

MANAGEMENT TRAINING IN SRI LANKA

**A Strategy for the Bureau for Private Enterprise
of the U.S. Agency for International Development**

Report to the

Committee on Industrial Policy for Developing Countries

Commission on Engineering and Technical Systems

National Research Council

by

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The trip reports that constitute this document were commissioned by the Committee on Industrial Policy for Developing Countries, which intended to use them as working papers in a study of the state of management education and training in developing nations. The committee was originally charged by the Bureau for Private Enterprise of the U.S. Agency for International Development with recommending a strategy by which the Bureau could rapidly assist and spur private contributions to the improvement of management development in five selected countries. To understand the specific problems for current management development in the selected countries, and to generate a set of optional training approaches from which to distill its recommendations, the committee appointed teams of two or three consultants to conduct interviews and other research in each country and to provide trip reports.

As a result of changes in the scope of work requested by the Bureau for Private Enterprise in late 1982, the plans for the general study were scrapped, and two additional countries designated for team visits. The visiting team reports included herein thus represent the work of the individual team members and not that of the Committee on Industrial Policy for Developing Countries. They have not been subjected to the normal National Research Council review process, but are presented in the belief that the several optional courses of action conceived or identified by the authoring teams will be of interest and use to the Bureau and others concerned with its work and objectives.

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EXECUTIVE SUMMARY

The Bureau for Private Enterprise (PBE) could make substantial, demonstrable contributions to management development in Sri Lanka with relatively inexpensive efforts to guide and coordinate indigenous programs. We identified the following options:

1. that PBE supply a business formation/management consultant who will lecture, assist in course design, and assist in the consulting work of appropriate Sri Lankan organizations for one or two years at least
2. that PBE contract with a consortium of American academic institutions and consulting organizations that will reinforce current business training throughout Sri Lanka and seek to raise the number, competence, and prestige of business faculty
3. that PBE identify and publicize current tax and other incentives for U.S. publishers to donate out-of-print editions
4. that PBE channel current Sri Lankan enthusiasm about U.S. MBA-style education by soliciting and guiding a program of curriculum expansion at the University of Sri Jayewardenapura
5. that PBE hold a workshop in Sri Lanka on the direction of the country's commercial development, in which government officials are exposed to the views of Sri Lankan trainers and educators as well as U.S. and local business people.

Together, these efforts would address the evident needs to:

1. create more and better trained management scholars to serve as trainers
2. create more income-earning opportunities to make it feasible for them to remain trainers
3. bring more production and marketing knowledge into courses for aspiring and practicing managers
4. offer consulting and training to entrepreneurs
5. modernize program design and offerings through increased cognizance of actual private management practice
6. increase the availability and broaden the range of teaching materials.

INTRODUCTION

As part of a study for the U.S. Agency for International Development (AID) by the National Research Council's Committee on Industrial Policy for Developing Countries, a consultant team visited Sri Lanka to gather field data and background information on managerial manpower needs and management training resources. The AID Bureau for Private Enterprise (PRE) had requested the team's suggestions for a strategy and specific demonstration projects for management development. The bureau seeks to make visible contributions with rapid benefits for economic development by leveraging local private business activity. It can achieve this leverage by making market-rate loans, awarding matching funds, and otherwise assisting in planning and implementing projects.

The team of Avak Avakian, Vice President of Operations for the GTE Sylvania Systems Group, and Albert Shapero, Professor of the American Free Enterprise System, Ohio State University, visited Sri Lanka from August 26 to September 8, 1982. In carrying out its mission the team reviewed recent surveys of the state of management practice in Sri Lanka including a report by the Robert Nathan Associates on private enterprise development programs, a report by a team of Sri Lankan academics, "Management training for private enterprise promotion in Sri Lanka," university catalogs, government descriptions of educational offerings in Sri Lanka, and several proposals by public and private agencies for entrepreneurship development in Sri Lanka.

With the assistance of the U.S. AID Mission in Sri Lanka, interviews were conducted with providers of management education (universities, technical colleges, professional associations, and government agencies) and the supporters and consumers of management education and its products (government agencies, companies, and an industrial association). At the conclusion of the visit, the findings and impressions of the team were "tested" at a brain-storming session with key Sri Lankan officials, academics, professionals, and consultants, including the Secretary of the Ministry of Higher Education. (A list of those contacted is appended.) The team's most vivid impression from that session is that private and government leaders in Sri Lanka share no consensus on what sectors should form the vanguard

of commercial development. Despite that fundamental lack of clear national goals, which must be corrected, the session did on the whole corroborate the analysis we offer in this paper.

OVERVIEW OF THE COUNTRY AND ITS ECONOMY

Sri Lanka's 15 million inhabitants score well on many standard "quality of life" measures, yet the country's per capita income (approximately \$265 per annum) is very low. After 34 years of free or subsidized education, health care, food, energy, and transportation services, Sri Lanka can boast an adult literacy rate of 87 percent and a life expectancy at birth of 68 years. Unfortunately, these encouraging statistics mask the poverty and inertia that constrain economic development in the country.

Relations are sometimes strained between the Sinhalese-speaking natives, who make up nearly three-quarters of the population, and the Tamil-speaking descendants of Indian emigres, who constitute one fifth of the population. The Jaffna Tamils, whose ancestors came to Sri Lanka centuries ago, have continually expressed their discontent with the discrimination they perceive at the hands of the Sinhalese majority. Their expressions may become more violent if economic disparities between regions become more evident. The Jaffna Tamils and the somewhat smaller group of Indian Tamils (descendants of nineteenth century indentured workers) are primarily Hindu, which further distinguishes them from the predominantly Buddhist Sinhalese and from the Moslem Moors and Malays, who constitute about seven percent of the populace.

On the strength of its long history of plantation agriculture, Sri Lanka remains primarily an agricultural and trading nation. The current government, in office since 1977, has encouraged a more diversified economy by attracting export-oriented light industry. Incentives to establish manufacturing for export, particularly in the Investment Promotion Zone, are very generous.

The country has enjoyed accelerated, if not broad, economic growth under the current government. Agriculture remains overwhelmingly the predominant economic sector, with the processing of agricultural goods, apparel, and public service industries providing a significant share of gross domestic product.

Sri Lanka offers private industry other assets beyond the government's investment incentives. The labor force is generally healthy, well-educated, and low cost, and has a tradition of high agricultural productivity. The country has considerable hydroelectric power potential, a good location along trade routes between the Middle East and East Asia, good port facilities, tourist attractions, and some

mineral resources. Sri Lanka's weak points include poor internal transport, power, and telecommunications infrastructure, a shortage of local capital, and a dearth of qualified, motivated managers and willing technical workers.

The government is loosening its control over the economy and allowing freer play of market forces. Its objectives are to stimulate more rapid economic growth and, more importantly, raise employment. The government's strategy is built around three lead projects--the Investment Promotion Zone north of Colombo, a housing and urban development program, and the accelerated Mahaweli River hydroelectric/irrigation/resettlement program.

These and other endeavors have helped bring unemployment in Sri Lanka down to about 15 percent of the approximately six-and-a-quarter million workers, but have heated inflation to the 25-40 percent range and increased the budget and balance-of-payments deficits. Those deficits are likely to remain excessive over the next three to four years, because the Mahaweli project is now in its phase of greatest expenditures. The prospect of widening deficits raises the importance of export performance for Sri Lanka and, correspondingly, reinforces the government's commitment to private sector development.

NEED FOR MANAGEMENT DEVELOPMENT

The consensus among those contacted was that there is a critical need for management development at all levels. There is a need for new managers in the expanding industrial sector as well as to satisfy the needs of public enterprises and government. Middle and top managers need further education to enable them to deal with expanding organizations at both the national and international levels. Sri Lanka also requires courses in entrepreneurship development to spur the creation of indigenous businesses.

The growing number of existing and proposed management development efforts within the country illustrates that Sri Lankans perceive these needs. There is a burgeoning of course and program offerings in economics and commerce by the universities, technical colleges, professional associations, and government agencies. The small community of current private sector managers are contributing to these efforts as lecturers. In addition to the growth of traditional business and economic programs, the team identified seven existing or proposed programs for entrepreneurship development.

Developing a sufficient pool of qualified managers to run businesses in Sri Lanka will be difficult because of:

- staff shortages, faculty salary and employment conditions, and inadequacy in university programs
- lack of a realistic development planning framework among businessmen and concerned government ministries
- specific gaps in management offerings
- disjointed or irregular course offerings
- critical shortage of educational materials (books, journals, and equipment) of all kinds

STAFF

The staff shortage manifests itself in two ways: insufficient staff in all educational institutions, and a serious need to further develop the staff that is on hand. Lack of staff is the most critical problem facing any effort to develop management education in Sri Lanka. The

team was told this consistently by government and university officials and by professors. All acknowledge the need to increase staff numbers and proficiency.

To illustrate, permanent staff devoted to business-associated teaching at the three major universities is on the order of 50 instructors and professors. Visiting local staff drawn from industry and government is on the order of 70, and visiting foreign professors who come for two to four months number approximately 10. Non-academic organizations offering management training, including the Institute of Chartered Accountants and the National Institute of Business Management, have about 50 permanent staff, but the majority of these also do consulting, contract research, and computer services.

The students enrolled in diploma and degree level business education (the diploma being a one or two year post-high-school degree) number approximately 1,500 in 1982. Of these, diploma students are the overwhelming majority. Graduate education in management exists only at the University of Sri Jayewardenapura (in the vicinity of Colombo), the nation's second strongest university, and in night courses at the University of Colombo. At present, Sri Jayewardenapura has 30 MBA students, 12 candidates for the Master of Public Administration, 380 students pursuing the Bachelor of Business Administration, and 810 Bachelor of Science students. The night MBA program at the University of Colombo has 80 enrollees.¹

The desire for a better career draws close to 14,000 participants annually to short courses and correspondence programs, including 11,500 to the licentiate courses of the Institute of Chartered Accountants. Despite the critical limitation of faculty, several organizations have plans to start or expand higher degree programs in management. The numbers indicate some measure of the demand for management education in the country, which is limited by the number of faculty available. There are several factors aggravating the shortage of staff. Though the country's general level of education is high, not many graduates are in fields related to business or management training.

It is difficult to retain permanent teaching staff in any of the institutions because of the very low levels of pay. Professors pointed out they were teaching students from industry, 60 percent of whom are earning 3-5 times the academic salaries. University professors receive salaries on the order of \$1,500 per year while MBAs entering industry command \$5-6,000 per year. The team found many instructors whose qualifications entitled them to higher salaries. These teachers are likely to enter industry because of the differentials in pay. The opportunities to enhance academic pay by consulting are limited; furthermore, the employment conditions of university staff are such that it would be almost impossible for them to consult if they had the opportunity. Teaching hours are essentially 9 to 5, and no extra pay can be earned by taking part in additional, special teaching programs within the university system.

A special problem in Sri Lanka is the large, visible demand for skilled Sri Lankans to work in the Persian Gulf countries and Africa. The earnings of Sri Lankans outside the country constitute the second largest source of foreign currency for the country. (Plantation

exports, led by tea, provide the most of any source.) During the team visit there were full page ads in a local newspaper for skilled and professional workers at all levels that offered complete maintenance (housing, medical care, subsistence, trips home, etc.) plus salaries in U.S. dollars. One ad sought academics for university/polytechnic level teaching positions in Nigeria. Positions were offered for all academic ranks, and in all management and business subjects.

In addition to keeping its professors in the classrooms and its graduates in the country, Sri Lanka must raise the competence of its management teachers. There is a consensus that faculty has to be upgraded. In answer to the team's question, "What is the highest priority in management education in Sri Lanka?" the answer was always the same, "We need to train the trainers." When asked for more specifics, the respondents cited a need for existing and potential faculty to improve pedagogic skills and their knowledge of content. Only a handful of the permanent faculty members hold doctorates, and a number have masters degrees. Many faculty hold only a bachelors degree.

Permanent management science faculty at the University of Sri Jayewardenapura totals 39 instructors, including four Ph.D.s and 13 masters degrees in management and allied subjects. A few of these instructors have trained in the United States. Typically, six members of the staff are abroad studying for higher degrees on foundation or host government grants (with a high probability that not all will return). This appears to be by far the best educated academic faculty in terms of degrees held. Colombo University, which has instituted an evening MBA program, draws its faculty from local professionals in government and business organizations.² Sri Jayewardenapura is the only full-time program. Its location makes it useful and visible for business and government decision makers, and it has the support of many leaders in the president's party. The team therefore believes it to be the only reasonable location for much of the assistance we suggest.

Employers in Sri Lanka complain often that present faculties and the graduates they produce are too theoretical and unprepared for the realities of management. This is a criticism heard in the United States too, but, unlike the United States, there is little chance in Sri Lankan government or industry to orient or continue the education of the newly hired graduate. Only one or two organizations in Sri Lanka (e.g., Lever Brothers) have a tradition of training new employees as many firms do in more developed countries such as Thailand or Korea. There is very little interaction between permanent faculty and industry, and this is reflected in educational offerings that are not in tune with the realities of management in Sri Lanka.

A top industrial executive in a major transnational firm, which has been in Sri Lanka for decades, stated, "With every year we find it more and more difficult to get the sort of people we want. Universities seem to produce very few of the very bright who want to join us. They'd rather go abroad for advanced degrees, and then opt for

top government positions or a faculty appointment." There is a strong need to find institutional means for bringing faculty closer to industry in both experience and perception.

LACK OF A REALISTIC DEVELOPMENT PLANNING FRAMEWORK

The team found no formal, organized, operative, industrial development plan that might provide a framework for considering management needs systematically. There appeared to be a consensus among our interviewees that the primary focus should be on industries that add value to agricultural products, particularly industries that would make use of such large commodity crops as rubber. Sri Lanka does not yet have basic processing plant commensurate with the size of its tea, rubber, and coconut crops. Consonant with a focus on agriculturally based industries was a stated desire to develop more entrepreneurs and line managers for agribusiness in the regions outside Colombo. Though most agreed that agriculturally based industries had priority, there was also strong interest in developing any other kinds of industries that would take root. Despite the foregoing consensus on agriculture, there were no specific types of processing and no identifiable target sectors that could be used as a basis for determining the numbers and kinds of managers needed. Moreover, there appeared to be little contact between management educators and policy makers who together could set targets.

SPECIFIC GAPS IN MANAGEMENT OFFERINGS

Top managers in large and small companies and top government officials commented on the serious lack of marketing consciousness and skills among graduates of Sri Lankan management education programs. Part of the deficiency is attributable to the ideological bias of the previous socialist government; officials believed that marketing was completely unnecessary and dishonest. Another reason for this deficiency is the heritage of the country's colonial, plantation economy which had little requirement for marketing in the ordinary sense. For instance, Sri Lanka's tea is still brokered by traditional tea companies, blended in other countries, and marketed by British companies. The same is true of rubber, another major export.

The management offerings in Sri Lanka today are subject to the criticisms reported above. Typically, course offerings are strong on economics, quantitative methods, decision making, and personnel, but are lacking or weak in marketing and production--the selling and making of things, the very essence of business. Though they are taking steps to overcome the gap in marketing, until now the MBA program at the University of Sri Jayawardenapura did not include courses in marketing. Very little was noted in the way of production offerings at the university level. The only full-time production/industrial engineering degree offered is at the University of Peradinya, with 30

students enrolled. The only other industrial engineering program that the team could identify was that of the National Institute of Business Management, a one-year course given on Saturdays.

Since the country has little manufacturing, the lack of production education is not yet seen as a gap by the Sri Lankans. However, if Sri Lanka is to achieve industrial growth, the team believes that the country needs training programs in production. Dr. Pathuwathavithana, Vice Chancellor of the University of Moratuwa (one of the good engineering schools) believes there is a strong need for foreign assistance and expertise in production and industrial engineering.

Finally, the government is trying to make public-owned companies more profitable. This will increase the demand for managers, if not also the breadth of managerial skill needs. Training institutions may benefit by designing courses for bureaucrats who must now operate under the profit motive.

CURRENCY OF OFFERINGS

The management offerings in Sri Lanka are extremely uneven in terms of currency of course content. The many entrepreneurship development programs suffer from outdated program design and course content. That training materials and concepts are outdated is attributable to: (1) critical shortages of books and journals throughout the country, and (2) limited contact with current research in the many fields included under the rubrics of management and entrepreneurship.

CRITICAL SHORTAGE OF EDUCATIONAL MATERIALS OF ALL KINDS

The shortage of management-related educational materials in Sri Lanka is critical. The total holdings of the six major institutions in the country are 21,612 volumes of books and journals.³ The acquisition rate for new materials is extremely low. The librarian at one institution is able to obtain only 220 new volumes each year through such agencies as the USIS, the British Council, and the Asia Foundation. It is obvious from visual inspection that the present meager holdings at Sri Jayewardenapura and other schools cover only a limited spectrum of their fields. Available materials show extensive wear from heavy use. Teaching aids, such as overhead projectors, are practically nonexistent. Case study texts depict the experiences of U.K. and U.S. rather than Sri Lankan firms.

The scarcity of educational materials means both faculty and students are cut off from the flow of management ideas. The fewer the books and journals available to faculty and students, the more likely it is that they will operate from a limited subset of the ideas available. A comment made several times was that, because of tradition and the shortage of available materials, the educational process now consists of taking, reviewing, and reiterating lecture notes: not the best mode of education. Despite the difficulty, this pattern ought to be broken.

CRITICAL NEED FOR PROFICIENCY IN ENGLISH

Our interviewees agreed that English proficiency is the sine qua non of management development and practice. Because of nationalistic and ideological forces, Sri Lanka experienced a 15-year period in which English was downgraded and, in some cases, eliminated from the educational system and replaced by Sinhalese and Tamil. All expressed the opinion that the country has paid a terrible price because of this 15-year gap. English is the language of international business and is necessary to operate at any but the most local level. Moreover, English is necessary for access to 90 percent or more of the management and technology literature of the world. The gap in English education has also meant a missing generation of English teachers.

In Sri Lanka today, a graduate's proficiency in English spells the difference between obtaining and not obtaining employment in industry and government. As a consequence of the demand, private English language academies have sprouted throughout the country. These are drawing many applicants, despite the inconsistent quality of their educational offerings. A center for the teaching of English as a second language, supported by the Asia Foundation, is located at the University of Moratuwa.

Because of its size and range of expertise, the Bureau for Private Enterprise is not well suited to contribute in efforts to raise basic English proficiency. However, it may help make management more contemporary and competitive by providing English language business instruction to those who can benefit from it.

SOME SPECIAL SRI LANKAN CONDITIONS ON WHICH TO CAPITALIZE

There are some special conditions in Sri Lanka that provide opportunities in management and entrepreneurship development and that should be taken into account in any discussion of possible PRE programs.

- There is a large body of competent, educated, educable manpower made up of university arts and humanities graduates, 80 percent of whom are unemployed. Many of those people from outside the cities became arts students because of the poor math and science education available to them as children. With their college education, they are now candidates for management training. Indeed, a Sri Lankan graduate is the product of a very tough selection process applied to a very large number of applicants. Typically, last summer 53,000 applicants sat for a physics examination required for entry to the science and engineering curricula of the country's six universities. Only 2,500 were to be accepted. Unemployed arts graduates have survived a similarly selective process. They are prime candidates to be retrained for managerial positions through rapid, intensive training. Demand for such training is evident in the over-subscription

of existing correspondence and short courses. A successful program design for retraining women arts graduates has already achieved a 70 percent job placement rate, and can serve as a guide for larger undertakings. Moreover, the government will welcome a program that addresses the growth of the educated, unemployed elite, whose demonstrations of frustration can threaten political stability and progress.

- There is a large and growing group of returnees from contract work in other countries who have demonstrated initiative, acquired valuable work experience, and accumulated large amounts of savings. Many of them put their money into land or capital for a service business (such as mass transit) rather than return to their technical professions. This is a prime group for entrepreneurship, as some leaders in Sri Lankan education have recognized, and a number of the existing and proposed entrepreneurship development programs are aimed at this group.
- Bankers we interviewed expressed their interest in providing capital for new ventures, thus removing one of the prime barriers to new company formation. The Bank of Sri Lanka identifies potential entrepreneurs by surveying their personal bank records. Some Sri Lankan business people disputed, however, that the banks are sufficiently willing to lend.

IDENTIFIED PROGRAM OPTIONS

Sri Lanka provides a particularly sanguine opportunity to field programs that fit the criteria set forth by AID's Bureau for Private Enterprise. Further, the Sri Lankan situation is such that relatively small, carefully placed efforts by PRE could achieve rather large, demonstrable results by taking advantage of currents already at work within the country.

ENTREPRENEURSHIP DEVELOPMENT PROGRAM

One possibility is that PRE establish an entrepreneurship development program that will provide expert assistance to the many existing and proposed entrepreneurship development programs, fund selected programs, and help coordinate existing and proposed programs. The bureau should provide guidance in program design and offerings to current and proposed endeavors such as those summarized in Appendix B of this report.

All existing Sri Lankan entrepreneurship programs may benefit from an infusion of what has been learned about entrepreneurship in recent years through research and practice. Further, it could be useful for a neutral outsider to coordinate and provide quality control for the many diverse programs being launched in the country.

One proposal is that an expert business formation/management consultant be provided to Sri Lanka for a period of one year, followed by an assessment to determine whether there should be a second year or more of expert assistance. If a qualified person is not available for one year, it may be necessary to provide more than one person on a six month basis. The expert could be located at one of the existing institutions but could lecture, assist in course design, and consult for programs throughout the country.

Perhaps the best location for the expert would be the University of Sri Jayewardenapura (USJ), which already has facilities for visiting staff. While helping USJ's academic efforts, the consultant would have easy access to the program of the Open University, because Professor Hema Wijewardene of USJ is a key figure in the Open University program and is enthusiastic about the idea. The team anticipates that the consultant could also teach and consult for the programs of the

Industrial Development Board (IDB), the Chamber of Small Industry, the Bank of Ceylon, the Greater Colombo Economic Commission (GCEC), and the National Institute of Business Management (NIBM).

Two current proposals by the IDB (to UNIDO) and by the Sri Lanka Chamber of Small Industry (to the AID Mission in Sri Lanka) are worthy of consideration for funding. Funding current proposals, wholly or in part, may provide PRE a short-cut to demonstrable outcomes as well as the means to leverage Sri Lankan business support for the efforts of the expert consultants.

The IDB plan is important in that it proposes a center located in Kandy to focus on rural and agricultural entrepreneurship throughout the country. The demonstration effect of a successful institution outside the capital would contribute significantly to the overall development of the country.

The Chamber's proposal fills in a different part of the economic map, concentrating on the development of industrial or manufacturing entrepreneurs in Colombo. The plan will be carried out under private industry sponsorship and will concentrate on companies that can initially operate as subcontractors to existing companies, thus serving existing markets while achieving import substitution.

DEVELOPMENT OF MANAGEMENT EDUCATION OR "TRAINING THE TRAINERS"

We also identified the possibility of PRE instituting a program to develop current and potential educational staff in Sri Lanka and to assist the development and upgrading of management offerings. The approach could be to provide expert assistance and educational materials.

There is widespread agreement in Sri Lanka on the need for expert assistance in the development of management (all business subjects), production, and industrial engineering faculty and offerings. Expert consultation should be made available to more than one institution at a time. Current relationships have been restrictive, with U.S., Belgian, Canadian, or Dutch professors coming to Sri Lanka on university to institution arrangements or Fulbright fellowships to teach and advise on course content. One option we propose is that expert assistance be funded to develop business and industrial engineering faculty in several institutions.

As in the entrepreneurship development program, the team also reviewed the possibility of having the staff development program sited initially at an existing institution, perhaps the University of Sri Jayewardenapura or the Institute of Chartered Accountants, but made available to all of the country's educational institutions. Taking a countrywide perspective, the project could create a forum for exchange and research on management. After about one year, the program should be able to establish individual consultants at particular institutions such as the Institute of Chartered Accountants, which is looking for a foreign expert to head up and develop its educational efforts, and should seek to continue indefinitely.

The program could be managed by a single educational institution or large consulting organization in the United States, but could draw upon the resources of more than one U.S. institution to provide the best trainers available rather than whoever happens to be on hand. The initial program could provide expert consultants in general management, marketing, and production education for a one-year period (one person in each area for one year or multiple experts for shorter periods). The ideal project leader would be a competent, retired dean of a business school.

Assistance of this sort could offer progress against a number of problems. Faculty competence, program design, and course design could benefit from exposure to new ideas. The numbers of relevant course offerings for working managers could be expanded. Moreover, as suggested above, more marketing and production practice could be brought into the classroom.

INCREASING AVAILABILITY OF MANAGEMENT TEXTS

To maximize the benefit of better-prepared educators, Sri Lanka should substantially increase the amount and breadth of books and journals available in educational institutions. Though the USIS does provide a limited number of new books each year, we envisaged the option of AID contacting textbook publishers with a proposal to pay for the shipment to Sri Lanka (and other countries) of discontinued editions of relevant textbooks on a regular basis. It is likely that publishers could donate the books and obtain tax advantages or provide them at very liberal discounts.

SUPPORT FOR A MODEL MBA PROGRAM

There is a demand (and perhaps even a need) for a first-class MBA program in Sri Lanka to help develop higher level management capabilities in both industry and government. The first priority in management education is certainly at the diploma and bachelors levels, simply to provide the managers that will be called for in the country. There is, however, a longer term need for managers with a cosmopolitan outlook who are capable of conducting international business. The need for cosmopolitan managers was forcefully expressed to the team by Mr. deLanerolle, the head of the Export Development Board (EDB), who stated a willingness to provide full-time students from the EDB and to fund research projects for a first-class MBA program.

The interest of the EDB provides an opportunity to channel enthusiasm in the country towards a needed component of the overall management development system of Sri Lanka. Sri Lanka needs business faculty who can set new standards of quality and modernity. Combining full-time students who have managerial experience at the EDB with funding for research may create a natural matrix for development of that business faculty.

The University of Sri Jayewardenapura is the most appropriate candidate for project support. Assistance could be aimed at expansion of the university's program in terms of faculty, expert consultation on staff development, teaching materials, and curriculum (see above), and possible establishment of a program in Colombo in addition to the university's current offerings at Nugegoda.

The Bureau for Private Enterprise could bring EDB and university officials together to draft a proposal for expansion of the current MBA program. The academic consultants used for the Training the Trainers program proposed above may be able to assist in implementation. Bureau for Private Enterprise funds could be used for a full-scale planning effort and to get the program started.

ESTABLISH PLANNING TARGETS FOR MANAGEMENT TRAINING

We also identified the possibility of PRE and the AID Mission organizing and conducting a workshop conference on investment in Sri Lanka that would include representatives of large and small U.S. business, relevant Sri Lankan officials, academics, businessmen, and appropriate U.S. government professionals and consultants. The workshop conference would address the potential for growth in industries related to Sri Lanka's current resources and output. Businessmen could be chosen who can discuss the manpower, skill, and capital needs for (1) value-adding businesses that use Sri Lankan materials and (2) infrastructure building businesses. Sri Lankan government officials probably would see, as the team did in meeting trainers and businessmen, the current enthusiasm for training as well as the gaps in current training resources and plans. Having held a smaller-scale, lower-level, "brainstorming" session of this nature before leaving Sri Lanka, the team believes that this exercise may elicit some realistic ideas about the country's development targets. The results could be used to project management manpower and education needs.

It is not feasible to specify the types and sizes of management development programs to be undertaken without some realistic notion of the number and types of positions to be filled by the graduates of such programs. Aside from the obvious difficulties in trying to estimate the extent and timing of management offerings, there exist particularly sensitive political aspects. A program to retrain arts graduates as managers is envisaged below. Such a program could do much good, but there is also a potential danger in putting unemployed arts graduates through another educational experience that results in a second round of frustration. The conference may thus be a necessary precondition for the program proposed below.

PROGRAM TO RETRAIN ARTS GRADUATES AS MANAGERS

A program for retraining arts graduates as managers and as specialists in such fields as computer programming could be designed, supported with expert consultation, and given initial funding by PRE and the

Mission. The program has the advantage of being able to build upon efforts already funded by the AID Mission in Sri Lanka in the form of a program to retrain women arts graduates. The latter program is impressive in its results (over 70 percent of the women were employed in their new professions and the placement program continues) and has been recorded and evaluated conscientiously so that its lessons are on record.

A program to retrain arts graduates could rely on several educational approaches with a view to having the Sri Lankan government take over and continue the effort. The program could include residence programs, weekend programs, short courses, and Open University courses, making full use of what has been learned in the program to retrain women arts graduates (through Ms. Perera, the project director of that program) and making use of experience gained in the United States with programs to retrain humanities Ph.D.s. The head of the Open University and the head of the NIBM could be enlisted to assist in conducting this program.

Dr. Bandithenathe, the Vice Chancellor of Peradenya University (the premier institution of the country), has expressed interest in conducting such a program. The University could provide residence facilities (a scarcity at other sites) to participants. The team strongly advises PRE to make use of this fine institution, in part, because it is in Kandy near the center of the country rather than in the capital.

This should be a demonstration project with provisions for evaluating results and incorporating those results in a revised program design that the Sri Lankan government can carry out.

PRIORITY OF PROPOSALS

The team has given priority to programs that meet the following criteria:

- a clear response to the objectives of PRE,
- potential for showing results in the short term (one or two years) as well as having long term value, and
- a good fit with existing Sri Lankan efforts or conditions.

In terms of these criteria, the first two identified program options have priority and should be implemented as soon as possible. Entrepreneurship development is proceeding apace in Sri Lanka, and PRE should act quickly to take advantage of the interest and momentum in order to make an effective contribution and to have a significant shaping effect on the programs. The need to develop management education staff and materials is persistent, pervasive, and should be filled as a precursor to any other management development efforts. The program to develop a model MBA program, our third identified proposal, has no urgency, but is one for which Sri Lankans perceive need and one which is amenable to immediate response. The proposed workshop conference for encouragement of U.S. private investment in Sri Lanka and the development of management training targets could have high priority and be a precondition to the program for retraining arts graduates.

NOTES

1. Many of the statistics on management education in Sri Lanka are drawn from the report, Nanayakkara, Gunapal, Management training for private enterprise promotion in Sri Lanka, August, 1982, University of Sri Jayewardenapura.
2. Ibid.
3. Ibid.

APPENDIX A

List of People Interviewed

Sri Lanka Chamber of Small Industries:

**M.D.P. Dias, President (also member of Governing Board, Ceylon
Institute of Scientific and Industrial Research)
U. Hulugalle, Management Consultant**

University of Sri Jayewardenapura:

**H. Wijewardene, Dean, Faculty of Management Studies and Commerce
(also Coordinator, Institute of Workers' Education)
Professor Nanayakkara, Faculty of Management Studies
Professor Wimaltisse, Faculty of Management Studies**

Bank of Ceylon:

**S.S.B. Elwela, Senior Management Consultant (Entrepreneur
Division), Management Consultancy Division
Mr. Jinasena, Merchant Bank Division**

Institute of Chartered Accountants of Sri Lanka:

**G.L.B. Wijesinghe, President
D.C. Dyayesekra, Member of Council (President, 1975-81)
S. Sivagam, Member of Council
L. Perera, Secretary
V. Kailasapillai, Vice President, 1978-9**

U.S. Embassy:

J. Blodgett, First Secretary for Economic and Commercial Affairs

Ministry of Finance and Planning:

**W.S. Nanayakkara, Director, International Economic Cooperation
Division and Member of Foreign Investment Advisory Committee**

Sri Lanka Export Development Board:

**A. deLanerolle, Chairman
S. Kulatunga, Director General**

Lever Brothers (Ceylon) Ltd.:

S. Jayawardene, Deputy Chairman

The Colombo Stock Exchange:

D.C. Gunsekera, General Secretary

Sri Lanka Industrial Development Board:

**Abdul Rahmin, Director General
W.A.J. Anton Fernando, Director, Management Development
Mr. Karunaratne, Management Development Agent
Mr. Rajabaski, Engineer**

University of Moratuwa:

Dr. C. Patuwathavithane, Vice Chancellor

Open University of Sri Lanka:

**P.D. Gunitilake
H. Wijewardene**

National Institute of Business Management:

**F.B.P. de Silva, Chairman and Director General
M.C. Mathupala, Deputy Director General**

University of Peradeniya:

**Dr. Bandithenathe, Vice Chancellor
Dr. A. Thurairajah, Dean, Faculty of Engineering**

University of Peradeniya (continued):

Dr. C.L.V. Jayatilleke, Professor and Head of the Department of Mechanical Engineering
Dr. Ranatunga, Professor and Head of the Department of Production Engineering
Dr. B. Hewavitharana, Professor of Economics and Head of the School of Commerce

Ministry of Higher Education:

Dr. Stanley Kalpage, Secretary
M.C.J. Fonseka, Director, Technical Education

Ministry of Finance and Planning, Treasury:

C.P. Chanmugam, Deputy Secretary

Ministry of Telecommunications:

A. Gunaseckara, Coordinating Secretary

GCEC Investment Promotion Zone:

T. Wijardane
R. Newell, Project Manager for Harris Corporation
C. Akasaka, President, Cirindo International Company, Ltd.

Sri Lanka Federation of University Women:

Mrs. Perera, Project Director

U.S. AID Mission, Colombo:

S.J. Littlefield, Director
W.P. Schoux, Deputy Director
O. Silva, Special Assistant to the Director
J.R. Meenan, Assistant Project Development Officer ,

APPENDIX B

Summary of Sri Lankan Proposals for Entrepreneurship Training Programs

Sri Lanka Chamber of Small Industry Proposal to U.S. AID-Colombo: The Sri Lanka Chamber of Small Industry is a non-profit organization. It represents its members' interests to the government and the public and pursues programs for advancing the growth of free enterprise in Sri Lanka.

The Chamber proposes to offer entrepreneurship training as part of an integrated program to provide business consulting and advocacy and to expand its membership and effectiveness. The three to five year goals of the program include: establishment of an Entrepreneur Development Institute as part of the Chamber and establishment in half of the viable high schools and colleges in the country of a program on the model of Junior Achievement in the United States.

The Entrepreneur Development Institute would design and implement pragmatic curricula, focusing on the managerial needs of both the aspiring and active entrepreneur. For potential entrepreneurs, the training curricula would use a package of seminars, home study courses, and factory/office visits. This level of training would culminate when the individuals who decide to pursue business ventures prepare their own detailed business plans for submission to a bank for financing. For current entrepreneurs, training will include seminars and home study courses aimed at improving individual skills.

The complete Entrepreneur Development Program will consist of six interrelated activities.

1. Training: both individualized and general, covering the spectrum of small and medium scale industrial management
2. Advocacy: representation of both the individual's and the small and medium scale industries' needs before governmental and large private sector institutions
3. Follow-up: monitoring an individual's business and management progress from the inception stage
4. Outreach: aggressively marketing the Chamber's program services throughout Sri Lanka to increase membership
5. Business Management Consultancy: helping individuals diagnose their businesses' problem areas, and linking these individuals with appropriate external resources specializing in professional management services

6. **Technical Consultancy:** assisting individuals in identifying specific technological business needs and linking them with appropriate professional services

These services will be administered by a Program Coordinator under the guidance of a Management Committee. The Management Committee will consist of active members from the Chamber of Small Industries who will ensure that the program's intended goals are implemented by the staff in an effective and efficient manner.

Further professional staff will consist of a training director, an administrative assistant, and at least three advocates. The training director will be responsible for identifying qualified training staff, contributing to course design, and otherwise implementing the training elements of the program. The advocates will provide individualized attention to Chamber members, including assisting in the design of company-specific courses, monitoring business performance, diagnosing problems areas, identifying needed resources, and articulating their needs before the Chamber, government, and elsewhere.

Industrial Development Board Proposal to the United Nations Development Program (UNDP): The Industrial Development Board (IDB) is a statutory body under the Ministry of Industries and Scientific Affairs. Its proposal puts too much emphasis on the construction of a building (a training center at Pallakelle, near Kandy, at the center of the country), but it merits some attention because it would bring training to a population center other than Colombo.

The IDB proposes to design a four-week training program, which it will offer four times each year, and to supplement this basic program with industry-specific and "training the trainers" courses. The Institute of Small Industries of the University of the Philippines will assist in course design. Aspiring entrepreneurs would reside at the Institute during the four-week full-time course. The course would also be offered around the country in half-day sessions for practicing managers. In all, the IDB projects that 60 new entrepreneurs and 60 practicing managers would receive the standard training each year.

That standard training would have the following elements:

- a motivation module
- an entrepreneurship and external environment module, treating sources of assistance to small business and relations with government and banks
- a business management module, treating general management principles, marketing, production, accounting and finance, personnel, and project development
- a simulation exercise
- film presentations
- plant visits

The IDB has applied for Sri Lankan government and UNDP funds for establishing the training center and for subsidizing tuition.