2020). In this context, VCs have been involved in the business operations to reduce costs, focus on cash, redesign the business model, and raise additional funding toward financing the working capital requirements. The investor's portfolio in the VC has been deteriorating dramatically. The stock market is also halted by the COVID-19, and the market has faced tough times, so the company cannot issue the initial public offer (IPO) to the public to raise additional funding for the business.

The business activities are entering a recession and there are more possible

signs of recovery, though risks still remain significant (Blee, 2020). Ulrike Hinrichs (2020) stated that the demand for venture capital should not drop noticeably because of the pandemic. The pandemic has created more business opportunities for technology innovation so that VC can finance to start up new business. The challenge will always be in the business environment to start up new business venture. Venture capital investments are more toward the new idea generation and innovation businesses (Schweickhardt, 2020).

Technology companies are more resilient businesses, however, there is a high risk involved. VC has become a scarce resource in the present business environment. Sri Lanka is

directed toward many innovations and methodologies in the capital market and digitalization of the business that will benefit both the investors and issuers. SMEs can reduce inequality among the society and enhance the economic growth of the country (Lambert, 2017). The investors and entrepreneurs shall align together in the best interests of the VC market.

The top brand companies such as Amazon, Apple, Facebook, Google, Intel and Microsoft started with the support of VC in the early stages of their businesses. All the companies are developed with innovative ideas on the market (Gompers, Gornall, Kaplan, & Steven, et al. 2021). VC shall be a key element for economic value, and is considered as a viable financial model with the proficiency of escalating access to finance for the growth of SMEs. VC is an alternative source of financing and equity, and fulfills the gap generated in the financial market by conventional lending institutions.

VC assists in financing the innovation and creativity of businesses, the academics, and practitioners which has drawn more attention. The impact of the COVID-19 in VC on SMEs is three times higher than the global financial crisis (Block and Sandner, 2009). VCs have described "COVID-19 as the Black Swan of 2020 and the global VC market was completely locked up". In this context, the pandemic has changed VC perception and attitude in the global business environment.

3. Methodology and Research Methods

The research objective is on the impact of the COVID-19 on VC in SMEs from a critical perspective. The empirical study will confirm the existing literature review of VC in SMEs based on proper explanation of the research findings. A critical perspective of VC in SMEs in the COVID-19 context is based on secondary data such as published journals, books, website searches, and articles. The author of this study has been working in Papua New Guinea for the last 13 years and has used his knowledge and experience widely on the subject matters to write this research. No

formal research has been conducted for this study. The author used descriptive analysis to identify and re-assess critical analysis from different dimensions of VC. The outcome of the study can enlighten the existing literature review in VC and SMEs.

4. Changes in the Venture Capital Investment Activity

The COVID-19 pandemic has impacted the entire operation of the world, including venture capital investment. The venture capital investors have not assessed the real impacts of the global pandemic. COVID-19 has created less momentum in the investment pool and extra risk aversion (Sabadell, 2020). The venture capital investment activity has been reduced on a global scale. The small and medium businesses have been halted in the second half of the year 2020, and most of the businesses have been liquidated due to the COVID-19 impacts. Investors overcome this by extensive monitoring and control procedures (Kaplan and Stromberg, 2001). In this context, VCs have increased their monitoring and are more concerned with portfolio re-evaluation due to COVID-19 impacts. During shocks and crisis in events, levels of uncertainty escalate at such velocity that their impacts become highly debilitating for entrepreneurs and entrepreneurial actors such as banks and investors (Block and Sandner, 2009; Conti et al, 2019; McMullen and Shepherd, 2006; Packard et al., 2017). More distressed-oriented investors can enter the market and create an unhealthy business environment due to the downward valuation with less traditional investors in the VC market. COVID-19 has created more negotiable power for VCs due to the low flow of investment to SMEs. VC has been changed in the paradigm from offline to online globally. VCs are positioned in the digital ecosystem. VC is mainly from foreign investment, and it has been decreased due to the closure of international borders.

Starting up of business of the SMEs have been delayed due to the unfavorable situation existing in the business world

and the impact on venture capital investment due to the continuing uncertainty of the future.

5. The New Dimension in the Venture Capital Investment

Venture capital investment has been reduced in the global market, whereas investment in the domestic market has increased due to funds diverting from foreign market to the local market. Due diligence engagement has also been affected due to the reduction of face-to-face discussions. The seed venture capital investment has continuously declined due to the investors looking for well-established and matured companies for their investments. However, the new investor is more concerned about the portfolio valuations when the valuation of the matured company is declining due to COVID-19. The Initial Public Offers (IPO), mergers and acquisitions are also delayed in the global market. The cross-border venture capital investment has declined in the second and third quarters of 2020 (Sabadell, 2020).

Global travel restrictions have created a vacuum in venture capital investment for SMEs. Therefore, venture capital investment has increased in the domestic market.

6. Venture Capital Investment Activities for SMEs under COVID-19

SMEs are looking for prospective investors and VCs can perform the following activities under COVID-19 context.

6.1 Startups and Supportive

VC is requested to start up businesses and most are ready to invest in it. Nevertheless, on this premature period, it is difficult to forecast the achievement of the business. Liquid cash and seed capital are requested at the early stage of the business. Therefore, the risk of investment to be written off due to the uncertainty of the COVID-19 impacts is higher.

COVID-19 has affected venture capital investment in SMEs dramatically while the growth of the business for survival is crucial during this crisis.

6.2 Follow up on the funding for the startups

The VCs are not interested in new business investments; however, they are more concerned with providing additional funds to the existing SMEs for survival. There are challenges of additional funding due to the travel restrictions and non-performance of due diligence processes. IPOs have been reduced. The decision to postpone investment is a very strategic movement due to the uncertainty in the world.

6.3 Limited Partners and fundraising

The institutional investors are not interested in the VC investment since it involves risks on assets, whereas high-net-worth personnel and family officers are expecting a super return on the investment.

6.4 Leveraging and Technology returns

VC investees often provide digital services, platforms, or deep tech solutions, and have the agility to pivot business models to react to the crisis (Strusani, Verma, and Manent, 2020). Some SMEs are extra resilient and ready to take the lead throughout the crisis, and the business also has an inherently innovative strategy. The technology innovation company can create benefits to the VCs in the medium term due to opportunities and trends in the post-Covid-19 period. The redesigned strategic planning, post-COVID-19, technical assistance, and operational knowledge can be used to navigate the crisis readjustment (Brown and Rocha, 2020). The SME is trying its best to provide the best services to customers by using the power of technology, digitization and overall changes in the business model.

The above Figure 2 shows how VC can break into five different stages of the company's life.

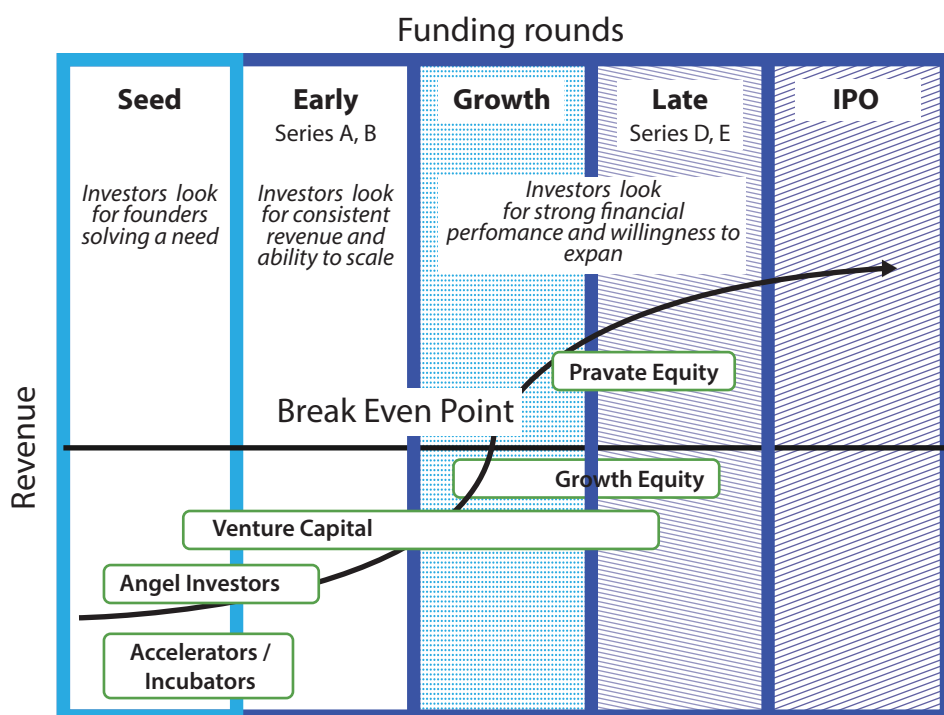
The VC involved in these stages; from seed, early stage, growth, and mature stages. The VC has been fully involved in the early stage and growth of the SMEs. Digital technology in the VC can shift to the potential for growth since the crisis has demanded innovation, new entrepreneurial ideas, and high investing in essential services such as healthcare and logistics. In this context, SMEs have started to adopt the digital platforms such as innovative digitization business model and increase in new digital city consumers in the nascent market segmentation.

7. Conclusion

The COVID-19 pandemic has created the worst crisis in the 21st century. The severity of this decrease exceeds the decreases witnessed in more established markets for entrepreneurial finance such as the US (Howell et al., 2020). The financial performance of the SME's asset has deteriorated due to the valuation deduction in the entity's portfolio, foreign exchange volatility, and challenges in existing investments. SMEs are requesting financial support for the working capital for survival since the entity had faced dry powder during the prolonged pandemic crisis.

The COVID-19 impacts on the financial market will take over the global financial crisis as it already has an impact on the entire operation of the world. The global supply chains have been transformed to localization and diversification. The level of dry powder in SMEs has been deteriorating due to the prolonged COVID-19 crisis. It has worsened the global crisis in the 21st century. For over a century, uncertainty has long been recognized as a central pillar influencing entrepreneurial decision-making (Knight 1921). The length of VC fundraising cycle was increased due to the higher uncertainty in the market. However, a more prudent approach to the long-term investment is requested during the crisis. Public investment has been reduced and every country has budgeted a stimulus package to

Figure:2 Venture Capital Investment to the SMEs.



Sources : Bradley Miles, Breakinto VC : How to break into Venture Capital?

the SMEs business, but the practical implication of a stimulus package is the biggest challenge in the global context. The secure online engagement between the SMEs and VCs is encouraging a new dimension during this COVID-19 crisis, as it can save costs. The post-recovery stage of the SMEs is for future research, and it will create more literature reviews of COVID-19 impacts on the emerging financial market globally. SMEs have faced difficulty in estimating the budget and business plan due to the prolonged crisis. COVID-19 has created chances for others who are unable to join the previous investment.

The negative impacts of COVID-19 are expected to be higher on VC funds in the short term than on the Growth Equity funds (Strusani, Verma, and Manent, 2020). The current SME business model has been transformed to avoid any strategic drift since COVID-19 has changed the paradigm of business practices. The SME growth is done with the support of all stakeholders including business angels, who support the venture capital investment. The SMEs have developed a comprehensive resilience matrix to focus on the increased changes in the business environment.

Enterprise policy makers need to become better attuned to monitoring real-time data sources to mitigate chronic entrepreneurial uncertainty via strategic policy responses (Brown and Rocha, 2020)

Finally, to conclude, COVID-19 has affected venture capital investment in SMEs dramatically while the growth of the business for survival is crucial during this crisis.

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Virtual Webinars – Continuing Professional Development (CPD)

CMA's commitment to conduct knowledge sharing Continuing Professional Development (CPD) virtual webinars for its members and to educate the public on current financial trends.

The Institute of Certified Management Accountants of Sri Lanka holds its 18th Annual Flagship event the CMA National Management Accounting Conference 2021 on the theme **'Reviving Sri Lanka Economy – COVID 19 and Beyond'** on 27th, 28th and 29th September 2021 comprising the inaugural session on the 27th and four technical sessions on 28th and 29th via Online Zoom Platform. CMA Sri Lanka set up in 1999, inaugurated in June 2000 was incorporated by Act of Parliament No. 23 of 2009 as the National Professional Management Accounting Institution in Sri Lanka.

The Inaugural Ceremony of the conference will be held on 27th September 2021 from 6.30pm – 8.30pm and the conference will be inaugurated by Chief Guest Mr. Ajith Nivard Cabraal, Governor, Central Bank of Sri Lanka and Former State Minister of Money & Capital Market and State Enterprise Reforms, Ministry of Finance and he will deliver his address on the conference theme **'Reviving Sri Lankan Economy**

– COVID – 19 and Beyond'. The Founder President CMA Sri Lanka Prof. Lakshman R. Watawala will welcome the gathering and deliver his the address on the **"Role of Professional Management Accountants in Reviving the Sri Lankan Economy Post COVID 19 and Beyond"**.

The keynote address will be delivered by President International Federation of Accountants (IFAC) Mr. Alan Johnson on **"A Strong Recovery, an Empowered Profession, and a Sustainable Future."** and the special guest address will be delivered by Prof. Ho Yew Kee FCMA, Associate Provost (SkillsFuture) Singapore Institute of Technology and former Prof in Accounting National University of Singapore on **'Reviving the Economy Post-Covid – The Case of Singapore'**.

CMA Sri Lanka will award prominent Professional Accountants who have excelled in professional, business and social activities with the CMA Excellence in Business Awards 2021.

The inaugural session will conclude with the vote of thanks delivered by Mr. H.M. Hennayake Bandara, Vice President – CMA Sri Lanka and SAFA.

The technical sessions of the conference will be held on 28th and 29th September 2021 from 2.00pm to 5.30pm.

These sessions will cover topics on Session 1 - Solutions to overcome debt problems and critical economic issues, Session 2 - Building a Trade surplus with a strong export economy, Session 3 - Digital Transformation for a Technology Based Economic Revival Session 4 Responses to COVID 19 Pandemic and Beyond.

Each session will conclude with a question and answer session where participants will also have an opportunity to discuss practical applications and obtain clarifications via chat option.

Value Creation
2021

Institute of Certified Management Accountants of Sri Lanka

CMA Sri Lanka
National Management
Accounting
Conference -2021

Reviving Sri Lankan Economy COVID-19 and Beyond

Inauguration

27th September 2021 (6.30 p.m. - 8.30 p.m.)

Welcome Address



Prof. Lakshman R. Watawala
Founder President -
CMA Sri Lanka

Reviving Sri Lankan Economy - COVID - 19 and Beyond



Address by Chief Guest
Hon. Ajith Nivard Cabraal
Governor - Central Bank of Sri Lanka
Former State Minister of Money &
Capital Market and State Enterprise
Reforms, Ministry of Finance



Vote of Thanks
H.M. Hennayake Bandara
Vice President -
CMA Sri Lanka and SAFA

Innovative Accounting Models to Revive Global Economy



Address by Key Note Speaker
Alan Johnson
President International
Federation of
Accountants (IFAC)

Reviving the Economy Post-Covid - The Case of Singapore



Address by Special Guest
Prof. Ho Yew Kee FCMA
Associate Provost
(SkillsFuture) Singapore
Institute of Technology



INVESTMENT
AT NO COST



EARN
CPD CREDITS



VIA
ZOOM

Institute of Certified Management Accountants of Sri Lanka
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Tel: +94 (0) 112 59 66 96
email: registrations@cma-srilanka.org | web: www.cma-srilanka.org



Day 1 28th September 2021

Solutions to Overcome External Debt Problems and Critical Economic Issues



Introduction by Chairman
Prof. Lakshman R. Watawala
Founder President - CMA Sri Lanka,
Former Chairman and Director General
Board of Investment Sri Lanka and
Former Chairman Peoples Bank.



Co-Chairman
Manil Jayasinghe
President - CA Sri Lanka,
Council Member - CMA Sri Lanka



Current External Debt Problems and Solutions
Prof. Sirimevan Colombage
Emeritus Professor, Open
University of Sri Lanka and
Former Director Statistics
Central Bank of Sri Lanka



External Debt Management and Critical Economic Issues - Is IMF an Alternative?
Dr. W A Wijewardena
Member, Board of Studies of Faculty of
Graduate Studies University of J'pura
Former Deputy Governor-CBSL



Challenges and Opportunities to Private sector
Shiran Fernando
Chief Economist
Ceylon Chamber of Commerce

Q & A - Closing Remarks

Building a Trade Surplus with a Strong Export Economy



Introduction by Chairman
Nandika Buddhipala
CFD
Commercial Bank of Ceylon and
President National Chamber of
Commerce of Sri Lanka



Co-Chairman
J.P.R. Karunaratne
Assistant Governor
Central Bank of Sri Lanka



Building a Strong Export Economy
Suresh De Mel
Chairman
Export Development Board
(EDB)



IT Industry - A Major Growth Sector for Export Economy
Oshada Senanayake
Chairman ICTA



Global Trends in Export Economy - Lessons for Sri Lanka
Subashini Abeyasinghe
Research Director
Verite Research

Q & A - Closing Ceremony

Day 2 29th September 2021

Digital Transformation for a Technology Based Economic Revival



Introduction by Chairman
Channa Manoharan
Partner PwC and Former
Chairman SLASSCOM



Co-Chairman
Ruchira Perera
Council Member -
CMA Sri Lanka



Digital Transformation the backbone of Economic Revival
Dr. Jayantha De Silva
Secretary
Ministry of Technology



Digitalizing Professional Education
H.M. Hennayake Bandara
Vice President -
CMA Sri Lanka and SAFA



Digitalizing University Education
Prof. Harendra Kariyawasam
PhD - Professor in Accounting
Head - Department of Accounting
University of Sri Jayawardenepura
Council Member - CMA Sri Lanka



Impact of Digital Transformation on the Banking Sector
Ajith Salgado
Group CIO
Sampath Bank

Q & A - Closing Remarks

Responses to COVID 19 Pandemic and Beyond



Introduction by Chairman
Prof. Samanthi Senaratne
Professor - Dept. of Accounting
University of Sri Jayawardenepura



Co-Chairman
J M U B Jayasekera
Council Member
CMA Sri Lanka



Mindfulness Practice and Managing Stress during COVID-19 Pandemic and Beyond
Deepal Sooriyaarachchi
Management Development
Consultant,
Author of Inward Bound -
Mindfulness as an Executive
Capability



Emotional Intelligence Skills Key to Navigating COVID-19 Pandemic and Beyond
Mariam Riza
President - Intergenerational
Consulting - Wattleshire Pty. Ltd.



CFOs Response to the COVID-19 Pandemic and Beyond
Hasitha Premaratne
Group Finance Director
Brandix Lanka Ltd

Q & A - Closing Remarks

CMA Sri Lanka National Management Accounting Conference -2021 "Reviving Sri Lankan Economy - COVID – 19 and Beyond"

27th, 28th and 29th September 2021

Conducted Online via Zoom

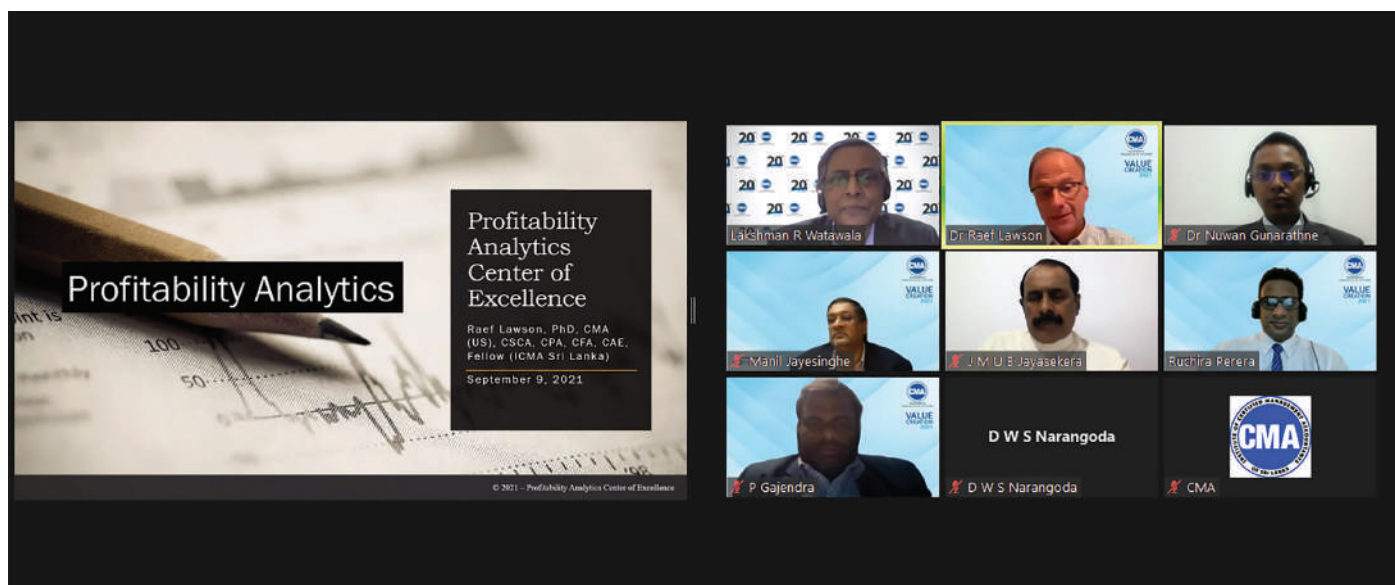
Inauguration – Monday, 27th September 2021

6.15-6.30pm	Log in	
6.30 – 6.35pm	Introduction	
6.35 – 7.00 pm	Welcome Address and "Role of Professional Management Accountants in Reviving the Sri Lankan Economy Post COVID 19 and Beyond".	Prof. Lakshman R. Watawala Founder President-CMA Sri Lanka
7.00 – 7.25 pm	Address by Keynote Speaker "A Strong Recovery, an Empowered Profession, and a Sustainable Future."	Mr. Alan Johnson President International Federation of Accountants (IFAC)
7.25 – 7.50 pm	Address by Chief Guest Reviving Sri Lankan Economy - COVID – 19 and beyond	Mr. Ajith Nivard Cabraal Governor – Central Bank of Sri Lanka Former State Minister of Money & Capital Markets and State Enterprise Reforms
7.50 – 7.55 pm	Award of Fellowship of the Institute of Certified Management Accountants of Sri Lanka to Mr Alan Johnson President International Federation of Accountants.	
7.55 pm – 8.05 pm	CMA Sri Lanka Business Excellence Awards 2021. Launch of Certified Management Accountant September 2021 Journal	
8.05 – 8.30 pm	Address by Special Guest Reviving the Economy Post-Covid – The Case of Singapore	Prof. Ho Yew Kee FCMA Associate Provost (Skills Future) Singapore Institute of Technology
8.30-8.40pm	Vote of Thanks	Mr. H.M. Hennayake Bandara, Vice President - CMA Sri Lanka and SAFA

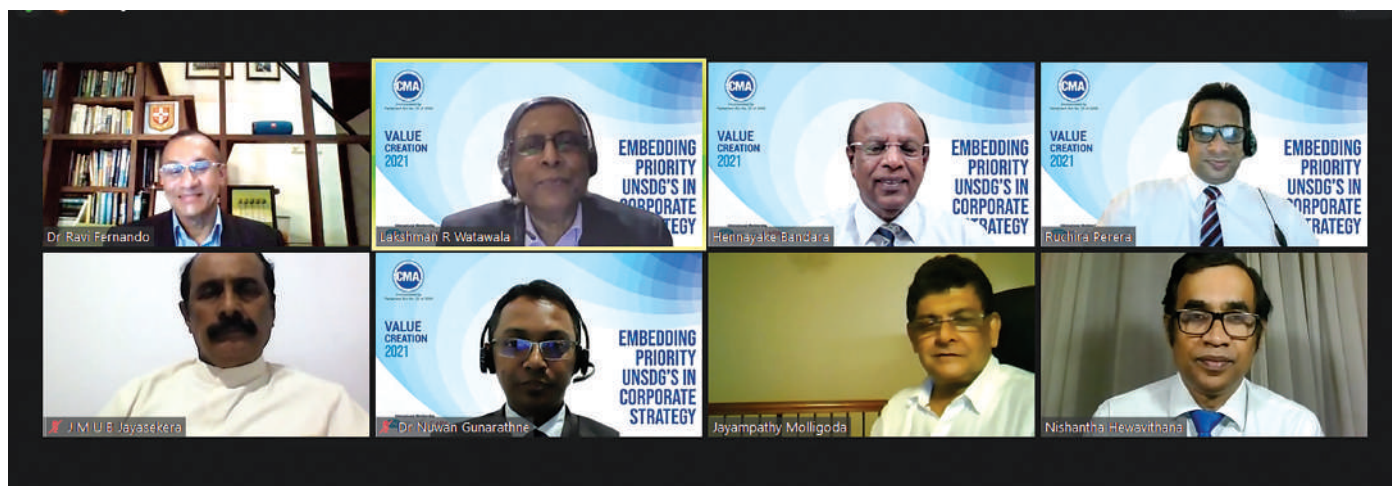
FINANCE ACT NO. 18 OF 2021 - (Granting Tax Amnesties) was held on 23rd September 2021. The welcome address was delivered by Prof. Lakshman R. Watawala, Founder President, CMA Sri Lanka. The presentation on 'FINANCE ACT NO. 18 OF 2021' - (Granting Tax Amnesties) was delivered by Mr. Athula Ranaweera, Managing Partner, Ranaweera Associates.



Profitability Analytics was held on 9th September 2021 and the webinar was conducted by Dr. Raef Lawson, Consultant and Former IMA(USA), Vice President of Research & Policy and Professor-in-Residence



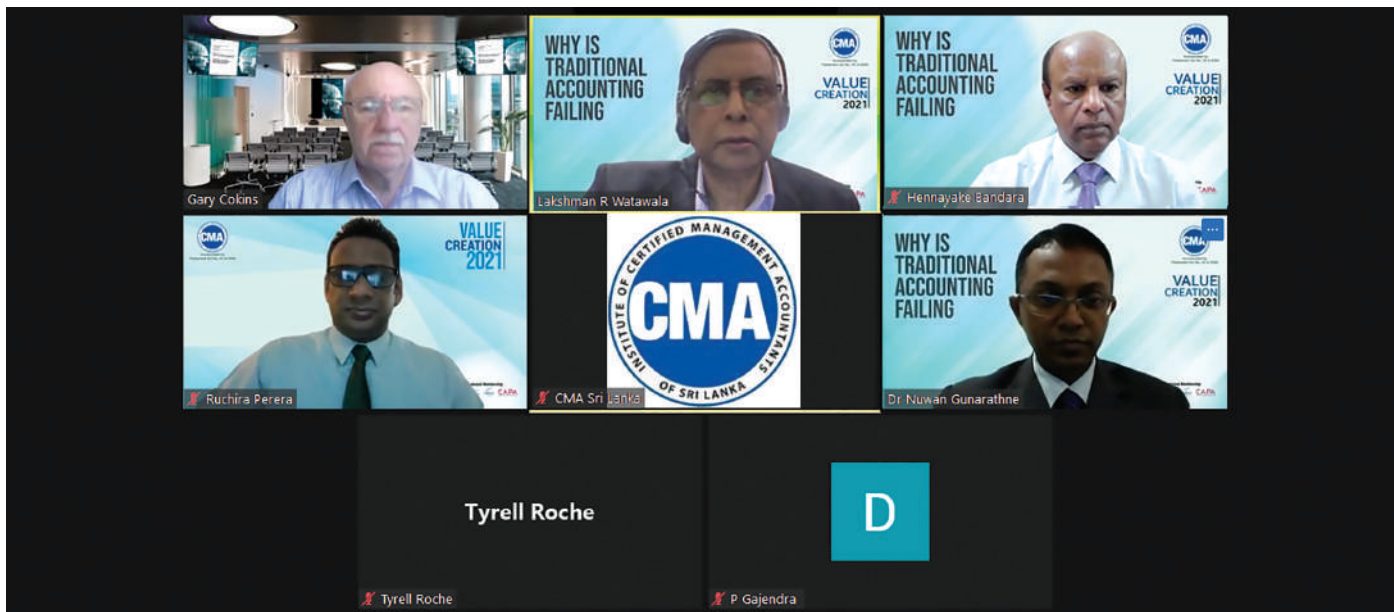
Embedding Priority UNSDGs in Corporate Strategy was held on 2nd September 2021 and the webinar was conducted by Dr. Ravi Fernando, Chairman / CEO Global Strategic Corporate Sustainability Pvt Ltd and Executive in Residence INSEAD (France)



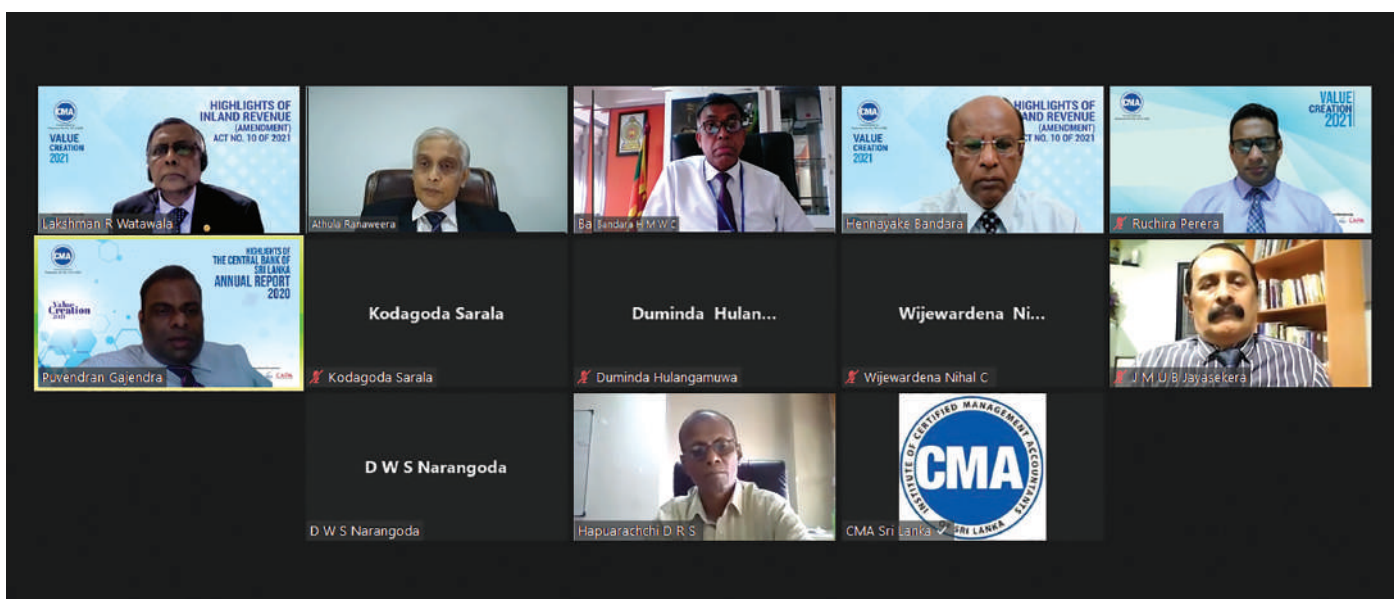
Strategic Mergers & Acquisitions for Business Growth was held on 19th August 2021 and the webinar was conducted by the Senior Management Team of National Development Bank Investment Bank (NDBIB) and it was jointly organized by Institute of Certified Management Accountants of Sri Lanka (CMA Sri Lanka) and National Development Bank Investment Bank (NDBIB)



"Why is Traditional Accounting Failing" was held on 12th August 2021 and the webinar was conducted by Mr. Gary Cokins, CPIM USA.



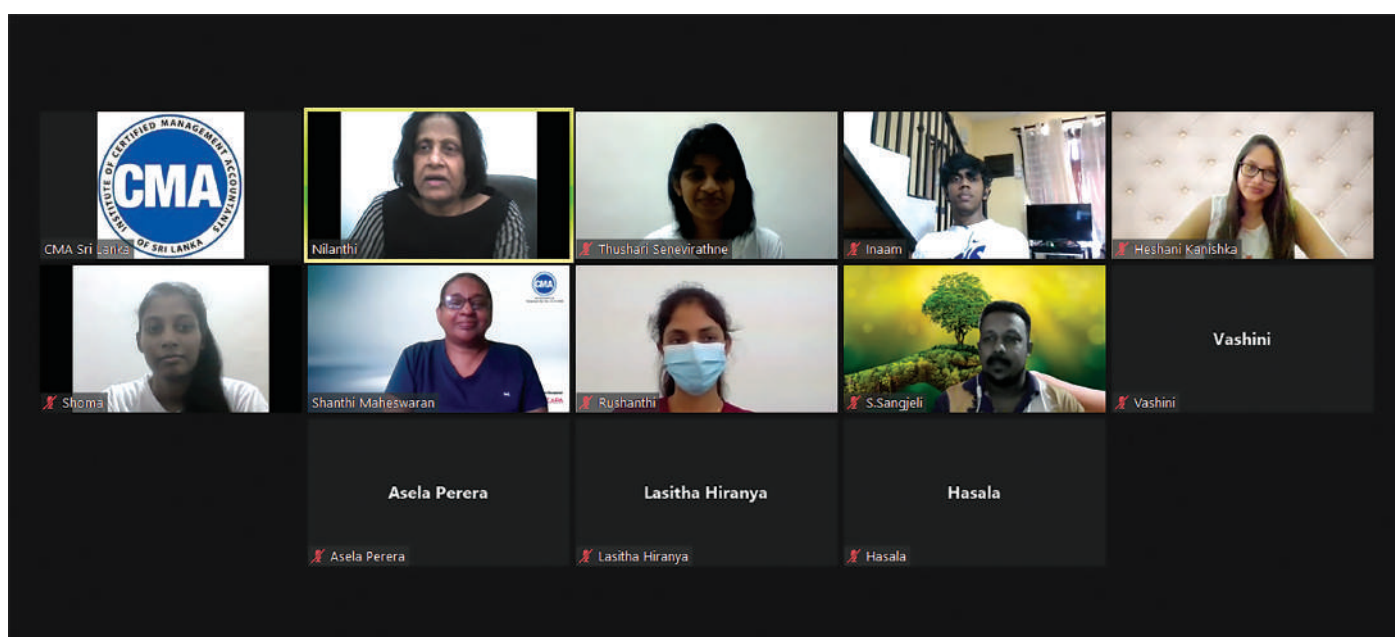
Highlights of Inland Revenue (Amendment) Act No. 10 of 2021 was held on 5th August 2021. The webinar was inaugurated by the Chief Guest Mr. H.M.W.C. Bandara, Commissioner General of Inland Revenue Department and the welcome address was delivered by Prof. Lakshman R. Watawala, Founder President, CMA Sri Lanka. The presentation on 'Highlights of Inland Revenue (Amendment) Act. No. 10 of 2021' was delivered by Mr. Athula Ranaweera, Managing Partner, Ranaweera Associates.



Management Accounting Education New Imperatives was held on 15th July 2021 and the webinar was conducted by Dr. Raef A. Lawson, Consultant and Former Vice President, Research & Policy, Institute of Management Accountants (USA)



Data Analytics/Visualization with Infographic Presentations was held from 18-20 and 23-24 August 2021 and the workshop was conducted by Ms. Nilanthi Jayawardena, Data Analytics Specialist, Effusions Learning Solutions.

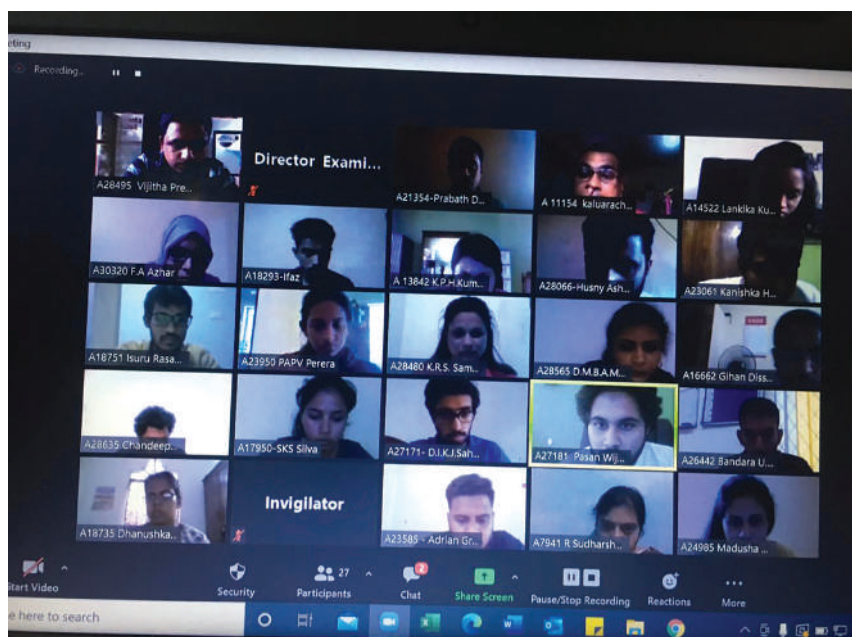


Update on Current Economic Challenges was held on 9th August 2021 and the webinar was conducted by Dr. Chandranath Amarasekera Director Economic Research Central Bank of Sri Lanka, organized by the CMA Sri Lanka COVID 19 SME Development Committee.



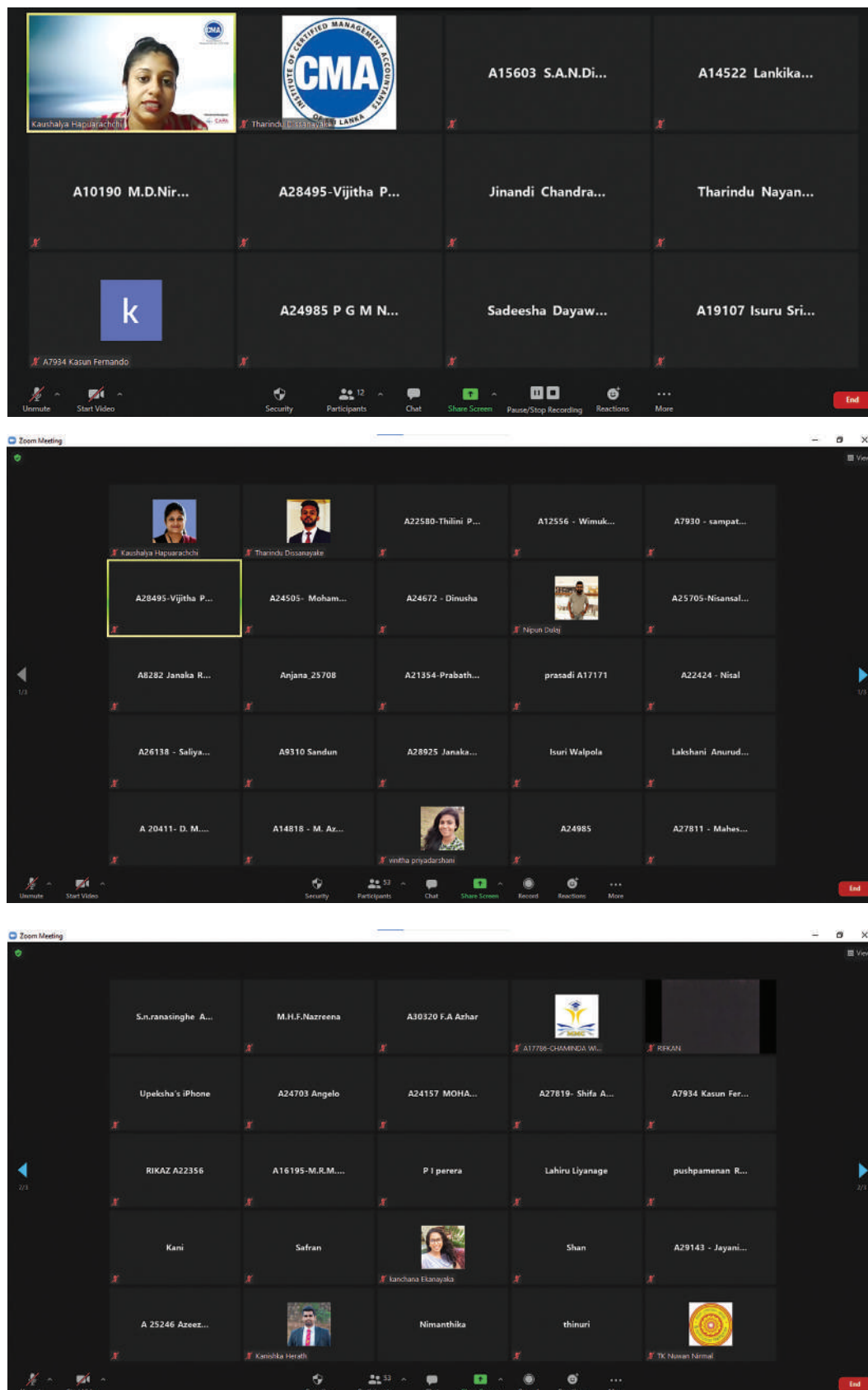
Virtual Examinations

As the forerunner in the field of Professional Management Accounting in Sri Lanka, it has taken initiatives to enable CMA students residing in Sri Lanka and abroad to continue their studies even amidst the disruptions brought forth by COVID-19 pandemic by introducing Center based and Online examinations. Students were allowed to take exams by visiting the computer center on student convenient, connecting to the computer center remotely and online. These examinations were conducted under strict supervision and invigilation to ensure the quality of assessment.



CMA Virtual Education

CMA Sri Lanka launched the Virtual Learning Platform on 19th April 2020 to facilitate the students during the lockdown period in order to face the CMA examinations



NOTE:
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