

VOLUME 04

July 2026

www.cpm.srilanka.org

ISBN 978-955-3729-02-6



9 789553 729026

ISSN 2279 - 3763



9 772705 996001

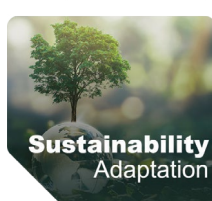
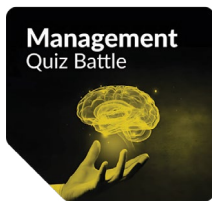


THE INSTITUTE OF
CHARTERED
PROFESSIONAL MANAGERS
OF SRI LANKA

CHARTERED MANAGER



Our Value Propositions



THE INSTITUTE OF CHARTERED PROFESSIONAL MANAGERS OF SRI LANKA

(CPM Sri Lanka)

The Institute of Chartered Professional Managers of Sri Lanka (CPM Sri Lanka) stands as a premier professional body dedicated to advancing the science and practice of management in Sri Lanka. With a strong legacy of nurturing leadership excellence, CPM Sri Lanka has consistently played a transformative role in shaping competent, ethical, and forward-thinking professionals who contribute meaningfully to national and global development.

At the heart of CPM Sri Lanka's mission lies a commitment to elevating professional standards across industries by promoting best management practices, continuous learning, and innovation. Through its structured 'Chartered Professional Manager' professional qualification pathway, from foundational to chartered levels, the institute empowers individuals with the knowledge, skills, and strategic mindset required to thrive in today's dynamic business environment. Its flagship membership designation, the Chartered Professional Manager, reflects a benchmark of excellence, integrity, and leadership capability.

CPM Sri Lanka actively engages with the corporate sector, academia, and policymakers to bridge the gap between theory and practice. By fostering collaboration and knowledge exchange, the institute ensures that its members and stakeholders remain aligned with global trends while addressing local challenges. Its diverse portfolio of initiatives includes executive education programmes, industry-focused training, research forums, and high-impact events such as the Management Insights Summit and the Best Management Practices Company Awards, Management Leadership Excellence Awards which have become key fixtures in Sri Lanka's professional and corporate landscape.

Driven by a vision of creating globally competitive leaders, CPM Sri Lanka also emphasises governance, sustainability, and ethical leadership as core pillars of modern management. The institute continuously advocates for responsible business practices that balance economic success with social and environmental stewardship, aligning with broader national and international development goals.

With a growing network of over 4,000 professional members spanning multiple disciplines and industries, the Institute of Chartered Professional Managers of Sri Lanka serves as a dynamic platform for leadership development, professional recognition, and lifelong learning. As the business world evolves amidst rapid technological, economic, and societal changes, the institute remains committed to empowering individuals and organisations to adapt, innovate, and lead with purpose.

Through its unwavering dedication to excellence, CPM Sri Lanka continues to inspire a new generation of leaders while strengthening the foundations of professional management across the nation (www.cpm.srilanka.org).

Inspire to Lead

CPM Sri Lanka continues to thrive as a powerful and rapidly growing professional community, proudly empowering **over 4,000 members** from diverse industries to become confident, future-ready leaders. As one of Sri Lanka's premier professional management bodies, CPM Sri Lanka serves as a **dynamic umbrella for multidisciplinary professionals** to unite under one roof, driven by a shared passion for continuous learning, leadership excellence, and professional growth.

The CPM membership offers far more than a professional title; it opens the door to a vibrant world of opportunities, recognition, and transformation. Members become part of an energetic network of industry experts, executives, entrepreneurs, and aspiring leaders who are committed to elevating their strategic thinking, leadership capabilities, and professional competencies in today's fast-evolving business landscape.

The Institute proudly celebrates the remarkable achievements of its expanding membership community, with **over 450 members graduating** at the prestigious Annual Convocation Ceremony and earning recognition as Chartered Professional Managers. Members progress through distinguished professional designations including Associate Chartered Professional Manager (ACPM), Member Chartered Professional Manager (MCPM), and Fellow Chartered Professional Manager (FCPM), reflecting their expertise, dedication, and contribution to the field of management.

CPM Sri Lanka continuously delivers engaging knowledge-sharing platforms, leadership forums, and professional grooming sessions covering emerging areas such as Artificial Intelligence, Strategic Leadership, Financial Compliance, Risk Management, and Innovation. Members also enjoy exclusive benefits, including complimentary professional events, digital accreditations, and valuable networking opportunities.

Driven by a strong commitment to **upskilling and reskilling professionals**, CPM Sri Lanka continues to shape a vibrant community of ethical, innovative, and globally competitive leaders. Being a CPM Member is about becoming a part of an inspiring lifelong journey filled with growth, recognition, meaningful connections, and impactful leadership.

Message from the Founder and President

As the leading professional management body in Sri Lanka, CPM Sri Lanka is proud to unveil the 'Chartered Manager' Journal, a valuable platform for knowledge sharing, professional insight, and thought leadership within Sri Lanka's management community. This publication reflects the strong intellectual contribution and professional commitment of CPM Sri Lanka Members, who continuously strive to share meaningful perspectives that inspire progress and innovation across industries.

CPM Sri Lanka remains committed to nurturing competent and future-ready professionals through its dynamic membership platform. The membership journey is designed to empower individuals with strategic thinking, leadership capabilities, and professional recognition required to excel in today's rapidly evolving business environment.

In conclusion, I extend my sincere appreciation and congratulations to all members who contributed articles to this edition of the Journal. Your dedication, expertise, and willingness to share contemporary knowledge demonstrate the true spirit of professional excellence and lifelong learning. Through your contributions, the Journal continues to strengthen its role as a credible and insightful publication that benefits both the CPM community, and the wider professional landscape of Sri Lanka.



Prof. Lakshman R. Watawala
Founder and President of
CPM Sri Lanka

Governing Council 2025/2027

The Governing Council is the Institute's apex governance body and comprises 08 independent members. All Council Members serve in an independent capacity and do not receive any remuneration for their services.

The Governing Council is supported by 06 committees, which address specific areas of the Institute's operations. The Committees facilitate the activities of the Institute and assists the Governing Council in achieving the objectives and goals of the Institute.

Prof. Lakshman R. Watawala	-	Founder and President
Mr. Basheer M. Ismail	-	Hon. Treasurer
Mr. Kosala M. Dissanayake	-	Hon. Secretary
Mr. H. M. Hennayake Bandara	-	Governing Council Member
Dr. Samantha Rathnayaka	-	Governing Council Member
Mr. Roshan Collas	-	Governing Council Member
Dr. Nirmal De Silva	-	Governing Council Member
Mr. Gayan Gunawardana	-	Governing Council Member
Ms. Pramodya Senanayaka	-	Co-Opted Member
Dr. Ranga Jayakody	-	Co-Opted Member
Mr. Dulinda Perera	-	Co-Opted Member

Message from the Chairman of the Journal Committee

Welcome to the 'Chartered Manager' Journal, a publication that continues to serve as a credible platform for knowledge sharing within the CPM Sri Lanka community. This edition brings together a collection of valuable articles and perspectives contributed by our Members, reflecting the diversity, expertise, and innovation present across today's professional and business world.

I extend my sincere appreciation to all CPM Sri Lanka Members who contributed their time, effort, and professional expertise towards this publication. Your insightful articles and contemporary discussions not only strengthen the quality and credibility of the Journal but also contribute significantly to the sharing of practical knowledge and industry experiences among the wider professional network.

The 'Chartered Manager' Journal stands as a testament to CPM Sri Lanka's commitment to fostering continuous learning, professional development, and intellectual engagement. Through this platform, Members are provided with the opportunity to showcase their expertise while inspiring fellow professionals through meaningful and impactful content.

We thank all our readers, contributors, and stakeholders for their continued support in strengthening a progressive and knowledge-driven professional community.



Kosala M. Dissanayake

Chairman of the Journal Committee,
Hon. secretary and Governing Council
Member of CPM Sri Lanka

The articles featured in the 'Chartered Manager' Journal have been thoroughly reviewed and approved by the Editorial Board of the CPM Sri Lanka Journal Committee, ensuring that each contribution upholds the highest standards of academic and professional relevance, meeting profound publication quality.

Correspondence and Inquiries

branding@cpmsrilanka.org

Address

No. 11, Melbourne Avenue, Colombo 04, Sri Lanka.

Telephone

+94 112 590 995

+94 706 590 990

Website

www.cpmsrilanka.org





An Eagle Eye to Combat Emerging Healthcare Crises through Implementation of Public Private Partnership Sri Lanka

By Dr. Nethmini Jayadewa, MCPM
Doctor
National Hospital of Sri Lanka



Sri Lanka, according to the Health Systems Review (Rajapaksa et al, 2021) ranks among the highest Human Capital Index countries compared to the South Asian Region and low income countries showcasing the knowledge, skills and good health in Sri Lankan population.

As a resilient nation in South Asia, Sri Lanka has maintained its healthcare standards despite issues such as Covid - 19 pandemic, the subsequent economic crisis and political instability in 2022 etc. Irrespective of the external and unavoidable sudden disasters, the local healthcare system faces inescapable global healthcare crises, such as declining in birth rate, rising aging population, increased burden of non-communicable disease, nutritional problems and global climate change. While the international bodies, policy makers and activists work together to address these, here we focus on the internal emerging issues to maximize the utilization of healthcare resources expeditiously.

There are three main emerging healthcare issues noted in Sri Lanka:

- 01. Shortage of human resources in healthcare**
- 02. Shortage in essential medicine**
- 03. Backlogged theatre lists with patients waiting for surgeries and surgical procedures**

They have been discussed since the economic crisis but the impact of the efforts is still not noticeable or the change is sluggish despite the involvement of the governments and relevant stakeholders. However, the 2026 Budget with a marginal value around 1.7% of the GDP for Healthcare and Mass media reflects government's approach in identifying the gaps and should be admired without debate (Treasury.gov.lk, 2026).

01. Shortage of human resources in healthcare:

Since the economic crisis emerged, as a country skillful migration has increased, among them healthcare being one of the niche categories hard to replace due to the high competition for selection for universities, prolonged duration of study period and the post-graduation difficult training period. Covid - 19 pandemic and subsequent economic crisis with the sudden depreciation of Sri Lankan rupee, the quality-of-life indicators and income dropped compelling the professionals to migrate to other countries.

Even though the Sri Lanka Bureau of Foreign Employment (SLBFE) statistics for mandatory registration of Sri Lankans leaving for employment abroad gives the data on foreign employment, skillful professional migrants statistics are limited in accuracy due to the rare involvement in SLBFE in professional migration. According to the Brain Drain: the Exodus of Sri Lanka's Healthcare Workforce under study abroad category around 40% had no intentions to return to Sri Lanka for employment (Abeysooriya et al., 2023).

02. Shortage in essential medicine:

Currently, National Medicine Regulatory Authority (NMRA) holds an explicit legal authority to impose and control prices for all medicines in Sri Lanka which reduces the burden on the public.

The Cabinet has approved buyback agreements to boost local pharma production where Medical Supplies Division was able to identify 49 local manufacturers capable of supplying 454 essential drugs, having mentioned that currently it meets only the 20% of the demand (Newswire, 2024).

While initiation and activation of above measures directly influence the shortage in a positive manner, there is more room to extend for the provision of these essential drugs with the support of the Sri Lanka Chamber of Pharma Industry (SLCPI) and National Chamber of Pharma Manufactures Sri Lanka (NCPMSL).



03. Backlogged theatre lists with patients waiting for surgeries and surgical procedures:

Contribution of shortage in human resources and essential drugs as discussed above have a big impact on this backlog. Ischemic heart disease as the 1st leading noncommunicable disease in Sri Lanka with the highest mortality rate, below information gives us the picture of the current status comparing the number of patients waiting for heart surgeries with the capacity of each hospital.

Hospital	Number of heart surgeries done	Awaiting patients for heart surgeries
National Hospital of Sri Lanka	5 per day	4,000
National Hospital Kandy	3 per day	2,000
National Hospital Galle	2 per day	850
Lady Ridgway Hospital	3 per day	1,825
Jaffna Teaching Hospital	2 per week	1,004

(PARLIAMENTARY DEBATES, 2022)

Models from Other countries:

When considering the countries with the best healthcare in the world, there are different models used to achieve the quality of care delivery. Public and private collaboration is commonly seen among those best management practices. Singapore and Sweden are two best examples in the top world health rankings.

Singapore healthcare system consists of Statutory boards and MOHH (MOH Holdings) and its subsidiaries. According to the International Health care System Profiles, Singapore primary care is provided through;

- public poly clinics (20 clinics) and
- private General Practitioners (GP) (more than 2200 GP clinics)

(Earn, 2020).

A comparison done to compare Canadian Healthcare System and Sweden healthcare system quotes “Sweden has gone further than any other European country in embracing the purchaser provider split – that is, in using government money to buy public services from whichever

providers, public or private, offer the best combination of price and quality” (Economist Magazine 2013) (SecondStreet.Org, 2024).

As discussed some of the highlights from Singapore and Sweden healthcare system, going forward with emerging global healthcare problems, crisis preparedness and risk management will benefit in the long term. Collaboration between public and private sector can fill the gaps and produce health coverage accessible and affordable to all.

Application of Public and Private Partnership (PPP)

As a solution to the shortage of human resources we can consider encouraging and making it compulsory for the private sector staff to actively get involved in training as a prerequisite for Private Health Services Regulatory Council (PHSRC) registration.

Affiliating private nursing schools with the closest teaching hospitals will add free labour, benefiting these trainees and the government hospitals simultaneously. Regulation of the private healthcare sector standards will be the byproduct of this which will enable the smooth functioning of PHSRC.

For the niche specialties, Consultants and Doctors, application of key performance index (KPI) used in the private sector will be an added advantage as their work can be quantified and rationalized for a better pay depending on performance rather than invariable extra duty payment. When giving salary increments, these quantified methods related to their performance will be justifiable. However, the current state healthcare needs a revision in allocated cadre for each unit before the implementation of the above. Digitalization and integrating software systems can reduce the duplication of work, decreasing the human resources requirement with increased efficiency and effectiveness.

Restrictions for Maximum Retail Price (MRP) and Maximum Ceiling Price (MCP) by the NRMA for the imported drugs – are directly benefiting the public but over control might put the local drug manufacturers at risk due to price mismatch in local and imported brands. Shortening the local manufacturers' product registration delay, use of drug pricing formula and swift government involvement In crisis situations will be encouraging to the domestic producers.

As a solution for the backlogged theatre lists for surgeries and surgical procedures, government has initiated and allocated funds for a new heart center in the estimate 2026 which should be appreciated. Lack of surgical audits is a matter in decision making as some surgical procedures done in the private sector will be cost effective compared to the state sector hospitals due to high number of under utilized staff with mismatched distribution of labour. Government investments in research and development also plays a major role, as proper surgical audits and cost calculations will support in distributing patients to both public and private institutions on a decided ratio for surgeries and surgical procedures without any further delay.

Conclusion:

In order to sustain the achieved healthcare standards, we must find solutions to the Issues discussed above as a different entity compared to other global healthcare challenges such as demographic and climate change.

Proper risk management and crisis preparedness will sustain us through difficult times. Overview of Sri Lanka's PPP framework by the Ceylon Chamber of commerce highlights healthcare under the emerging areas in PPP in India (Jayawardena, n.d.).

Proven successful healthcare systems such as Singapore and Sweden show a model that will work for the common interest of people via PPP. I believe Sri Lankan Healthcare will be one of the state sector ministries to benefit the most out of PPP and National Agency for Public Private Partnership (NAPPP) established under the Ministry of Finance in 2022 is a commendable milestone for this endeavor.

References:

- Sri Lanka health system review. Health Systems in Transition, <https://iris.who.int/handle/10665/342323>.
- Treasury.gov.lk. (2026). Ministry of Finance - Sri Lanka. [online] Available at: <https://www.treasury.gov.lk/web/detailed-budget-estimates-2026>
- Brain Drain: the Exodus of Sri Lanka's Healthcare Workforce. South-East Asian Journal of Medical Education, doi:<https://doi.org/10.4038/seajme>.
- Newswire. (2024). Cabinet approves buyback agreements to boost local pharma production <https://www.newswire.lk/2024/10/15/cabinet-approves-buyback-agreements-to-boost-local-pharma-production/>
- PARLIAMENTARY DEBATES. (2022). <https://www.parliament.lk/uploads/documents/hansard/1658896944036039.pdf>
- Earn, L.C. (2020). Singapore | Commonwealth Fund. The Commonwealth Fund. <https://www.commonwealthfund.org/international-health-policy-center/countries/singapore>
- SecondStreet.org. (2024). Learning from Sweden's Health Care - SecondStreet.org. <https://secondstreet.org/sweden/>
- Jayawardena, S. (n.d.). KEY HIGHLIGHTS Key Highlights Overview of Sri Lanka's PPP framework Highlights Background and Policy Framework. https://www.chamber.lk/wp-content/uploads/2025/12/Rapporteur_Report_PPP_v1-1.pdf

Sustainable and/or Innovative Best Model for Sri Lankan Organizations in a Digitally Transforming and Economically Evolving Landscape (for SMEs)

By Mr. Almo Peter Fernando, ACPM
Assistant Manager
KNP Professional Services



In the evolving landscape, digital transformation is no longer optional but essential for the survival and long-term run of the business. The path traversed from 2022 to 2023 was not a smooth growth curve transmission. The post-economic crisis affected the affordability of the digital transformation for organizations. But from 2023 to 2025, the growth of the digital transformation slowly started to accelerate with the help of the economic reforms and restructures. This indicates a sophisticated growth performance despite experiencing a “Digital Slowdown”

01. "Sri Lanka is at a figurative point": Contemporary Economic and Digital Evolution

1.1 Formative Period

The foundation of the digital adoption motion started from the year 2010 by building the internet infrastructure and digital mobilization. The ecosystem-driven technology with FinTech accelerated in Sri Lanka from the 2020 COVID pandemic. Where the pandemic of 2020 and economic crisis of 2022 had forced the companies to find them in the structured digital world. Meanwhile, the SME sector shifted into readable low-cost digital channels such as WhatsApp/Facebook, and SMEs' businesses evolved in their landscape, such as cash on delivery, e-commerce, etc. This transformation had not only helped SMEs to remain operational during hard times but also opened up new avenues for growth and customer engagement. This had resulted that many SMEs began to leverage data analytics and digital marketing strategies to enhance their reach and improve customer experiences.

1.2 Formative Change

The population's rapid adoption of the digital world helped the organizations to rush the businesses into Internet channels. The internet penetration jumped from 2022 - 52.6% (11.3M users) to 2024 - 53.6% (12.3M users) and is keeping on growing, where the “hyper Sri Lanka” statistics say current internet penetration for 2026 is 59.7% with 13.9 million users. However, barriers persist mainly for SMEs.

1.3 Factors hindering the growth of Sri Lankan SMEs

Internal constraints include planning that leads to cost management. There is also a lack of integration. Many are unaware of or resistant to market changes. Digital literacy among employees is another issue. The organization also faces human resource limitations, partly due to expatriation and migration.

The big external challenges are problems with policies, instability, and inflation. There are also issues with infrastructure and digital changes. Another challenge is policies on importing goods and taxes.

02. Why are Sri Lankan SMEs in need of a business model to transfer digitally and evolve economically?

2.1 Economy Instability and Shift in Consumer Behavior

From 2022 the currency depreciation and economic inflation played vital roles from time to time. And had questioned the survival and financial strategies of the SMEs, such as hiked prices in the market, which led to the dollar inflation hit on the resources & purchasing power along with the geopolitical issues, pandemic, and disasters, which had increased the cash burden and manual workload on the SMEs' organizational behavior.

However, the digitalization in the evolving landscape will help the SMEs to know the inventory of the resources, which can be used without waste with the help of the automated integration of the ERP, cloud, etc. The system allows the companies to make rapid and clear decisions on the organization's behaviors, cash flow management, waste management, and growth channels.

The post-crisis digital usage had changed the behavior of the consumers to search and focus on the price with the convenient payments. Whatever SMEs that are not digitalized into this landscape will effectively become imperceptible to the large segment of consumers. Because of this behavior change of the consumers, digitalization and new market channels have become a fundamental option for SMEs. E-commerce marketplaces led by banks and government institutions, social media platforms, and enterprise support platforms are reliable for showcasing the SMEs in the marketplaces.

2.2 Resource Dependency (Theory – RDT)¹

Most SMEs' internal and external stimuli are that organizations are not self-sufficient and depend on the external resources. Since SMEs rely on external resources, the supplier gain "power dynamics," which influence the price in the market and gains control over the survival of the SMEs. Also, resource dependency will lead the organizations to passively accept rather than be independent and reform-minded.

Changing the traditional sourcing and fix into the digital diversified supply chain reduces dependency on the suppliers. Building an instructed ecosystem internally and externally helps to be less reliant on individuality. Such as SaaS integration instead of expensive IT infrastructure, cloud storage for data rather than the physical place, accounting and inventory with the locally built software, and digitalized online banking for payments, which is visible for cash flow management.

2.3 Policy and National Direction²

Not only does the business model align the economy of the SMEs, but also the digital national-based policies take the warm part in the future of the organizations. Formations of the tax compliances are also digitalized for the ease of the SMEs, along with the government digital infrastructure expanding for SMEs' e-government services such as e-licensing, e-registration, etc.

03. From Survival to Sustainability: Strategic Implementation for Sri Lankan SMEs

3.1 Model

Sri Lankans are opulent in tradition, which means they value family, culture, and society and practice etiquette. The "SME Hybrid Resilient Digital Enterprise Model" is the best model for Sri Lankan SMEs that are digitally transforming in an evolving economic landscape, incorporating long-established Sri Lankan traditions such as relationships, craftsmanship, locally produced products, and professional approaches. Through a hybrid resilient model, SMEs have to complete four core structures: financial; operational; digital market access, which is digitally driven; and strategies with digital tools and scalable channels. In the meantime, the organizations have to focus on the aforementioned strategies in the short term (within one year). Mid-term (within one to three years) and long-term (within three to four years).

3.2 Financial & Operational

Embracing the digital tools that can improve productivity and efficiency. FinTech easy tools such as eZ Cash, Lanka QR, AgroPay, etc. can make operations easy along with cash flow management.

3.3 Digital market access and strategies

Beyond the physical limitations of the business, digital market access enables the unique identification of each SME through scalable channels. Some platforms like Shopify and local channels like Wix and custom-developed digital integrated systems give the access to identify the target market, improve the visibility, and engage with the clients while analyzing the revenue growth path with internal ecosystem building.

 **Digital infrastructure**
with **innovation**
in the knowledge based industries
grows in Sri Lanka 

Asanka De Mel (Sri Lanka 2048 Vision)

04. Policy framework of the Government to SMEs

The government's interim policy framework to support SMEs are providing financial support through loans and tax benefits to build SMEs efficiency and long-term run, promote exports through seminars & information boards, expands digital platforms that facilitate online government services such as registrations, AI-driven information portals, and e-filing methods. Collaboration programmes with ICTA for the SMEs to improve digital literacy and SME loan approval to invest in the digital platforms are notable encouragement to enable the SMEs' transition into the digital ecosystem. Concessional loan programmes such as SMELoC (upto 50M – 8% to 10%) & SMELOC II (up to 10M – 8% to 10%)³ and Collateral Free loans such as NCGI Scheme⁴ give the boost to the SMEs to invest in digital transformation and working capital for SMEs sustainability.

Conclusion

In conclusion, Sri Lankan SMEs must adopt a sustainable and innovative business model while handling inflation and economic shocks and remain resilient in a digitally transforming and economically evolving landscape. Embracing hybrid digital strategies, leveraging e-commerce, and integrating cost-efficient technologies can enhance market reach, social value creation, resource optimization, operational efficiency, and asset line operation with sustainable practices in the evolving landscape. According to CBSL the country estimated value of GDP 5% growth was in 20255 contributed 52% to the GDP and provided 45% employment to the nation ⁶” which has helped the change and economic growth of the small and medium-sized business sector.

References

Research in the Sociology of Organizations: Chapter 2,
Gerald F. Davis & J. Adam Cobbs

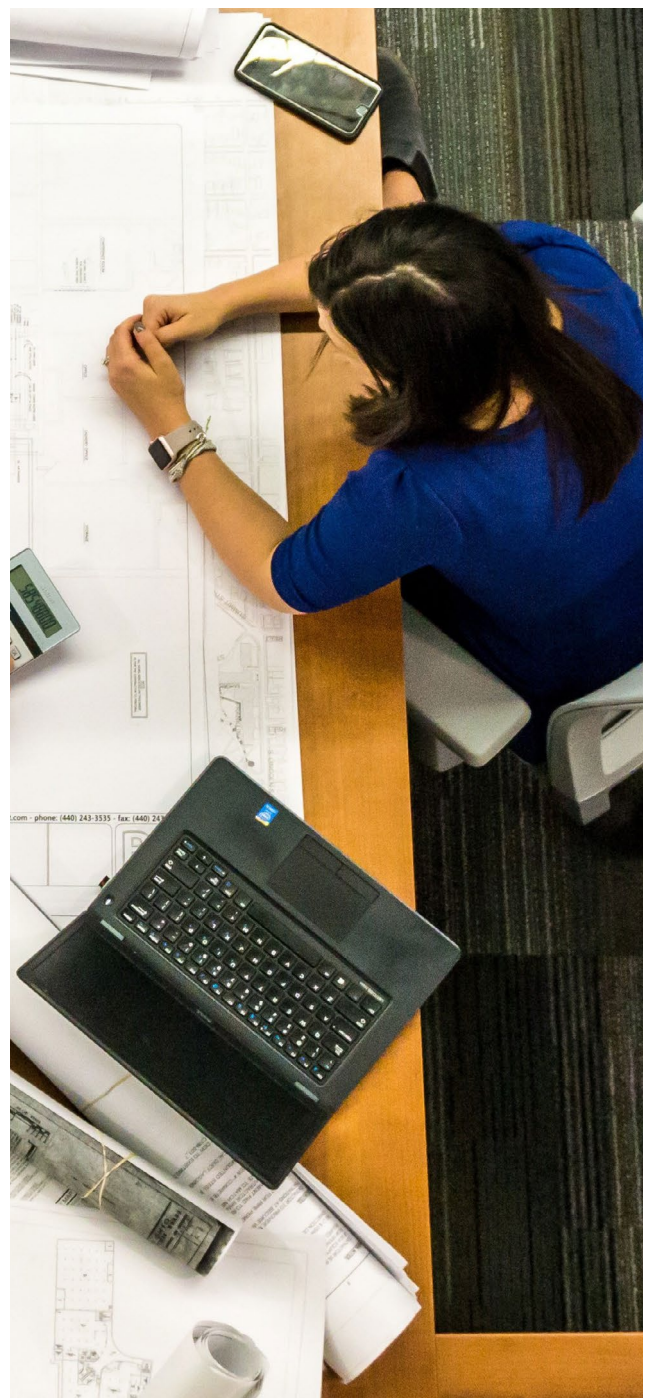
Sri Lanka 2028 Vision: Asanka De Mel

<https://www.treasury.gov.lk/web/frequently-asked-questions/section/interim%20policy%20regarding%20the%20servicing%20of%20sri%20lanka%20external%20public%20debt>

<https://www.ncgil.lk/product>

<https://www.cbsl.gov.lk/en/news/cbsl-releases-aer-2025> :
Annual Economic Review for the Year 2025 by CBSL

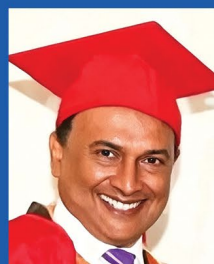
PRODUCTIVITY TRANSFORMATION IN SMEs CASE
STUDIES FROM SRI LANKA: NOVEMBER 2025 | By ASIAN
PRODUCTIVITY ORGANIZATION





Blue Ocean Strategy for Creating an Uncontested Market Space in Sri Lanka.

By Mr. B.L.S.P. Nishantha, MCPM
Former Head
Sri Lanka Institute of Textile and Apparel



A Blueprint for National Growth

Sri Lanka stands at a critical economic turning point. For decades, the nation has relied heavily on traditional sectors such as tea exports, apparel manufacturing, tourism, and remittances. While these industries remain important, increasing global competition, economic instability, debt pressures, and limited diversification have exposed the vulnerability of this economic model. To secure long-term prosperity, Sri Lanka must move beyond competing in overcrowded markets and instead create new economic opportunities.

One of Sri Lanka's greatest untapped advantages is its strategic location in the Indian Ocean, positioned along one of the world's busiest maritime trade routes connecting Asia, Europe, the Middle East, and Africa. By leveraging this geographic advantage through advanced logistics, maritime services, trade facilitation, and innovation-driven industries, Sri Lanka can transform itself into a globally connected economic hub.

The Blue Ocean Strategy, introduced by W. Chan Kim and Renée Mauborgne, emphasises creating uncontested market spaces through innovation, differentiation, and value creation rather than competing directly in saturated markets. This approach provides Sri Lanka with a powerful framework for sustainable and resilient economic growth.

Sri Lanka has significant opportunities to develop high-value sectors such as sustainable tourism, digital and knowledge-based services, organic agriculture, renewable energy, marine industries, cultural exports, and technology entrepreneurship. By investing in these emerging sectors while strengthening logistics and trade infrastructure, the country can attract foreign investment, create quality employment, increase export earnings, and improve national competitiveness.

Achieving this vision will require bold leadership, strategic planning, institutional reforms, investment in education and technology, and strong collaboration between the government and private sector. If effectively implemented, the Blue Ocean Strategy can help Sri Lanka build a more innovative, diversified, and future-ready economy.

Sri Lanka has traditionally competed in crowded global markets such as low-cost apparel manufacturing, agriculture, and mass tourism. However, the Blue Ocean Strategy offers an alternative approach by encouraging countries to create new demand and differentiated industries instead of competing directly with regional economies such as India, Bangladesh, and Thailand.

By leveraging its cultural heritage, biodiversity, strategic location, and skilled workforce, Sri Lanka can develop innovative economic sectors while improving its global competitiveness.

Understanding the Theory

The Blue Ocean Strategy focuses on creating new market spaces where competition becomes less relevant. Its key principles include:

- Creating new demand
- Value innovation
- Differentiation at low cost
- Reconstructing market boundaries

For national economies, this strategy can:

- Develop unique industries
- Increase exports and investment
- Improve employment opportunities
- Strengthen economic resilience

Current Economic Challenges

Sri Lanka currently faces several major economic challenges, including:

- Heavy dependence on tea, apparel, tourism, and remittances
- High debt levels and fiscal constraints
- Limited investment in research, development, and innovation
- Brain drain of skilled professionals
- Climate risks affecting agriculture and tourism

These issues highlight the urgent need for innovative and sustainable economic strategies.

Sailing Toward Prosperity:

A Blue Ocean

Vision

for Sri Lanka



Strategic Location

Sri Lanka is located close to the main East–West shipping route used by thousands of vessels carrying international cargo. A significant portion of global oil shipments and container traffic passes through the Indian Ocean. Due to this strategic position, Sri Lanka naturally serves as a key point for shipping, transshipment, refueling, warehousing, and cargo distribution.

In addition, the country is situated between major economies such as India, China, Singapore, and the Middle East, making it highly suitable for regional logistics operations.

Port of Colombo

The Port of Colombo is one of the busiest ports in South Asia and handles a large volume of container transshipment, particularly cargo connected to India. The port can be further strengthened by:

- Expanding container terminals
- Increasing automation and digital logistics systems
- Improving customs efficiency
- Developing smart port technologies
- Attracting international shipping alliances

Port of Hambantota

The Port of Hambantota has significant potential as an industrial and logistics hub because of its location near major international shipping lanes. The port can support:

- Vehicle transshipment
- Bulk cargo handling
- Oil storage and bunkering
- Industrial manufacturing zones
- Regional distribution centers

Port of Trincomalee

The Port of Trincomalee possesses one of the world's largest natural harbors. It can be developed for:

- Energy logistics
- Naval and maritime services
- Petroleum storage
- Export processing activities
- Maritime tourism



Air Logistics and Aviation Services

Bandaranaike International Airport can be expanded into a regional air cargo hub for South Asia. Improving airport logistics can support:

- Express cargo movement
- E-commerce distribution
- Perishable goods exports
- Pharmaceutical logistics
- International courier services

Efficient air cargo facilities combined with streamlined customs procedures can help Sri Lanka become a center for rapid global distribution.

Free Trade Zones and Logistics Parks

Sri Lanka can establish modern logistics parks and free trade zones near ports and airports to encourage international investment. These zones can provide:

- Warehousing facilities
- Packaging and labeling services
- Assembly and light manufacturing
- Cold storage systems
- Tax incentives for foreign investors

Such logistics zones can attract multinational companies seeking regional distribution centers within South Asia.

Integration with Global Supply Chains

Sri Lanka can further strengthen its participation in global supply chains by improving connectivity with international markets. This can be achieved through:

- Signing trade agreements
- Improving shipping connectivity
- Encouraging foreign direct investment
- Developing multimodal transport systems
- Enhancing digital trade systems

As a result, Sri Lanka can become a regional center for re-export trade, particularly for South Asian markets.



Technology and Digital Logistics

Modern logistics depends heavily on technology and digital systems. Sri Lanka can improve efficiency through:

- Digital customs clearance
- Electronic documentation systems
- Smart cargo tracking
- Artificial intelligence in supply chain management
- Blockchain-based trade documentation

Digital transformation can reduce delays, lower operational costs, and improve overall competitiveness.

Economic Benefits

Effectively utilizing Sri Lanka's location for international logistics can generate several economic benefits, including:

- Increased foreign exchange earnings
- Creation of employment opportunities
- Growth in shipping and transport industries
- Expansion of export markets
- Increased foreign direct investment
- Development of supporting industries

Consequently, the logistics sector can become a major contributor to national economic growth.



Sustainable Tourism

Sri Lanka can reposition itself as a premium experiential tourism destination by focusing on:

- Eco-tourism
- Wellness and Ayurvedic tourism
- Spiritual and cultural tourism
- Wildlife and community-based tourism

This approach can increase tourism revenue, support rural development, and reduce environmental damage.

Knowledge-Based Economy

With a skilled English-speaking workforce, Sri Lanka can expand sectors such as:

- Software development
- Artificial intelligence services
- Fintech and cybersecurity
- Digital education and outsourcing

Rather than competing solely on low labor costs, Sri Lanka can specialize in ethical and sustainable technology services.

Organic and High-Value Agriculture

Sri Lanka can move beyond traditional commodity exports by promoting:

- Organic tea and spices
- Herbal and functional food products
- Carbon-neutral agriculture

Growing global demand for sustainable and traceable products creates opportunities for higher export earnings and stronger brand differentiation.

Blue Economy and Marine Resources

Sri Lanka has vast maritime zones in the Indian Ocean, creating opportunities in:

- Marine biotechnology
- Sustainable fisheries
- Aquaculture and ocean energy

The country can also develop smart ports and regional shipping services to strengthen its maritime economy.

Renewable Energy

Sri Lanka has strong potential in solar, wind, hydro, and biomass energy. By investing in renewable energy, the country can:

- Reduce fuel imports
- Improve energy security
- Attract sustainable investment

This transition can also support long-term environmental sustainability.

Cultural and Creative Industries

Sri Lanka can strengthen cultural and creative sectors such as:

- Film and digital media
- Fashion and handicrafts
- Music, arts, animation, and gaming

A stronger cultural identity can increase tourism, expand exports, and create employment opportunities for youth.

Entrepreneurship and Innovation

Startup development in agriculture, climate technology, healthcare, and education technology can create new economic opportunities. This requires support through:

- Venture capital
- Innovation grants
- Incubators
- University–industry partnerships

Encouraging entrepreneurship can help Sri Lanka build a more innovative and diversified economy.

Policy Recommendations

To successfully implement Blue Ocean growth strategies, Sri Lanka should:

- Invest in STEM education and digital skills
- Increase research and development funding
- Improve the ease of doing business
- Strengthen national branding around sustainability and innovation
- Encourage public–private partnerships

These policies can help create an environment that supports innovation and long-term growth.

Implementation Challenges

Several barriers may affect implementation, including:

- Political instability
- Limited financial resources
- Weak institutional coordination
- Infrastructure gaps
- Global economic uncertainty
- Regional competition from other ports

Overcoming these challenges will require long-term planning, effective governance, and policy consistency.

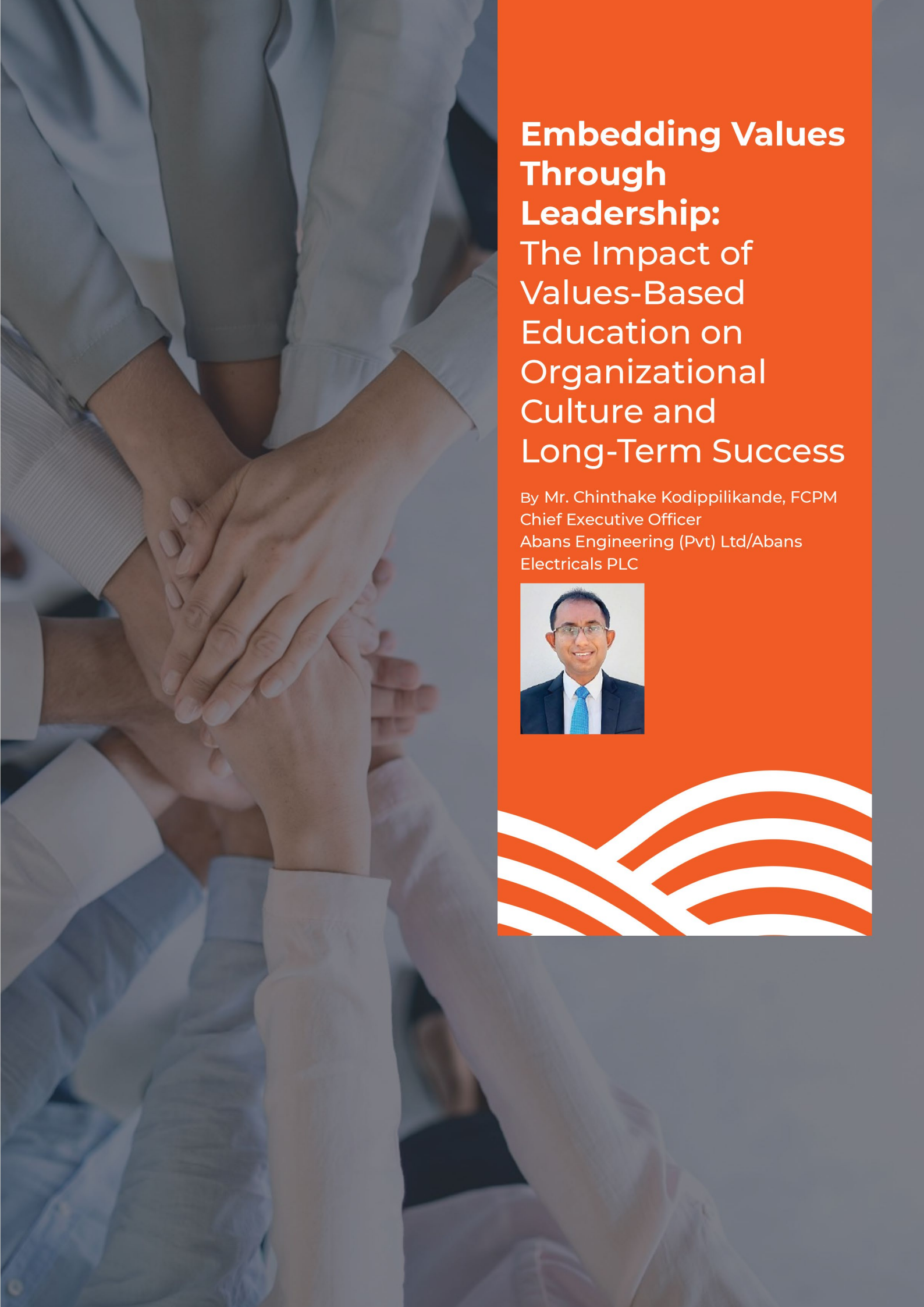
Conclusion

The Blue Ocean Strategy offers Sri Lanka a pathway toward sustainable and innovation-driven economic growth. By focusing on differentiated sectors such as sustainable tourism, digital services, renewable energy, organic agriculture, logistics, and creative industries, Sri Lanka can reduce economic vulnerability while strengthening global competitiveness.

Successful implementation will depend on strong leadership, investment in education and technology, institutional reforms, and close collaboration between the government and private sector.

References

- Kim, W. C., & Mauborgne, R. (2005). *Blue Ocean Strategy*. Harvard Business School Press.
- Porter, M. E. (1990). *The Competitive Advantage of Nations*. Free Press.
- World Bank Reports on Sri Lankan Economic Development.
- Asian Development Bank Economic Outlook Reports.
- Central Bank of Sri Lanka Annual Reports.
- United Nations Development Programme (UNDP) Sri Lanka Publications.



Embedding Values Through Leadership: The Impact of Values-Based Education on Organizational Culture and Long-Term Success

By Mr. Chinthake Kodippilikande, FCPM
Chief Executive Officer
Abans Engineering (Pvt) Ltd/Abans
Electricals PLC



In a frequently disruptive and highly volatile macro environment, many organizations still run on common objectives such as growth, profitability, innovation, and sustainability, primarily driven by systems, policies, rules and controls to achieve success. Yet, the true strength of a successful organization lies in its culture and at the heart of it lies values.

Values act as the invisible forces that guide decisions, influence relationships, shape behaviors and determine how people respond when no one is watching. They are the lived principles revealed daily through actions of an organization and its people.

Embedding values into organizational culture is therefore not an optional exercise but a strategic necessity towards successful execution of any business strategy.

While systems and procedures are necessary, they cannot create trust, agility, commitment, or ethical decision-making within an organization. These qualities emerge when leadership consciously embeds values into the culture of the organization.

This article explores how values-based leadership and employee education can transform organizational culture, strengthen operational agility, and support long-term success. Drawing from practical turnaround experience of the writer in a Sri Lankan engineering solutions business, it demonstrates that when values are clearly communicated and consistently practiced, organizations move from fragmented individual behavior to a unified, high-performing culture.

What Are Values?

Jim Collins & Jerry Porras in their book “Built to Last” define values as a part of an enduring visionary company’s core ideology which has two components namely Core Values & Core Purpose. Under Core Values, a set of guiding principles that require no external justification is referred to as “The Organization’s essential & enduring tenets” while the Core Purpose complements those values by providing a fundamental reason for existence beyond making money.

The book identifies that “Preserving the Core” by staying true to fundamental values and purpose of an organization as one of the key success factors that made the 18 Visionary companies, they studied including 3M, Johnson & Johnson and IBM to endure and thrive over decades. The below characteristics Collins makes on values are interesting to note.

- Values are discovered, not created – Leaders should uncover what is authentically believed and should not manufacture values for branding.
- Not all values are “nice” - Values are not about being politically correct but about what organizations truly stand for.
- Values must be lived, not stated – If leaders violate them, they are not real values.

Organizational Values are deeply held beliefs within the employees about what is right, important, and desirable. They act as the compass for standards of behavior and help employees and organizations decide what matters most to them, what is acceptable or unacceptable, how decisions should be made and form the ultimate organizational culture. Strong values create alignment, enabling employees to act responsibly even without supervision by understanding the spirit behind expectations.

The Problem of Value Vacuum in Organizations

Many organizations operate without explicitly defined values. In such environments, employees rely on personal beliefs, past experiences, or departmental norms to guide decisions. This often creates silos, inconsistency, mistrust, slow decision-making, and internal conflict.

Many scholars argue that culture is represented by the quote “the way we do things around here,” shaped by shared assumptions and repeated behaviors. However, Edgar Schein identified that leaders are the primary creators and changers of culture through what they communicate, reward, and tolerate.

When values are absent, culture develops accidentally. When values are intentionally embedded, culture becomes a strategic asset.

Values-Based Education as a Leadership Tool

Values-based education in organizations refers to the deliberate process of teaching, reinforcing, and modeling ethical and behavioral principles that guide work practices and relationships. Going beyond slogans displayed on walls, it requires leadership commitment, repeated communication, practical examples, and integration into daily operations.

During the business turnaround strategy based for this article relevant to an engineering services provider faced with severe challenges due to Covid19 pandemic coupled with negative net assets, the organization was facing a common values-based challenge to be essentially addressed. The employees were working according to individual value systems rather than a common organizational philosophy. To align behavior and improve performance, a structured values framework was necessary to be introduced across all levels of staff.

The below core values communicated as the key philosophy towards inculcating a sustainable culture were simple yet powerful to mitigate the identified operational shortfalls.

- Openness
- Honesty
- Integrity
- Knowledge-driven
- Standing for what is right

These values were not theoretical concepts. They became decision filters, management expectations, and behavioral standards towards a customer centric and profit oriented culture driven on trust and empowerment.

Building Trust Through Shared Values

Trust formed through shared values is the foundation of every successful organization. According to Stephen M. R. Covey, trust accelerates execution and reduces hidden costs such as bureaucracy, duplication, and defensive behavior.

When employees observe fairness, honesty, and integrity in leadership, confidence increases. When communication is open, fear decreases. When knowledge is valued, learning improves. When people are encouraged to stand for what is right, ethical courage develops.

In practice, the introduction of common values helped replace suspicion with cooperation. Departments that previously worked in isolation began collaborating more effectively because expectations became clearer and interpersonal confidence improved.

Values and Organizational Agility

Engineering and project-based businesses often operate in dynamic environments where customer needs, timelines, technical conditions, and commercial realities change rapidly. Excessive dependence on rigid systems can delay responses and reduce competitiveness.

A values-driven culture can create agility because people make faster decisions when they understand the principles behind them. Instead of waiting for approvals on every issue, employees can act responsibly within known boundaries.

One successful intervention was empowering employees to make decisions up to a financial threshold equivalent to their monthly salary. This simple principle created accountability while removing unnecessary delays. Staff became more responsive to customer needs, managers focused on higher-value issues, and the organization moved faster. Improved agility became a sustainable competitive advantage in managing projects faster and profitably.

This aligns with the principle of empowerment discussed by Peter Drucker, who emphasized that “effective organizations decentralize decisions to those closest to the action”.

Leadership Behavior as the Carrier of Values

No values program succeeds unless leaders live the values consistently. Employees watch actions more than speeches. If leaders promote openness but suppress dissent, or speak of integrity while tolerating favoritism, cynicism grows quickly.

John Kotter highlighted that successful transformation depends on visible leadership commitment and reinforcement mechanisms. Therefore, embedding values requires leaders to:

- Communicate values repeatedly
- Use values in hiring and promotion decisions
- Reward behavior aligned to values
- Correct conduct that violates values
- Personally model discipline, honesty, and respect
- In turnaround situations especially, employees look to leadership for cues about what truly matters.

Long-Term Success Through Cultural Strength

Short-term performance can sometimes be achieved through pressure, incentives, or strict controls. However, long-term success depends on culture built on values. A strong values-based culture contributes to:

1. Employee Retention - People are more likely to remain in workplaces where trust and fairness exist.
2. Customer Confidence - Clients prefer dealing with organizations known for honesty, reliability, and competence.
3. Faster Execution - Empowered teams respond quickly without excessive hierarchy.
4. Ethical Resilience - Values guide decisions during crises when rules may be unclear.
5. Leadership Pipeline - Future leaders emerge from a culture that consistently teaches responsibility and integrity.

Research by McKinsey & Company and other management institutions frequently links healthy organizational culture with stronger long-term financial and operational outcomes.

Lessons for Modern Managers

Managers seeking transformation should consider the following practical steps:

- Define a small number of clear and memorable values.
- Explain what each value means in daily behavior.
- Embed values into meetings, appraisals, recruitment, and recognition.
- Empower employees with decision rights and accountability.
- Ensure leadership behavior reflects declared values.
- Measure culture through engagement, trust, speed, and retention indicators.
- Values become real only when converted into habits.

Conclusion

Embedding values through leadership is not a soft initiative; it is a strategic management discipline. Organizations without shared values often suffer from fragmentation, delay, and mistrust. In contrast, organizations that educate employees on values such as openness, honesty, integrity, knowledge orientation, and moral courage create unity, speed, and resilience.

My experience of transforming an engineering organization through values-based education demonstrates that culture can be intentionally shaped. When employees are trusted, empowered, and guided by shared principles, they act faster, collaborate better, and sustain success over time. In essence, competitive advantage critical for business survival will not be limited to organizations with superior technology or capital, but to those with cultures built on values.

References

- Jim Collins & Jerry I. Porras (1994). Built to Last. Harper Business.
- Covey, S. M. R. (2006). The Speed of Trust. Free Press.
- Drucker, P. F. (2007). The Effective Executive. Harper Business.
- Kotter, J. P. (1996). Leading Change. Harvard Business School Press.
- Schein, E. H. (2010). Organizational Culture and Leadership. Jossey-Bass.

Bridging Academia and Industry: Are Sri Lanka's Universities and Professional Institutions Ready to Produce Labour-Market-Ready Managers?

By Mr. Dayal Abhayasinghe, FCPM
Senior Assistant Bursar
University of Colombo



Abstract

The current evaluation of national tertiary educational systems depends on their ability to prepare students for labour market demands. Sri Lanka's universities produce graduates specialized in numerous fields each year but the increasing worry about their academic readiness which does not match the demands of the labour market. This study investigates the effectiveness of Sri Lanka's tertiary educational system which develops managers for their future positions in the national workforce. The article brings together expert perspectives from practitioners within Sri Lanka's university system, along with insights shared by professionals from the Association of Accounting Technicians of Sri Lanka (AAT Sri Lanka), Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Institute of Certified Management Accountants of Sri Lanka (CMA Sri Lanka), Chartered Institute of Personnel Management of Sri Lanka (CIPM Sri Lanka), and the Institute of Chartered Professional Managers of Sri Lanka (CPM Sri Lanka). It suggests a framework in which universities and professional institutions can come together in a better way to meet labour market requirements in Sri Lanka. It is based on insights gained regarding how a better collaboration between industry and academia is a necessity in Sri Lanka today in terms of preparing better managers in the country's labour force.

Keywords: Graduate Employability, Tertiary Education, Professional Competencies, Labour-Market-Ready Managers, University-Industry Collaboration.

Introduction

The educational framework of nations now receives recognition because it determines their ability to compete in global economic markets. Sri Lankan universities have earned recognition as a place of academic excellence which also helps students progress in their careers while enabling them to move up in society. Students must develop their management abilities because global market competition demands them to succeed in their professional work after finishing their education.

Sri Lankan employers now require graduates from local universities to develop their communication skills and their capacity of team work while demonstrating leadership and problem-solving competencies.

All these skills are not necessarily acquired in the classroom. Thus, there has been a significant need to narrow the gap between the demands of the labour market and those of the tertiary educational system. Professional institutions such as CA Sri Lanka and CMA Sri Lanka have come in handy in helping to narrow this gap. This article aims to evaluate whether Sri Lanka's universities and professional institutions collectively have the capacity to produce labour market-ready managers who can contribute to the development of the country.

Graduate Employability in Sri Lanka

The employability of Sri Lankan university graduates serves as a primary metric for evaluating the effectiveness of the nation's tertiary educational system. The University Grants Commission of Sri Lanka reports that Sri Lanka's universities produce more than tens of thousands of graduates who specialize in various academic disciplines throughout each academic year. The Department of Census and Statistics of Sri Lanka shows that Sri Lankan graduates face unemployment rates which have stayed between 8% and 10% throughout the past several years, which is on the higher side when compared to the global standards. The trend has been such that employers have complained of a skills mismatch in new graduates, particularly in terms of teamwork, communication skills, work experience, and problem-solving skills (World Bank, 2021).

The Role of Universities in Managerial Development

Universities are the bedrock of the country's tertiary educational system. Their major contribution has been in the development of intellectual capabilities, thinking skills, and expertise in different fields of specialization. The major subjects offered in management, business administration, and economics have helped students develop the intellectual capabilities required in managing organizations. The research-based learning approach has helped the students to develop the required skills in terms of analytical thinking, which is essential in management.

Key areas of strength in Sri Lankan Universities

- Rigorous academic and theoretical foundations
- Development of analytical skills and research capabilities
- Leadership skills through student organizations and extra-curricular activities

However, in traditional academic institutions, there is often more emphasis on theory compared to practical implementation. Hence, in order to increase the labour market preparedness of the students, there is a need for the inclusion of experiential learning activities such as internships, industry projects, and research collaborations.

The Role of Professional Institutions

According to professionals in the Sri Lankan university sector, matching academic education with labour market demands is not easy due to the current regulatory environment. However, there has been a significant increase in the implementation of employability-focused activities in Sri Lankan universities. For example, internship programmes have been introduced in order to match academic education with labour market demands.

Professional institutions such as AAT Sri Lanka and CIPM Sri Lanka have further enhanced managerial development through competency-based professional standards.

Organizations in Sri Lanka need to establish educational programmes which connect academic learning with professional development and workplace experience to develop labour market-ready managers who can succeed in the current business environment.

Regional Perspective: Lessons from Singapore and Malaysia

Sri Lanka needs to study its neighbouring nations Singapore and Malaysia because these countries have developed successful systems for connecting educational institutions with labour market demands.

In Singapore, universities and industries work together through three (03) main programmes which include internships, research collaborations and certification programmes. Malaysian universities make industry-focused training is the top priority when they design their undergraduate degree programmes.

The sustainable university-industry partnerships in Singapore and Malaysia demonstrate how these collaborations produce measurable benefits which help students from universities become better prepared for their professional work as managers in the job market.

Conceptual Framework for Labour-Market-Ready Managers

The development of labour market-ready managers in Sri Lanka can be visualized through the following integrated framework:



Figure 1: Integrated Framework for Developing Labour Market Ready Managers

Interpretation:

- University Education is concerned with the acquisition of knowledge, intellectual understanding, analytical ability, and intellectual competence.
- Professional Institutions are concerned with the conversion of knowledge acquired through education into competence through certifications, professional standards & ethics, and training.
- Labour Market Organizations provide the platforms where knowledge and competence acquired through education and training can be practically applied.

The interaction between the above three (03) sectors ensures the production of graduates who are intellectually competent, professionally competent, and labour market ready.

Managerial Implications for Professional Leaders

Professional managers and organizational leaders can benefit from the above collaboration with educational institutions from the following managerial perspectives:

1. Participation in Curriculum Co-development means industry leaders to participate as active members who develop educational content instead of receiving minimal input during the process. The system needs structured forums, on-going update sharing and shared governance which should replace the current practice of holding occasional workshops.

2. Participation in Internship Programmes as Talent Pipelines means organizations must create internship programmes which help students to learn new developments in the industry while producing business value. The programmes need to establish definite learning objectives and maintain supervision systems which will evaluate student performance.

3. Professional Standards Integration means that universities build towards professional competency frameworks rather than treating them as separate, post-graduation concerns. A student studying management accounting at university should be building towards CMA Sri Lanka competencies from their second year, not discovering them after graduation.

4. Mentorship Programmes which link students to practising managers enable students to learn through real-world experiences which no classrooms can replicate. Mentors offer their knowledge to students while they demonstrate how to act professionally and they create opportunities which help students to understand the unwritten rules of workplace culture.

5. The Industry Consultative Committees (ICCs) represent the most complete ecosystem because they bring universities together with professional institutions and employers through scheduled meetings to assess alignment, identify gaps and develop joint solutions. The system operates at its best in Singapore and Malaysia because these two countries have achieved optimal performances. They become genuine engines of system improvement.

The above collaboration with educational institutions is important for the organizational leader as it ensures the workforce is both academically as well as professionally prepared to handle the demands of the role.

Conclusion

Sri Lanka's tertiary educational system has a strong academic foundation that plays a key role in developing intellectual capital. However, the changing needs of the global economy require a more coordinated approach to management development.

The study demonstrates that universities and professional institutions maintain individual support systems for graduate development yet their combined effectiveness suffers from insufficient institutional collaboration. The different groups need to work together at a high level because their collaboration will help them bridge the gap which exists between what students learn in universities and what employers need in the job market.

The final outcome of managers who are ready for the labour market which meets market demands requires more than academic institutions to reach their training objectives. The nation demands this matter to become an essential national priority. Sri Lanka requires a tertiary educational system which connects its elements while responding effectively to student needs because this development will make its economy more competitive and support sustainable growth in the country.

References

Abhayasinghe, D. (2025). Management accounting education in Sri Lanka: Bridging the gap between academia and industry. *Certified Management Accountant*, 13(1), 68–73. CMA Sri Lanka

Association of Accounting Technicians of Sri Lanka. (2023). Professional education and training framework. Colombo, Sri Lanka.

Department of Census and Statistics Sri Lanka. (2023). Sri Lanka labour force survey. Colombo, Sri Lanka.

Chartered Institute of Personnel Management Sri Lanka. (2022). HR competency framework for Sri Lanka. Colombo, Sri Lanka.

Institute of Chartered Accountants of Sri Lanka. (2023). Professional accountant competency framework. Colombo, Sri Lanka.

Institute of Certified Management Accountants of Sri Lanka. (2022). Management accounting education guidelines. Colombo, Sri Lanka.

University Grants Commission Sri Lanka. (2022). Sri Lanka university statistics. Colombo, Sri Lanka.

World Bank. (2021). Sri Lanka: Skills development for a competitive economy. Washington, DC: World Bank.

Strategic Integration of Artificial Intelligence in Sri Lankan

Organizations:

A Sectoral Analysis of
Financial Services,
Telecommunications,
and Public Sector
Transformation.

By Mr. Dhamindra Steven
Samaratunga, MCPM
Group Finance Manager
Malay Fast Food (Pvt) Ltd



Introduction

In the aftermath of Sri Lanka's recent economic crisis, organizations are increasingly compelled to adopt innovative, technology-driven strategies to enhance resilience, efficiency, and long-term sustainability. Among these, Artificial Intelligence (AI) has emerged as a transformative force with the potential to redefine how organizations operate, compete, and deliver value.

Globally, AI adoption has accelerated significantly, enabling organizations to leverage advanced analytics, automation, and machine learning to drive productivity and innovation. According to the McKinsey Global Institute (2021), organizations that have strategically integrated AI into their operations report notable improvements in efficiency, cost reduction, and decision-making quality.

In Sri Lanka, while digital transformation initiatives are gaining traction, the transition towards strategic AI integration remains uneven across sectors. This unevenness reflects broader structural challenges in the economy, including limited investment capacity, skill shortages, and fragmented policy frameworks. Yet, the urgency of adopting AI is amplified by Sri Lanka's need to rebuild institutional trust, attract foreign investment, and modernize industries to remain competitive in the global marketplace.

The country's economic recovery depends not only on fiscal reforms but also on technological modernization. AI, when strategically embedded, can help Sri Lanka leapfrog stages of development, much like mobile banking transformed financial inclusion in emerging markets. Therefore, the critical question is no longer whether Sri Lankan organizations should adopt AI, but how effectively and strategically they can integrate it into their operations. The ability to harness AI will increasingly determine organizational resilience, competitiveness, and long-term value creation in a rapidly evolving global economy.

Artificial Intelligence as a Strategic Capability

Artificial Intelligence refers to systems capable of performing tasks that typically require human intelligence, such as learning, reasoning, and pattern recognition. In organizational contexts, AI extends beyond automation to include predictive analytics, intelligent decision support, and real-time optimization.

From a strategic perspective, AI enables organizations to transition from reactive operational models to proactive, data-driven decision-making frameworks. This transformation enhances organizational agility, improves resource allocation, and supports innovation. Organizations are now able to anticipate market trends, optimize operations in real time, and respond swiftly to disruptions.

Importantly, AI should be viewed not merely as a technological tool but as a core strategic capability. Successful integration requires alignment with business objectives, integration into governance structures, and continuous investment in human capital. Organizations that adopt this holistic approach are more likely to achieve sustainable competitive advantage and long-term value creation.

Furthermore, AI facilitates the development of new business models, including platform-based ecosystems and data-driven services. Organizations can monetize data insights, enhance customer experiences, and create new revenue streams. In this context, AI becomes a catalyst for both operational excellence and strategic innovation.

Sectoral Analysis of AI Integration in Sri Lanka

1. Financial Services: Advancing Risk Intelligence and Customer-Centric Banking

The financial services sector in Sri Lanka has demonstrated relatively advanced adoption of AI technologies, particularly in customer engagement and risk management.

Leading banks have implemented AI-powered chatbots and digital assistants, enabling 24/7 customer interaction and improving service efficiency. This has enhanced customer satisfaction while reducing operational workloads and service turnaround times.

More significantly, AI is increasingly utilized in fraud detection and risk management. Machine learning algorithms analyze large volumes of transactional data in real time, identifying anomalies and potential fraudulent activities with greater speed and accuracy than traditional systems. This has strengthened compliance frameworks and improved financial stability.

In addition, AI-driven predictive analytics support credit risk assessment, portfolio management, and financial forecasting, enabling more informed and strategic decision-making.

Strategic Implications:

- Transition towards predictive and proactive risk management
- Enhanced customer engagement through personalization
- Improved operational efficiency and cost optimization

The sector demonstrates how AI can transform traditional banking institutions into data-driven, customer-focused organizations. Moreover, Sri Lankan banks can benchmark themselves against global leaders such as DBS Bank in Singapore, which has successfully implemented AI-driven customer personalization.

Beyond mainstream banking, AI also presents significant opportunities for microfinance and fintech sectors. AI-driven credit scoring models can expand financial inclusion by enabling lending to underserved populations, particularly in rural areas where access to traditional banking services remains limited. Additionally, AI can enhance financial literacy tools, enabling individuals to make better financial decisions and contributing to broader economic stability.

2. Telecommunications: Leveraging Data for Strategic Advantage

The telecommunications sector in Sri Lanka, particularly organizations such as Dialog Axiata PLC, has been at the forefront of AI adoption. The sector's extensive data infrastructure provides a strong foundation for advanced analytics and AI-driven insights.

AI is applied to analyze customer behavior, predict churn, optimize network performance, and deliver personalized services. These capabilities enable telecom providers to make real-time decisions, ensuring service reliability and enhancing customer retention.

Furthermore, AI supports strategic planning through demand forecasting and resource optimization, allowing organizations to respond effectively to changing market conditions and evolving customer expectations.

Strategic Implications:

- Data-driven decision-making and improved strategic agility
- Increased customer retention through predictive analytics
- Enhanced service quality and operational performance

This sector highlights the role of AI as a key enabler of competitive differentiation, particularly in data-intensive industries. Looking ahead, Sri Lankan telecom providers can integrate AI with emerging technologies such as 5G and IoT, positioning themselves as regional digital innovation hubs.

Additionally, AI plays a critical role in cybersecurity and infrastructure resilience. AI-powered systems can detect cyber threats in real time, protecting networks and ensuring business continuity. At the same time, AI-driven resource allocation can help expand connectivity to underserved rural areas, contributing to inclusive digital development and bridging the digital divide.

3. Public Sector: Enhancing Governance and Public Value

AI adoption in Sri Lanka's public sector is still at a developing stage but holds significant potential for improving governance, transparency, and service delivery.

AI can enhance e-governance initiatives by enabling data-driven policy formulation, improving citizen engagement, and optimizing administrative processes. For instance, AI systems can analyze tax data to detect irregularities, reduce leakages, and improve revenue collection efficiency.

Moreover, AI can support strategic decision-making in areas such as healthcare, education, urban planning, and social welfare by providing insights derived from large datasets.

Strategic Implications:

- Improved efficiency and effectiveness of public services
- Enhanced transparency and accountability
- Data-driven policy development and resource allocation

The integration of AI in the public sector is critical for strengthening institutional capacity and supporting national economic recovery. Lessons can be drawn from global examples such as Estonia's digital governance model.

Healthcare and education sectors present particularly strong opportunities. AI-powered diagnostic tools can improve early disease detection, while telemedicine platforms can expand access to healthcare services. In education, AI-enabled adaptive learning systems can personalize learning experiences and improve student outcomes. Additionally, AI can support disaster management and environmental monitoring, enabling more effective responses to climate-related challenges.

AI-Driven Organizational Transformation

The strategic integration of AI leads to transformation across multiple dimensions:

Structural Transformation

Organizations are establishing dedicated data analytics units, AI governance committees, and cross-functional teams to oversee implementation and ensure alignment with strategic objectives.

Cultural Transformation

AI adoption requires a shift towards a data-driven culture characterized by innovation, adaptability, and continuous learning. Leadership plays a crucial role in fostering this transformation by encouraging experimentation and supporting digital skill development.

Process Transformation

AI enables the reengineering of business processes by automating repetitive tasks and enhancing operational efficiency. This results in faster decision-making, reduced errors, and improved productivity.

Challenges in AI Integration in Sri Lanka

Despite its transformative potential, AI adoption in Sri Lanka faces several challenges:

- Skill Shortages: Limited availability of AI and data science expertise
- High Implementation Costs: Significant investment requirements
- Data Limitations: Lack of structured and high-quality data
- Ethical Concerns: Privacy, cybersecurity, and algorithmic bias
- Workforce Displacement: Need for reskilling and workforce transition strategies

Addressing these challenges requires coordinated efforts from both public and private sectors, including policy reforms, educational investments, and public-private partnerships.

Strategic Framework for Effective AI Integration

To maximize the benefits of AI, organizations should adopt a structured approach:

- Align AI initiatives with business strategy
- Develop strong data governance and infrastructure
- Invest in talent development and training
- Implement pilot projects and scale gradually
- Establish ethical and regulatory frameworks

In addition, organizations should foster partnerships with universities, research institutions, and technology providers to accelerate innovation and capability building. Collaboration will be essential in bridging skill gaps and promoting knowledge transfer.

Conclusion

Artificial Intelligence is a key driver of organizational transformation, enabling efficiency, innovation, and strategic agility. The financial services, telecommunications, and public sectors demonstrate that AI can deliver significant value when aligned with organizational strategy.

However, successful AI adoption requires a holistic approach that integrates technology, people, and governance frameworks. For Sri Lankan organizations, the strategic integration of AI is no longer optional but essential for navigating uncertainty and achieving sustainable growth in an increasingly competitive global environment.



Future Outlook

AI adoption in Sri Lanka is expected to accelerate with increased digitalization, investment, and policy support. Emerging trends include AI integration with IoT, advanced analytics, and digital ecosystems.

SMEs will play a crucial role in this transformation, leveraging AI to enhance productivity and competitiveness. Government support through policy reforms, incentives, and digital infrastructure development will be essential in creating an enabling environment for AI-driven growth. Over time, Sri Lanka has the potential to position itself as a regional hub for digital innovation.

References

- Davenport, T. H., & Ronanki, R. (2018). Artificial Intelligence for the Real World. Harvard Business Review.
- Brynjolfsson, E., & McAfee, A. (2017). Machine, Platform, Crowd. MIT Press.
- McKinsey Global Institute. (2021). The State of AI.
- World Economic Forum. (2023). Future of Jobs Report.
- Central Bank of Sri Lanka. (2023). Annual Report.



Private Equity Thinking: Strategic Lessons for Building and Transforming Businesses

By Mr. Ishara Madhusanka, MCPM.
Manager - Strategy & Planning
Azuraa.Com (Pvt) Ltd - (Eight25Media).



Introduction: From Managing Businesses to Building Value

In the current era of heightened commercial volatility, firms are under intense scrutiny to expand their footprint while safeguarding fiscal health and adaptive capacity. Nevertheless, many enterprises remain anchored to narrow tactical routines, prioritizing operational busyness over strategic value creation. Recent research by McKinsey & Company underscores the scale of this imbalance: in a study of 8,300 large firms across the United States, Germany, and the United Kingdom, fewer than 100 “standout” firms generated approximately two-thirds of observed productivity growth, while the vast majority contributed comparatively little. This concentration of value creation suggests that many organizations remain operationally active yet strategically stagnant, often emphasizing routine execution over transformative performance.

The Private Equity framework offers a marked departure from this norm by imposing sharper accountability, strategic rigor, and an unwavering focus on measurable value realization. While often associated primarily with acquisitions and financial engineering, its deeper strength lies in its disciplined approach to business transformation. Private Equity succeeds not merely because it owns businesses, but because it operates them with uncommon urgency, technological foresight, operational precision, and clarity of purpose. PE firms assess companies through the lens of value creation: identifying unrealized potential, implementing targeted improvement initiatives, and building stronger, more scalable enterprises within clearly defined time horizons.

At its core, Private Equity is far more than an investment model; it is a rigorous management philosophy. For business leaders, particularly within emerging markets like Sri Lanka, ‘PE thinking’ provides a strategic blueprint for building, transforming, and positioning organizations for sustainable, long-term success.

The Private Equity Lifecycle: A Blueprint for Strategic Discipline

A defining characteristic of Private Equity is its structured investment lifecycle. Unlike traditional business approaches that may evolve reactively, PE firms operate with a deliberate framework for selecting, improving, and realizing business value. This proactive approach replaces the inertia of traditional corporate management with a series of high-impact milestones, each engineered to bridge the gap between current performance and untapped potential.

The process begins with strategic selection. PE firms do not invest broadly; they target businesses where operational improvements, market expansion, or strategic repositioning can unlock meaningful value. This reflects a critical lesson for managers: every business unit, product line, or investment initiative must possess a clear strategic rationale and a well-defined growth thesis.

The second stage is rigorous due diligence. Beyond financial analysis, Private Equity firms conduct a holistic review of operational efficiency, competitive positioning, leadership capability, legal and regulatory compliance, digital readiness, technology infrastructure, and enterprise risk exposure. Such disciplined scrutiny not only identifies latent strengths and vulnerabilities, but also underscores the importance of evidence-based decision-making, rigorous performance measurement, and transparent reporting systems, ensuring strategic choices are grounded in fact rather than assumption.

Once invested, attention shifts to active value creation. Unlike passive investors, PE firms work closely with management teams to improve operations, strengthen governance, accelerate revenue growth, and optimize capital allocation. This phase is characterized by an intensive period of strategic realignment, where management focuses exclusively on high-impact levers that accelerate movement from current performance toward future potential. This disciplined execution ensures that every operational change is a deliberate step toward scaling the business. By instilling a culture of radical accountability and operational excellence, PE thinking transforms organizational inertia into a results-oriented engine for growth.

Finally, PE firms operate with a value-realization mindset: building businesses that are scalable, transparent, and attractive for future investment, partnership, or strategic exit. For managers, this means running businesses as enduring, value-generating assets rather than merely operational entities that exist to maintain the status quo.

Value Creation: The Core of Private Equity Thinking

Private Equity firms create value through disciplined execution across several interconnected areas.

Operational excellence remains a primary lever. PE-backed businesses often streamline processes, eliminate inefficiencies, strengthen supply chains, and improve productivity. Operational discipline is not about cost-cutting alone; it is about building leaner, more responsive organizations capable of sustaining performance.

Revenue growth is equally important. PE firms actively seek opportunities through pricing optimization, product innovation, market expansion, and sharper customer segmentation. Growth is pursued strategically, with investments directed toward initiatives that deliver measurable returns.

A strong emphasis is also placed on financial discipline. Cash generation is treated as the lifeblood of the business, with close attention paid to working capital management, return on investment, and capital allocation. This disciplined approach strengthens resilience during economic uncertainty while creating capacity for future investment.

Leadership and governance represent another cornerstone. PE firms align leadership incentives with business outcomes, establish clear accountability structures, and monitor performance rigorously through key performance indicators (KPIs). This creates a culture where execution is measured, ownership is clear, and underperformance is addressed early.

Increasingly, technology has become a modern value-creation lever. Leading PE firms now use advanced analytics, automation, and artificial intelligence to accelerate decision-making, improve operational visibility, optimize pricing, and enhance customer engagement. AI is also reshaping due diligence through faster market intelligence gathering and predictive scenario analysis. The lesson for business leaders is clear: digital transformation should be adopted with a clear business purpose, serving as a strategic enabler of speed, insight, and efficiency while delivering measurable outcomes.

Strategic Lessons for Business Leaders

Private Equity thinking offers several practical lessons that extend well beyond the investment community.

First, leaders must think like owners rather than operators. This means evaluating decisions based on their long-term impact on enterprise value, not merely short-term operational convenience.

Second, organizations need a clear value creation plan. PE firms define from the outset how value will be built, measured, and realized. Businesses should similarly establish focused strategic priorities with defined execution pathways.

Third, leaders should cultivate a culture of accountability and measurement. Clear KPIs, disciplined review processes, and transparent reporting create alignment across the organization and improve execution quality.

Fourth, organizations must become more decisive in capital and portfolio management. Resources should flow toward high-return opportunities, while underperforming business units, products, or initiatives must be objectively reassessed. Growth requires disciplined choices, not just broader activity.

Finally, leaders should adopt a mindset of continuous transformation. In PE, improvement is never treated as a one-time initiative; it is an ongoing discipline embedded into how the business operates.

The Sri Lankan Strategic Imperative

These lessons are particularly relevant for Sri Lankan businesses navigating a post-recovery landscape defined by cost pressures, currency volatility, and intensified global competition. While many local enterprises, particularly family-owned firms and traditional conglomerates, possess deep entrepreneurial roots, they often lack the formalized performance frameworks required for rapid scaling. In many cases, decision-making remains largely intuition-driven, governance structures are informal, and legacy business units are frequently maintained despite stagnant or eroding returns.

Private Equity thinking provides a proven alternative. It encourages Sri Lankan organizations to adopt sharper capital discipline, rigorous performance measurement, and a strategic willingness to dismantle inefficient operating models. Importantly, embracing this philosophy does not require PE ownership; it requires a fundamental shift in the managerial mindset: transitioning from managing for continuity to managing for value creation. Organizations that make this shift are likely to become more resilient, investor-ready, and better positioned for sustainable growth

Conclusion

In an increasingly demanding business environment, competitive advantage is no longer built through scale alone: it is built through disciplined execution, strategic clarity, and a relentless focus on value creation.

Private Equity provides a powerful blueprint for achieving this. Its core principles, including rigorous analysis, operational excellence, financial discipline, leadership accountability, and purposeful transformation, offer lessons that can strengthen businesses across industries.

For Sri Lankan managers, the opportunity is significant. By adopting Private Equity thinking, leaders can move beyond reactive management and build organizations that are leaner, smarter, and strategically positioned for long-term success. The future belongs not only to businesses that work hard, but to those that build value deliberately.



References

- Kaplan, S. N., & Strömberg, P. (2009). Leveraged Buyouts and Private Equity. *Journal of Economic Perspectives*, 23(1), 121–146.
- Gompers, P. A., Kaplan, S. N., & Mukharlyamov, V. (2015). What Do Private Equity Firms Say They Do? Harvard Business School Working Paper.
- Bain & Company (2025). Global Private Equity Report.
- McKinsey & Company (2025). Private Equity and Operational Value Creation.
- Harvard Business Review. Selected articles on leadership, transformation, and strategic value creation.
- McKinsey Global Institute (2025) The Power of One: How Standout Firms Grow National Productivity.

Purpose-Driven Branding in Sri Lanka: Building Trust Through Sustainability Storytelling in the Digital Age

By Mr. Pradeep Attanayake, MCPM
General Manager-Operations
Sri Lanka - Riverview Mobility Solutions (Pvt)
Ltd - Singapore



Introduction

In an era marked by severe economic uncertainty, environmental vulnerability, and digital transformation, Sri Lankan organizations are increasingly challenged to move beyond profit-centric models toward purpose-driven branding for long term sustenance. In this backdrop, how sustainability storytelling communicated through digital marketing channels can build trust and loyalty, enhance brand equity, and create long-term value. Integration of Environmental, Social, and Governance (ESG) principles into brand narratives is no longer optional but a strategic imperative. Organizations seeking to align its social oriented purpose with performance in a digitally connected society will gain traction.

Sri Lanka's recent economic crisis, coupled with growing environmental challenges like ditwah and social inequalities, unprecedented financial scandals involving both private and government sectors has reshaped consumer thinking, expectations and corporate and government responsibilities. In this evolving volatile landscape, traditional branding approaches that focused solely on product attributes and price competitiveness are increasingly inadequate. Consumers have begun to question transparency, governance measures, ethicality, sustainability and accountability on top of meaningful societal contributions from brands.

This shift has given rise to purpose-driven branding—a strategy where organizations align their core mission with broader societal and environmental goals. Globally, purpose-driven brands are gaining momentum, but in Sri Lanka, the concept is still maturing, often oscillating between genuine transformation and superficial marketing.

The Strategic Importance of Purpose in Branding

Purpose-driven branding is not merely a corporate social responsibility (CSR) extension; it is a strategic and inherent business model. Recent empirical evidence from Sri Lanka's FMCG sector demonstrates that sustainability practices significantly influence consumer perception and brand value, with ESG initiatives acting as key drivers of trust and loyalty.

The FMCG sector is a massive contributor to the national economy, with estimates indicating it accounts for over 14% of Sri Lanka's GDP and acts as a major source of employment, directly employing over 1.5 million people or over 15% of the workforce, making it a critical area for sustainable transformation. As competition intensifies, brands that integrate sustainability into their value proposition gain a distinct competitive advantage.

Purpose-driven branding delivers value across three dimensions; Economic, social and environmental. In the economic side it enhances brand equity and customer loyalty whereas in the social side, it strengthens community engagement and stakeholder trust of the brand, and the environmental aspect focusses on responsible resource utilization.

In essence, purpose becomes a long-term strategic asset than merely a reputational dimension.

The Role of Digital Marketing in Purpose Communication

Digital marketing serves as a primary vehicle for communication purposes. In Sri Lanka, where social media penetration continues to grow rapidly specially among younger generation, platforms such as Facebook, Instagram, and TikTok are shaping public opinion and consumer perceptions than any traditional advertising or media channels.

There are important determinants that can define effective digital sustainability storytelling:

Transparency Through Data

Modern consumers are well informed and tend to reason out so they demand evidence over claims. They only believe in systems, data, and proof. This also reaffirms the shift from traditional 4Ps to 7Ps in popular marketing Mix literature where the additional Ps; processes, physical evidence and people reaffirm this notion. Digital dashboards, sustainability reports, and real-time disclosures enhance credibility.

Engagement Through Storytelling

Narratives that connect brand purpose impacting or promoting quality of life, such as community development and engagement or environmental conservation create emotional attachment which is far more powerful than any sophisticated or costly advertising campaigns.

Amplification Through Influencers

While influencers can extend reach, lack of transparency in paid promotions and genuineness has raised ethical concerns in Sri Lanka, highlighting the need for responsible digital practices.

Case Studies: Purpose-Driven Branding in Sri Lanka

Purpose-driven branding in Sri Lanka, mostly post-crisis, sheds light on sustainability, community upliftment (ESG), and leveraging local identity to build trust.

Successful brands like S-lon, Singer, Cargills, Sunshine Holdings, Brandix, etc. increasingly integrate the social impact, derived through strict adherence to such meaningful practices as sustainability initiatives, providing social welfare, security, health, local sourcing etc. into their core business models, accelerating recovery and building strong and solid consumer loyalty

Brandix: Embedding Sustainability into Core Strategy

Sri Lankan apparel giant Brandix has integrated sustainability into its business model since 2007, positioning it as a core strategic pillar rather than a CSR initiative. The company's focus on eco-friendly manufacturing and ethical practices has strengthened its global competitiveness.

Brandix's approach illustrates that purpose-driven branding is most effective when aligned with operational realities, not just marketing narratives.

Singer Sri Lanka: "Progress Through Purpose"

Singer Sri Lanka's ESG Roadmap 2030, themed "Progress Through Purpose," initiated somewhere in late 2025, exemplifies a structured approach to purpose-driven branding. The initiative aligns with global standards such as the UN Sustainable Development Goals (SDGs) and emphasizes responsible growth, community empowerment, and environmental stewardship.

Sunshine Holdings: ESG as a Growth Blueprint

Sunshine Holdings integrates ESG principles across its operations, emphasizing governance, transparency, and environmental responsibility. Its sustainability initiatives include emission reduction, resource optimization, and community empowerment.

S-lon (Water Management):

Positioned itself not just as a pipe manufacturer but as a provider of water security in Sri Lanka. By focusing on providing sustainable, quality water piping solutions, with the ethos Water means Life, S-lon developed a strong brand community, becoming the market leader by winning the trust of users.

Sri Lanka Tourism (Destination Branding):

The country's tourism strategy became purpose-driven by using its authentic stories and unique culture, color, and ingredients to rebuild its identity. The strategy involves highlighting the country's resilience and diversity, rather than just selling a destination.

SriLankan Airline's Planet Friendly Flights:

SriLankan Airlines has established itself as a sustainability leader in South Asia, being the first in Asia to introduce the "Planet Friendly Flights" concept as far back as in 2009. Its strategy is integrated into daily operations through a multifaceted approach focusing on carbon reduction, waste management, and biodiversity conservation

Societal Relevance: Why Purpose Matters in Sri Lanka

Sri Lanka's socio-economic context and the recent economic shackles that stifled the nation to bankruptcy, and dramatic and unprecedented environmental disasters amplify the importance of purpose-driven branding. Post-economic crisis, economic instability and recent financial debacles at Treasury and private sector banking have eroded public trust in institutions severely, increasing expectations for ethical corporate behavior.

These factors collectively create a fertile ground for purpose-driven branding but also raise concerns for authenticity.

A Strategic Framework for Purpose-Driven Branding

The framework should move beyond traditional marketing, by aligning a brand's reason for existence with measurable economic and social impact. The following can be used as a strategic framework for any brand seeking to innovate

Authenticity & Integration

A purpose-driven brand must start from the inside out. It is not a slogan; it is a business model. The purpose must be a prerequisite for growth. This means embedding sustainability into the Supply Chain, ERP systems and operations, establishing a Board-level mandate that ensures that purpose isn't sacrificed for short-term quarterly gains.

The Triple Bottom Line (TBL)

Planet: Transitioning from doing less harm to doing more good. ex. SriLankan Airlines *Planet Friendly Flights* focusing on circularity (upcycled carpets/seats).

People: Solving a national pain point that aligns with the product. ex. S-lon using its expertise to provide clean water access (Diyasara initiative) rather than just selling pipes.

Prosperity: Ensuring the purpose drives profitability through efficiency. ex. Singer's shift to solar energy solutions, creating a new revenue stream while reducing the national carbon footprint.

The Execution: Story-Doing vs. Story-Telling

Purpose-driven brands must prove their impact before they promote it, through radical transparency utilizing international standards like IFRS S1 & S2 or GRI (as Sunshine Holdings is doing) to provide verifiable data to stakeholders.

When employees see the impact, they will also invariably become the most authentic brand advocates.

Innovation & Adaptation

The framework must be circular, using feedback to innovate, engaging with the local ecosystem to identify the next set of challenges and using technology to track and optimize purpose-related KPIs in real-time.

The Sustainable Development Council (SDC) of Sri Lanka too provides a strategic framework for purpose-driven branding through its Strategy to Promote Inclusive and Sustainable Businesses (ISB Strategy), launched in early 2024. This framework positions "purpose" as the use of commercially viable models to generate positive, verifiable social and environmental impact.

Conclusion

Purpose-driven branding represents a paradigm shift in how organizations create and communicate value. In Sri Lanka, this shift is both a necessity and an opportunity. As businesses navigate economic recovery and digital transformation, integrating sustainability into brand strategy can unlock new avenues for growth, trust, and societal impact and be on par with global competitiveness indices.

However, the success of purpose-driven branding depends on authenticity. In a digitally connected world, where information flows freely and scrutiny is intense, organizations cannot afford to treat purpose as a superficial narrative. Instead, they must embed it into the very fabric of their operations.

Sri Lankan organizations that embrace this approach will not only strengthen their competitive position but also contribute meaningfully to national development, transforming branding from a tool of acceptance and persuasion into a mega force for perpetual growth and progress.

References

- Kariyawasam, H. K. L., & Perera, R. (2026). The Impact of Sustainability Practices on Brand Value in Sri Lanka's FMCG Industry
- Sunshine Holdings. ESG and Sustainability Framework
- Lanka Business News (2025). Singer Sri Lanka ESG Roadmap 2030
- Economy Next (2023). Brandix Sustainability Strategy
- Ceylon Today (2025). The Rise of Sustainable Marketing Among Sri Lankan Corporate Brands
- Lanka Talks (2026). Sustainable Technology and Purpose-Driven Branding
- Sri Lanka Journal of Management Studies (2021)



The Best Thing to Learn is a Skill that Will Sustain You in the Future:

Is Sri Lanka's Tertiary Education System Ready for the Labour Market?

By Mr. Senaka Aththanayake, MCPM
Instructor
Technical College - Matale





Introduction

In the dynamic world of a global knowledge economy, what an individual needs to acquire is not merely qualifications, but skills that are relevant to the market and adaptable for life-long employability. This principle is especially essential in developing economies such as Sri Lanka, where the system of tertiary education has grown remarkably over the decades. Nonetheless, the question that arises is: Is the tertiary education sector of Sri Lanka gearing its graduates to suit the needs of the labor market? In Sri Lanka, there has been a structural unemployment problem among the educated youth despite the country having high literacy rates and increasing access to higher education (Perera, 2021; APCDA, 2026). This article critically assesses the degree to which Sri Lanka's tertiary education system prepares one for employment in these skilled jobs.

The Sri Lankan Labour Market Context

Sri Lanka is featured a somewhat different challenge in the labour market unlike most of other nations. The country has a reasonably population with good education background and therefore a relatively high share of people attains tertiary education. Also that according to the several published reports, it is emphasized that higher percentage of educated individuals are in the labor force (Trading Economics, 2026; World Bank, 2026). However, youth unemployment is still disproportionately high, particularly among the graduates in Sri Lanka (Department of Census and Statistics, 2024).

National labour statistics show that graduates entering the workforce often experience higher unemployment rates than less-educated individuals do (Department of Census and Statistics, 2023). This refers to a structural mismatch between qualification and job opportunities which is termed as skills mismatch. Larger percentage of young people in Sri Lanka are either unemployed or underemployed, as research has found that the education system is incapable of producing the skills that employers require (Wijesinghe, 2025). As opined by Dissanayake, (2020) this unemployment among educated youth does not just arise upon supply issues, but also because of quality and relevance problems as now the acquiring of more sustainable and futuristic skills for the future is more important than a mere qualification.

Skills Mismatch and the Limitations of Tertiary Education

Sri Lanka is faced with a demanding problem of skills mismatch within the labour market. When the education attainment does not meet the industrial requirement it is termed as mis-match. Several studies have noted that mostly the graduates in Sri Lanka often do not have practical, technical and soft skills such as communication and problem-solving (Jayathilake and Yapa, 2018).

Most significant issue in Sri Lanka's tertiary education sector is its theory driven nature. Thus, the graduates carry ample theoretical knowledge but they find it hard to implement it in reality. The lack of consistency is commonly observed in areas like IT, engineering, business management, etc., which frequently change their industry-specific skills. (World Bank, 2016; Karunaratne, 2026). Also it can be noted that graduates then don't seek for jobs in private sectors. Their unwillingness to work in the private sector makes the unemployment problem more severe. Graduates turning away from private or self-employment in favor of government jobs create inefficiencies in the labour market (Perera, 2021).



The Role of Vocational and Technical Education

Vocational Education and Training (VET) has been widely acknowledged to have the merit to bridge the gap between skill. Evidence shows that aligning training to labour market demand contributes significantly to better employment outcomes of VET programmes (Piyasena, and Takahashi, 2025). Nevertheless, throughout Sri Lanka, overall vocational education is considered second level option as fewer students enter vocations rather than entering universities (Asian Development Bank, 2021). This perception hinders the ability of VET to tackle unemployment. Creating stronger links between vocational pathways and the tertiary education system can enhance skills and employability. Nowadays, labour markets are increasingly searching for hybrid skill sets that combine technicalities with entrepreneurial and digital skills. Hence, it has the requirement of restructured education that gives academic and vocational education for sustainable employment.

Emerging Skill Demands in the Future Economy

As technological advancements and globalization transpire, the future of work is being reshaped. The increasing importance of skills such as critical thinking, adaptation, digital literacy, and innovation is growing. Knowledge of the scientific content alone is not sufficient. Accordingly, Sri Lanka's universities will need to adopt competency-based education models, interdisciplinary learning and corporate partnerships, to adapt to these changes. Incorporating ICT education and practical training into a curriculum is one of the ways to prepare graduates for the digital economy (Wijesinghe et al., 2021). As emphasized by Weerasinghe and Perera, (2020) through self-employment and job creation, entrepreneurship education may lead to lower levels of dependency on jobs. Empowering students with an entrepreneurial mindset could help nations and communities become more resilient and innovate better.

Policy Implications and Systemic Reforms

To bridge the gap between education and employment, reforms should be undertaken at multiple levels. Firstly, the curriculum design must be influenced by the industry, including employers and professional bodies. The graduates will get skills suitable for the market.

There should be developed a mechanism of career support services from universities. Timing is important. As the time becomes critical, support services should begin early in a student's university journey. This becomes ideal at first year and offering subject-related advice and recommendations for further study, where appropriate. Research indicated that successful career guidance could help reduce unemployment by aligning student aspirations with labour market opportunities (Dundar et al,2017).

Also to strengthen collaboration between academia and industry, public-private partnerships need to be reinforced. Work-integrated learning like internships and apprenticeships can help bridge the gap between theory and practice.

Most importantly, policymakers should promote a culture in which skills-based education is valued more than the status of a degree. This would motivate students to follow a variety of career routes like vocational education and entrepreneurship.

Conclusion

In the Sri Lankan context, the statement “the best thing to learn is a skill that will sustain you in the future” is quite true. The country has improved access of tertiary education to a considerable extent. However, the system is not fully aligned with the requirements of the labour market. Graduate unemployment, skill mismatch, and lack of practical training still happen in the community which require makeover. In order to competitively operate in global economy, Sri Lanka has to shift the focus from qualification to skill oriented education. Adaptive skill training is a must and ensuring linkages with the industry along with curriculum restructuring is essential. Only in this way would the reforms make services of the tertiary education system to prepare graduates for sustainable employment as also to economic growth in the longer term.



References

Asia Pacific Career Development Association (APCDA), 2026. Sri Lanka information. Available at: <https://asiapacificcda.org/sri-lanka-information/#:~:text=Many%20students%2C%20especially%20in%20rural,to%20professional%20career%20guidance%20services.&text=Mismatch%20between%20Education%20and%20Labour,unemployment%20or%20underemployment%20among%20graduates>. Accessed: 26 April 2026)

Asian Development Bank (2021) COVID-19 Impact on Technical and Vocational Education and Training in Sri Lanka. ADB Briefs No. 168. [Online] Available at: <https://www.adb.org/sites/default/files/publication/683046/adb-brief-168-covid-19-impact-tvet-training-sri-lanka.pdf> (Accessed: 29 April 2026).

Department of Census and Statistics (2023) Sri Lanka Labour Force Survey: Annual Report 2023. Battaramulla: Ministry of Finance, Economic Stabilization and National Policies. Available at: https://www.statistics.gov.lk/Resource/en/LabourForce/Annual_Reports/LFS2023.pdf (Accessed: 29 April 2026)

Department of Census and Statistics (2024) Sri Lanka Labour Force Statistics Quarterly Bulletin, First Quarter 2024. [Online] Available at: https://www.statistics.gov.lk/Resource/en/LabourForce/Bulletins/LFS_Q1_Bulletin_2024.pdf (Accessed: 29 April 2026).

Dundar, H., Millot, B., Savchenko, Y., Aturupane, H. and Piyasiri, T.A. (2017) Building the Skills for Economic Growth and Competitiveness in Sri Lanka. Washington, DC: World Bank. [Online] Available at: worldbank.org (Accessed: 29 April 2026).

Karunaratne, J.A. (2026) Need to restructure university education in Sri Lanka. The Sunday Times Sri Lanka, 18 January. Available at: <https://www.sundaytimes.lk/260118/business-times/need-to-restructure-university-education-in-sri-lanka-627920.html> (Accessed: 29 April 2026).

Perera, S., 2021. Unemployment in Sri Lanka. Available at SSRN 3916373.

Piyasena, M.L.U.K. and Takahashi, K. (2025) Bridging the skills gap: The role of vocational education and training in shaping youth employment in Sri Lanka. GRIPS Discussion Papers 25-06. Tokyo: National Graduate Institute for Policy Studies. Available at: <https://ideas.repec.org/p/ngi/dpaper/25-06.html> (Accessed: 29 April 2026).

Trading Economics (2026) Sri Lanka - Labor force with advanced education (% of total). Available at: <https://tradingeconomics.com/sri-lanka/labor-force-with-advanced-education-percent-of-total-wb-data.html> (Accessed: 29 April 2026)

Weerasinghe, R.N. and Perera, M.P.S.R. (2020) 'Entrepreneurial innovation dimensions and resilience capacity', Sri Lankan Journal of Entrepreneurship, 2(1). [Online] Available at: <https://mgt.sjp.ac.lk/ent/wp-content/uploads/2020/10/SJE.pdf> (Accessed: 29 April 2026).

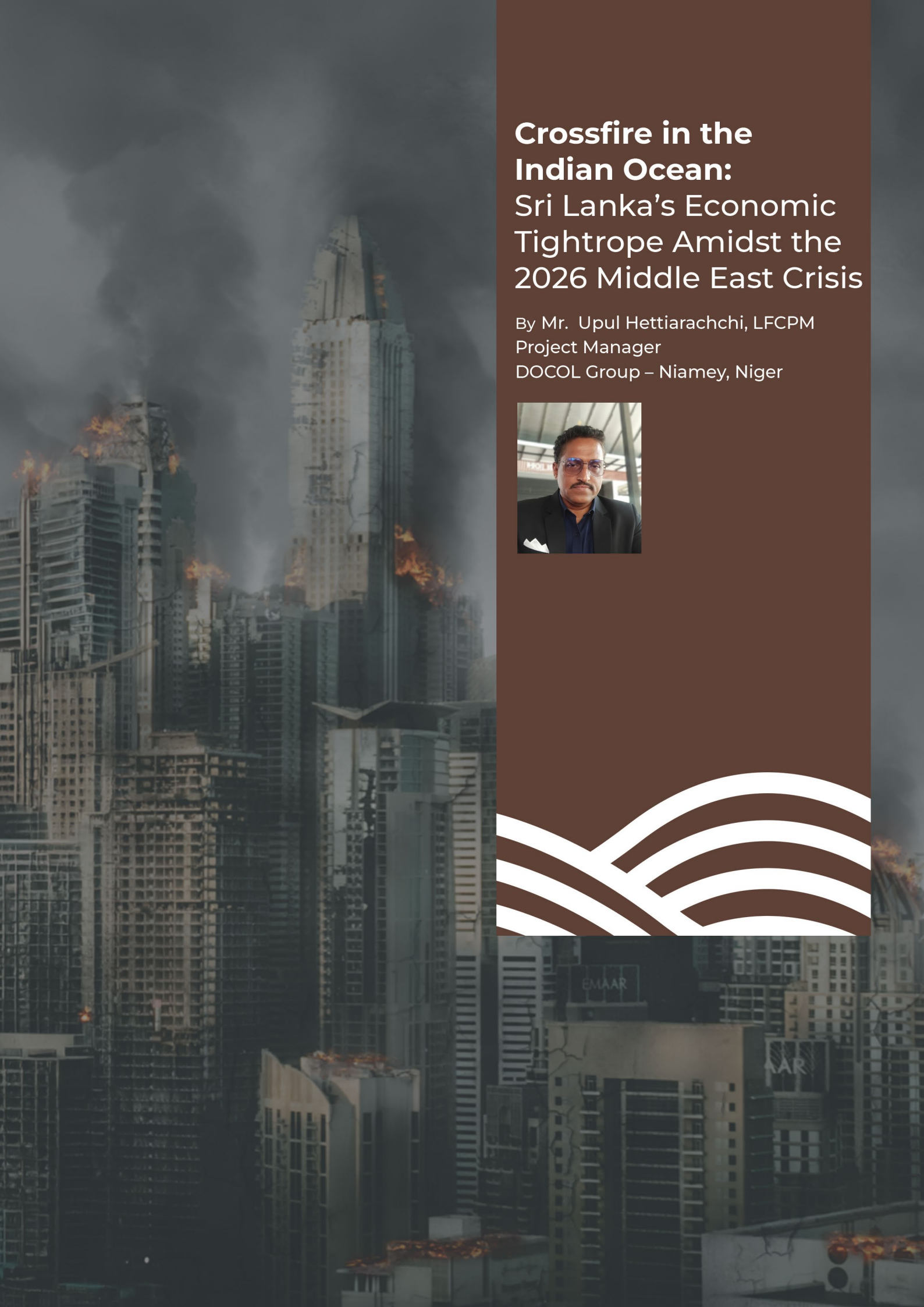
Wijesinghe, C., Hansson, H., Ekenberg, L. and Hettiarachchi, E. (2021) 'Employability Model for Higher Education Institutes to Generate Work-Ready ICT Graduates in Sri Lanka', ResearchGate. [Online] Available at: https://www.researchgate.net/publication/351837712_Employability_Model_for_Higher_Education_Institutes_to_Generate_Work-Ready_ICT_Graduates_in_Sri_Lanka (Accessed: 29 April 2026).

Wijesinghe, N. (2025) Skills mismatch and youth unemployment in Sri Lanka: Economic costs and policy options for reforming vocational education. https://www.researchgate.net/publication/393232971_Title_of_Research_Project_Skills_Mismatch_and_Youth_Unemployment_in_Sri_Lanka_Economic_Costs_and_Policy_Options_for_Reforming_Vocational_Education (Accessed: 25 April 2026)

World Bank (2016) Sri Lanka: Developing students with practical skills for employability and competitiveness. Available at: <https://www.worldbank.org/en/results/2016/08/10/sri-lanka-students-skills-employability-competitiveness> (Accessed: 29 April 2026).

World Bank, 2026. Labor force with advanced education (% of total) – Sri Lanka. Available at: <https://data.worldbank.org/indicator/SL.TLF.ADVN.ZS> (Accessed: 29 April 2026).





Crossfire in the Indian Ocean: Sri Lanka's Economic Tightrope Amidst the 2026 Middle East Crisis

By Mr. Upul Hettiarachchi, LFCPM
Project Manager
DOCOL Group – Niamey, Niger



The escalating conflict in the Middle East has sent undeniable shockwaves across the globe. However, for Sri Lanka, the outbreak of the Iran-Israel proxy war, and the aggressive strategic interference of the United States, is not a distant geopolitical chess match. It is a clear, present, and existential danger to a highly fragile economic recovery. As the United States and Israel engage in high-stakes military campaigns, the island nation finds itself caught in an unforgiving geopolitical pincer.

For a country that only recently began to stabilize after the devastating sovereign default and economic collapse of 2022, the timing could not be more disastrous. Sri Lanka is now forced to balance its critical humanitarian obligations and historic non-aligned stance with the looming threat of American economic retaliation. This analysis examines the profound political and economic shockwaves hitting Sri Lanka's shores as of early April 2026, driven by regional warfare and superpower coercion

The Diplomatic Standoff: Sovereignty vs. Superpower Pressure

The reality of this war arrived directly on Sri Lanka's doorstep in early March 2026, when a United States submarine torpedoed the Iranian frigate IRIS Dena just 19 nautical miles off the coast of Galle. This unprecedented incident forced Colombo into an immediate and highly volatile diplomatic crisis that remains unresolved.

President Anura Kumara Dissanayake's administration has attempted to maintain a policy of "principled neutrality." However, as of April 10, the United States has made this exceptionally difficult. The U.S. State Department continues to exert immense pressure on Sri Lanka to withhold the repatriation of the 32 rescued Iranian sailors and the 208 crew members of the auxiliary vessel IRIS Bushehr, which remains heavily guarded in Trincomalee harbor.

Colombo has correctly cited international maritime law and its humanitarian duties as its guiding principles, refusing to treat rescued sailors as prisoners of war on behalf of a foreign power. In a bold display of its non-aligned sovereignty, the government recently denied a renewed U.S. request to station reconnaissance aircraft at Mattala Airport.

However, defying Washington carries massive risks. The interference of America is not limited to diplomatic scolding; it is backed by severe economic leverage. A recent U.S. Executive Order threatens secondary sanctions and tariffs on nations maintaining active, unsanctioned trade with Iran. For Sri Lanka, whose largest export market for apparel is the United States, and which heavily relies on the U.S.-backed International Monetary Fund (IMF) for its continued economic lifeline, these threats are an economic sword of Damocles.

The First Shockwave: The Energy Chokehold and the Grid

The most immediate and visible blow to the Sri Lankan economy has been the disruption of global energy markets. Sri Lanka imports nearly 100% of its refined and crude oil requirements. With the Strait of Hormuz, through which roughly 20% of global oil flows, experiencing severe transit drops due to U.S. naval blockades and retaliatory strikes, the "war premium" on oil has skyrocketed.

While OPEC+ interventions in late March managed to pull Brent crude back from its peak of \$130, prices remain stubbornly high, hovering around \$112 as of the second week of April. This effectively shatters the baseline assumptions of Sri Lanka's 2026 national budget.



Table 1: April 2026 Fuel Price Sensitivity & Macroeconomic Impact

Global Oil Price (USD/bbl)	Est. Impact on Pump Price (LKR)	Projected Petrol 92 Price (LKR/L)	Macroeconomic Threat Level
\$81 (Jan 2026 Baseline)	Baseline	370.00	Low: Stable inflation, steady transport.
\$112 (April 10 Average)	+ Rs. 62.00	432.00	High: Supply chain strain, inflation rising.
\$135 (Escalation Projection)	+ Rs. 108.00	478.00	Critical: Risk of localized hyperinflation.

Data synthesized from Ministry of Power and Energy pricing formulas.

More critically, the energy spike threatens the manufacturing sector. The Ceylon Electricity Board (CEB), reliant on thermal power generation to supplement hydropower during the ongoing dry season, faces mounting debts. A proposed 15% emergency tariff hike in April to cover fuel costs threatens to wipe out the profit margins of small and medium enterprises (SMEs) still recovering from the last crisis.

The Second Shockwave: The Remittance Lifeline

Beyond oil, Sri Lanka's current account stability relies fundamentally on worker remittances. In 2025, remittances hit a crucial \$8.1 billion, providing the vital dollar liquidity needed to keep the economy afloat. The vulnerability here is stark: a massive proportion of these funds originate directly from the Middle East.

Table 2: Expatriate Worker Remittance Dependency (2025-2026)

Region of Origin	Share of Total Remittances	Est. Annual Value (USD)	Current Risk Factor
Middle East (Gulf/Iran)	52.4%	\$4.24 Billion	Severe (Direct conflict zone, banking sanctions)
Europe & UK	19.1%	\$1.54 Billion	Low (Stable, but subject to Euro fluctuations)
Asia Pacific (Excl. ME)	16.5%	\$1.33 Billion	Moderate (Secondary supply chain impacts)
North America	12.0%	\$0.97 Billion	Low (Stable)

Data sourced from CBSL Annual Reports and current market analysis.

The escalation of war puts the Sri Lankan diaspora in direct physical and economic danger. As Middle Eastern economies pivot to a war footing, migrant workers face job insecurity, delayed wages, and physical peril. Furthermore, U.S. sanctions and interference in regional banking systems threaten to disrupt the very financial channels (like the SWIFT network) required to transmit these funds back to Colombo.

The Third Shockwave: Trade Bottlenecks and Export Squeeze

The strategic interference of the U.S. via maritime coalitions in the Red Sea has highlighted the extreme vulnerability of global shipping lanes. Sri Lanka's major exports are now caught in a logistical nightmare.

Vessels are increasingly forced to reroute around the Cape of Good Hope to avoid the conflict zone. This adds up to three weeks to transit times and drastically inflates shipping insurance premiums.

However, it is the Ceylon Tea industry facing the most acute, direct threat. The Middle East and North Africa (MENA) region purchases over 50% of Sri Lanka's tea exports. Iran, historically one of the top three buyers, is now largely cut off due to the conflict and the aggressive tightening of U.S. secondary sanctions.

The highly praised "Tea-for-Oil" barter deal an innovative mechanism that allowed Sri Lanka to bypass dollar transactions and settle a \$250 million legacy debt to Iran by exporting tea, is now functionally paralyzed. While the government managed to settle 95% of this specific debt before the war escalated, the sudden loss of the Iranian market puts an estimated \$10–\$15 million in weekly tea revenue at severe risk.

The Fourth Shockwave: The IMF Program in Jeopardy

Perhaps the most structural, long-term threat posed by this conflict is its impact on Sri Lanka's ongoing IMF Extended Fund Facility (EFF) program. The IMF's targets for Sri Lanka are rigidly tied to inflation control, revenue collection, and maintaining a primary budget surplus.

The geopolitical crisis attacks all three pillars simultaneously:

01. Inflation: Rising fuel and freight costs are bleeding directly into food prices and core inflation, which saw a noticeable uptick in April indices.

02. Revenue: Reduced economic activity due to fuel rationing and export delays means lower tax receipts for the Treasury.

03. Surplus: Subsidizing the sudden energy shortfall to prevent public unrest threatens to widen the budget deficit, violating the core terms of the EFF agreement.

Conclusion: The High Price of Non-Alignment

The intersection of the Iran-Israel war and aggressive American strategic maneuvering presents an asymmetric and largely unavoidable shock to Sri Lanka. The island cannot influence the geopolitics of the Middle East, nor can it dictate maritime terms to Washington. It can only attempt to weather the economic fallout through agile policymaking.

The prevailing strategy must revolve around hyper-diversification and strict diplomatic discipline. Sri Lanka must rapidly seek alternative fuel supply frameworks, relying heavily on emergency credit lines from India or discounted supplies from non-sanctioned actors. It must also explore alternative regional trade mechanisms insulated from sudden U.S. sanction shifts, all while maintaining the delicate neutrality required to protect both its vital Western export markets and its Middle Eastern economic lifelines.

The events leading up to April 2026 serve as a harsh, undeniable reminder: for a developing, debt-burdened nation in a heavily globalized economy, neutrality is not merely a political philosophy; it is an incredibly expensive, yet entirely necessary, survival tactic.

References

Macroeconomic & Energy Projections (First Capital / CAL Research, April 2026): Briefs outlining the sustained "war premium" on Brent crude oil, the impact on CEB thermal generation costs, and the strain on the LKR/USD exchange rate due to widening trade deficits.

Diplomatic and Maritime Incident Reports (Reuters / Al Jazeera, March-April 2026): Ongoing documentation of the aftermath of the IRIS Dena sinking, the status of the sailors in Trincomalee, and U.S. diplomatic communiqués regarding regional airspace and port access.

Trade and Demographic Data (Central Bank of Sri Lanka / Export Development Board, 2025-2026): Baseline statistics demonstrating reliance on Middle Eastern worker remittances (\$8.1B total in 2025) and the vulnerability of the Ceylon Tea market share.



Beyond the Degree: Why Leadership is the Ultimate Career Multiplier

By Mr. Samantha Herath, LFCPM
General Manager – Operations
Laugfs Lubricants Limited



The Credential Paradox: Why Degrees are Only the Foundation

In the high-stakes corridors of the modern corporate world, we are witnessing an abnormal paradox. While the pursuit of higher education such as MBAs, specialized Master's degrees, and technical certifications has reached an all-time high, the 'leadership deficit' remains a primary concern for Global Fortune 500 CEOs. Academic excellence, while indispensable, serves merely as the 'ticket to the stadium.' It is leadership that determines whether you remain a spectator on the sidelines or become the most vital player on the field.

The traditional career trajectory was once viewed as a linear progression, learn, apply, and ascend. However, technical proficiency has a shelf life in an era defined by 'Permanent Beta', a state of constant evolution. Leadership, on the other hand, is an evergreen asset. It acts as a 'Career Multiplier,' a catalytic force that takes your existing baseline of knowledge and amplifies its impact across people, processes, and profits. Understanding this shift is the difference between professional stagnation and exponential growth for an aspiring Manager.

The Beginning of the Multiplier Effect

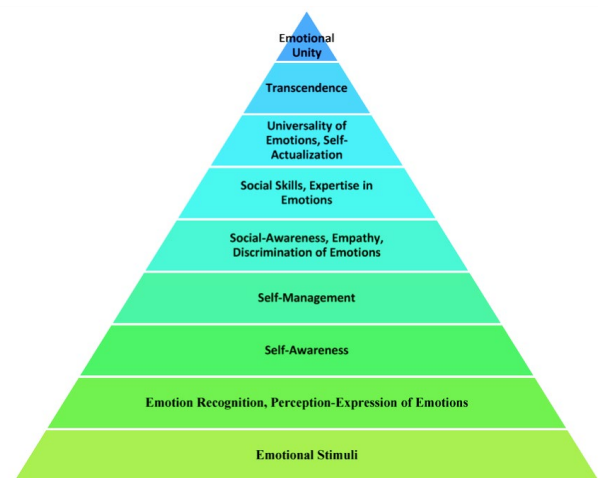
To understand the multiplier effect, we must look at the mathematical nature of corporate value. Technical skills are 'additives.' If you learn a new coding language or financial modeling technique, you add a specific unit of value to your output. Leadership, however, is 'multiplicative.' When a leader effectively inspires a team of ten, he isn't just adding his own effort but optimizing the output of ten others.

Empirical research by Boffo & Gagliardi (2022) highlights that as professionals move from middle management to senior executive roles, the reliance on specialized functional knowledge drops by nearly 40%, while the requirement for 'relational intelligence' increases by over 50%. The multiplier effect is essentially the ability to leverage human capital to solve problems that no single degree, no matter how prestigious, could solve in isolation.

1. The EQ Anchor, Navigating the 'Human' in Human Resources

For decades, the corporate world treated emotions as interruptions that interfered with the 'signal' of rational logic. Post-2020, that narrative has been soundly discredited. The global pandemic and the subsequent shift to hybrid work models have proven that a leader's primary role is managing energy, not just tasks.

Emotional Intelligence (EQ) is the anchor of the multiplier effect. According to Drigas and Papoutsi (2020), EQ involves a sophisticated nine-layered pyramid of cognitive and emotional self-regulation.



This translates into Psychological Safety. When employees feel safe to fail, they feel safe to innovate. A leader with high EQ can identify the subtle signs of burnout or misalignment before they manifest in the P&L statement. Leaders reduce turnover and increase engagement metrics by humanizing the workplace that directly multiply the firm's bottom line. This isn't just 'being nice', it is a strategic management imperative.

2. Adaptive Intelligence - Beyond the Case Study

Academic degrees often rely on historical data and retrospective case studies. While these provide a foundational framework, they rarely prepare a manager for 'Black Swan' events or radical market shifts. This is where leadership steps in as the multiplier of adaptability.

Adaptive Leadership is the practice of mobilizing a group of people to tackle tough challenges and thrive. In the current global context, where economic volatility is the baseline, the ability to pivot is more appreciated than the ability to plan. Research by Shore & Chung (2022) indicates that inclusive leadership behaviors are significantly correlated with an organization's 'absorptive capacity', the ability to recognize, assimilate, and apply new information. A leader who fosters an inclusive culture multiplies the number of 'sensors' the organization has in the market, allowing for faster course corrections.

3. The Power of Ethical Influence and Social Capital

Degrees teach us how to manage 'down' (subordinates), but leadership teaches us how to manage 'across' (peers) and 'up' (superiors and boards). This is the realm of Social Capital. In a complex matrix organization, formal authority is often an illusion. To get things done, a manager must rely on the strength of their professional relationships and their ability to influence without a mandate.

Ethical influence is the currency of the leadership multiplier. By building a reputation for integrity and competence, a leader enhances the 'trust constituent' within an organization. When trust is high, communication is instant, and collaboration is seamless. This social capital allows a leader to pull together cross-functional teams to execute a vision that exceeds the scope of any single department. The degree provides the expertise, but leadership provides the bridge.

4. Strategic Foresight - the Vision Multiplier

If management is about doing things right, leadership is about doing the right things. Many highly qualified managers find themselves 'climbing the ladder of success only to realize it is leaning against the wrong wall.' Leadership multiplies career value by providing the lens of strategic foresight.

Contemporary management requires a transition from being a tactical executor to a visionary architect. This involves 'Horizon Scanning' the ability to look past the current fiscal quarter and anticipate the disruptions of the next decade. As Goleman & Boyatzis (2021) noted in their revisited work on leadership competencies, the ability to articulate a compelling 'Why' is what separates a manager from a leader. When a leader provides a clear vision, it acts as a force multiplier, aligning the disparate efforts of a workforce into a singular, powerful direction.

Managing the Pivot - From Specialist to Generalist Leader

The transition from a technical specialist to a leadership generalist is often cited as the most difficult pivot in the corporate world. It requires a fundamental shift in identity. Your 'degree-self' takes pride in being the smartest person in the room. Your 'leader-self' takes pride in ensuring the smartest people are in the room and are talking to each other.

This pivot is supported by the work of Yukl & Gardner (2020), who emphasize that effective leadership involves the coordination of varied expertises. A manager who remains stuck in their technical silo becomes a bottleneck. A leader who embraces their role as a facilitator becomes a multiplier. To excel in the corporate world, one must develop the courage to step away from the comfort of technical certainty and embrace the messy, unpredictable, and ultimately rewarding world of human dynamics.

Practical Strategies for a Manager

To truly harness leadership as a career multiplier, a Manager should focus on several vital management points.

Continuous Unlearning - The degree you earned five years ago may be providing a skewed view of today's reality. Leadership requires the humility to 'unlearn' outdated management dogmas and remain curious.

Radical Candor - Move beyond the 'polite' corporate culture. Leadership multiplies effectiveness through clear, direct, and empathetic feedback that drives genuine professional growth.

Stewardship - Shift the mindset from 'owning' a team to 'stewarding' talent. Your legacy as a leader is measured by how many leaders you create, not how many followers you keep.

Cognitive Diversity - Intentionally seek out unorthodox voices. A leader's ability to synthesize conflicting viewpoints into a coherent strategy is a high-order skill that no degree can fully impart.

Conclusion: The Non-Depreciating Asset

In conclusion, while your degree is a testament to your past dedication, your leadership is an investment in your future potential. In an era where Artificial Intelligence can draft reports, analyze data, and optimize supply chains, the uniquely human elements of leadership such as empathy, vision, and ethical influence become the most valuable commodities in the corporate market.

For the members of CPM Sri Lanka, the path forward is clear. To excel in the corporate world is to look beyond the certificate on the wall and focus on the impact you leave in the room. Leadership is not a destination; it is the ultimate multiplier that turns a professional career into a profound legacy. It is time to move beyond the degree and embrace the transformative power of leadership.

References

- Boffo, V., & Gagliardi, F. (2022). Leadership for Employability: A New Paradigm for Higher Education. *Journal of Higher Education Policy and Management*, 44(3), 245-261. <https://doi.org/10.1080/1360080X.2022.2031023>
- Drigas, A. S., & Papoutsis, C. (2020). The Nine-Layered Pyramid Model of Emotional Intelligence. *International Journal of Online and Biomedical Engineering (iJOE)*, 16(03), 4-21. <https://doi.org/10.3991/ijoe.v16i03.12030>
- Goleman, D., & Boyatzis, R. E. (2021). *Emotional Intelligence Revisited: Why It Still Matters for Leaders*. Harvard Business Review (Digital Edition).
- Shore, L. M., & Chung, B. G. (2022). Inclusive Leadership and Employee Well-Being: The Mediating Role of Person-Job Fit. *Journal of Management & Organization*, 28(6), 1120-1135. <https://doi.org/10.1017/jmo.2021.24>
- Yukl, G., & Gardner, W. L. (2020). *Leadership in Organizations* (9th ed.). Pearson Education.
- Zenger, J., & Folkman, J. (2020). *The Extraordinary Leader: Turning Good Managers into Great Leaders*. McGraw-Hill Education.
- Avolio, B. J., & Hannah, S. T. (2021). Leadership Development in Organizations: A View from the Future. *Annual Review of Organizational Psychology and Organizational Behavior*, 8, 123-147.
- Schoemaker, P. J. H., & Krupp, S. (2021). *Strategic Leadership: The Essential Skills*. MIT Sloan Management Review.



A large construction crane with a red and yellow lattice boom is lifting a heavy load at a building site. The crane is positioned on the left side of the frame, and its boom extends diagonally across the sky. Below the crane, the steel framework of a multi-story building is visible, with scaffolding and construction equipment. The sky is a clear, light blue.

Impact of Domestic Labour Shortages in Sri Lanka: Focus on Construction, Technicians and Machine Operators.

By Ms. Dilrukshi Hathurusinghe, MCPM
Assistant General Manager
SAW Engineering (Pvt) Ltd



Introduction

Sri Lanka's economic recovery following the severe financial crisis of 2022 has renewed attention on revitalizing productive sectors capable of supporting national growth, employment generation, and infrastructure development. Among these sectors, the construction industry occupies a strategically important position due to its extensive linkages with national infrastructure programmes, housing development, tourism facilities, and industrial investment. Construction activity also generates significant multiplier effects throughout the economy by supporting upstream and downstream industries including cement production, steel fabrication, building materials supply chains, transport services, and engineering consultancy.

Following several years of disruption caused by the Easter attacks in 2019, the COVID-19 pandemic, and the macroeconomic instability that culminated in the 2022 crisis, recent economic indicators suggest that construction activity in Sri Lanka is gradually recovering. The Sri Lanka Purchasing Managers' Index (PMI) for Construction recorded a value of **67.1 in December 2025**, indicating strong expansion in sector activity and increased availability of construction projects (Central Bank of Sri Lanka, 2026). PMI values above 50 indicate expansion, while values exceeding 60 typically signal strong growth in industry activity.

Despite this improving outlook, the construction sector is increasingly experiencing shortages of skilled labour in key technical occupations. Contractors and project developers report growing difficulties in recruiting workers with adequate technical competencies and practical experience, particularly construction trades workers, technicians, and heavy machinery operators. These occupations are critical for the timely execution of infrastructure projects and private sector developments.

Labour shortages in these technical occupations are influenced by several structural labour market factors. These include outward labour migration, skills mismatches within vocational training systems, changing employment preferences among younger workers, and relatively challenging working conditions within construction-related employment. Understanding these factors is essential for developing policies that ensure a sustainable supply of skilled labour for Sri Lanka's construction industry.

Labour Migration and Workforce Outflows

Overseas employment migration has long been a significant feature of Sri Lanka's labour market and remains a major source of foreign exchange earnings through worker remittances. However, the increasing scale of labour migration has also created important implications for domestic labour availability.

According to official statistics published by the Sri Lanka Bureau of Foreign Employment (SLBFE), **314,786 Sri Lankans departed for overseas employment in 2024**, representing the highest annual level of labour migration recorded in the country (Sri Lanka Bureau of Foreign Employment, 2025). Of these migrant workers, approximately **185,162 were male workers and 127,674 were female workers**, reflecting strong demand for Sri Lankan labour in international labour markets.

Migration flows have continued at a significant level in 2025. During the **first six months of 2025 alone, 144,379 Sri Lankans departed for overseas employment**, with male workers accounting for the majority of departures (Sri Lanka Bureau of Foreign Employment, 2025).

A substantial proportion of migrant workers originate from semi-skilled and skilled occupational categories, including construction-related trades such as electricians, welders, mechanics, and machinery operators. Higher wages, improved employment conditions, and long-term career opportunities in foreign labour markets continue to attract Sri Lankan workers to overseas employment destinations, particularly in the Middle East and parts of East Asia.

While labour migration contributes positively to Sri Lanka's economy through remittance inflows, sustained outward migration simultaneously reduces the availability of experienced workers within certain domestic industries. The construction sector is particularly affected because many of the skills required in domestic construction projects are also in demand internationally.

Structural Causes of Labour Shortages

Although labour migration contributes to workforce outflows, it is not the sole factor responsible for labour shortages within Sri Lanka's construction sector. Several structural labour market issues collectively contribute to the declining availability of skilled technical workers.

Skills Mismatch

One of the most frequently identified challenges within Sri Lanka's construction labour market is the mismatch between vocational training outcomes and industry requirements. Although the country maintains an established network of technical and vocational education institutions, employers often report that newly trained workers require additional on-site training before achieving the productivity levels expected in construction projects.

This gap between theoretical training and industry expectations delays workforce readiness and reduces the immediate availability of skilled labour for construction activities.

Changing Workforce Preferences

Employment preferences among younger workers have also changed significantly in recent years. Many young individuals increasingly seek employment opportunities within service-sector industries, information technology sectors, or public institutions. Construction occupations are often perceived as physically demanding and offering limited long-term career progression opportunities.

These perceptions discourage many young workers from entering construction-related trades, gradually reducing the domestic supply of skilled technical labour.

Working Conditions and Wage Competitiveness

Working conditions within construction sites can also influence workforce participation. Construction work often involves physically demanding tasks, exposure to outdoor environments, and irregular employment patterns linked to project timelines.

When compared with overseas employment opportunities that offer significantly higher wage levels and improved employment benefits, domestic construction employment may appear less attractive to many workers.

Together, these structural factors contribute to declining workforce participation within technical construction occupations.

Impact on the Construction Industry

The shortage of skilled labour has several operational implications for Sri Lanka's construction sector.

Project Delays

Construction projects depend heavily on experienced workers capable of performing specialised technical tasks. Labour shortages can therefore delay project timelines and increase the risk of cost overruns.

Rising Labour Costs

In response to labour shortages, contractors increasingly offer higher wages and incentives in order to attract skilled workers. While such measures may help address workforce gaps in the short term, they also contribute to rising construction costs and may affect project profitability.

Reduced Productivity

Construction productivity is strongly influenced by the technical experience and skills of workers. A shortage of skilled labour can affect construction quality, project efficiency, and workplace safety standards.

Constraints on Infrastructure Development

National infrastructure initiatives such as road construction, housing programmes, tourism developments, and industrial zones require a stable supply of skilled labour. Persistent labour shortages may therefore slow the implementation of development projects that are critical to Sri Lanka's long-term economic growth.

Strategic Responses

Addressing labour shortages within Sri Lanka's construction sector requires coordinated policy responses involving government institutions, training providers, and industry stakeholders.

Strengthening vocational education and technical training systems will be essential for increasing the supply of skilled workers. Expanding apprenticeship programmes, industry partnerships, and practical training initiatives can help bridge the gap between classroom education and workplace requirements.

Improving working conditions, wage competitiveness, and career development opportunities within construction trades may also encourage greater participation among domestic workers.

In addition, the adoption of modern construction technologies such as mechanisation, prefabrication methods, and digital construction management systems can improve productivity while reducing reliance on manual labour.

Conclusion

Sri Lanka's construction sector is entering a period of renewed growth as the national economy gradually stabilises following the recent financial crisis. However, labour shortages in technical occupations have emerged as a critical constraint affecting the sustainability of this recovery.

The shortage of skilled labour within construction trades, technicians, and machine operators is driven by a combination of structural labour market factors, including outward labour migration, skills mismatches within vocational education systems, changing workforce preferences, and working conditions within the industry.

As construction activity expands and infrastructure investment increases, these workforce challenges will become increasingly important for policymakers, industry stakeholders, and training institutions. Addressing labour shortages will therefore require long-term strategies that strengthen vocational education systems, improve workforce retention, and promote stronger collaboration between education providers and industry.

Ensuring a stable supply of skilled labour will be essential not only for the continued development of Sri Lanka's construction sector but also for the country's broader economic transformation and infrastructure growth.

References

- Central Bank of Sri Lanka (2026) Purchasing Managers' Index – Construction Survey. Colombo: Central Bank of Sri Lanka.
- Central Bank of Sri Lanka (2025) Workers' Remittances and Labour Migration Bulletin. Colombo: Central Bank of Sri Lanka.
- Ministry of Labour and Foreign Employment (2023) National Policy and National Action Plan on Migration for Employment 2023–2027. Colombo: Government of Sri Lanka.
- Sri Lanka Bureau of Foreign Employment (2025) Annual Statistical Report of Foreign Employment. Colombo: Sri Lanka Bureau of Foreign Employment.

Implementing Public-Private Partnership Models for Loss-Making Sectors: A Comprehensive Analysis.

By Ms. Jebewathani Sundaravel, FCPM.
Deputy Director - Finance & Administration
Board of Investment of Sri Lanka



By Mr. Anton Dilesh De Costa, FCPM
Assistant Director - Resort Management
Sri Lanka Tourism Development Authority



In 2026, Sri Lanka's approach to Public-Private Partnerships (PPPs) shifted from a general divestiture strategy to a structured, sector-specific restructuring model. This transition is governed by the Public Financial Management Act No. 44 of 2024, and the newly enacted Public-Private Partnership Act has not yet been finalized in Parliament. However, it is in its final stage, providing a standardized legal framework for private investment. The implementation of Public-Private Partnerships (PPPs) is currently transitioning from an informal, guideline-based approach to a more structured legal framework. While the government has recently introduced a draft PPP Act to centralize oversight through a dedicated National Agency for Public-Private Partnerships, several specific success factors and challenges define the current landscape

The successful implementation of PPPs in the current Sri Lankan context depends on the following key drivers:

- **Political Stability and Commitment:** High-level political support is the most vital factor for investor confidence, especially during the current economic recovery.
- **Legal and Regulatory Clarity:** The transition to a dedicated PPP Act is seen as a major success factor, replacing outdated 1998/2006 guidelines and providing a uniform legal framework.
- **Equitable Risk Allocation:** Projects succeed when risks such as exchange-rate volatility and construction delays are assigned to the party best equipped to manage them.
- **Project Economic Viability:** Investors prioritize projects with clear bankability, such as those in the power and logistics sectors, where revenue streams are more predictable.
- **Transparent Procurement:** Competitive, open bidding processes (e.g., the Kahatagaha Graphite Mine and airport tenders) are critical for attracting reputable foreign consortia.

Despite reform efforts, several barriers hinder smooth PPP delivery:

- **Institutional Capacity Gaps:** There is a lack of specialized professionals within government agencies to effectively screen, prioritize, and manage complex long-term contracts.
- **Public Opposition and Social Barriers:** Distrust of private sector involvement in public services often leads to project delays or cancellations, as seen in past mega-power projects.
- **Macroeconomic Volatility:** Fluctuating exchange rates, inflation, and interest rates significantly impact the financial feasibility of long-term investments.
- **Land Acquisition and Environmental Hurdles:** Lengthy delays in securing land and obtaining Environmental Impact Assessments (EIA) remain a primary bottleneck.
- **Lack of dedicated Viability Gap Funding (VGF):** Unlike regional peers, Sri Lanka has lacked a formal mechanism to support projects that are socially essential but financially marginal

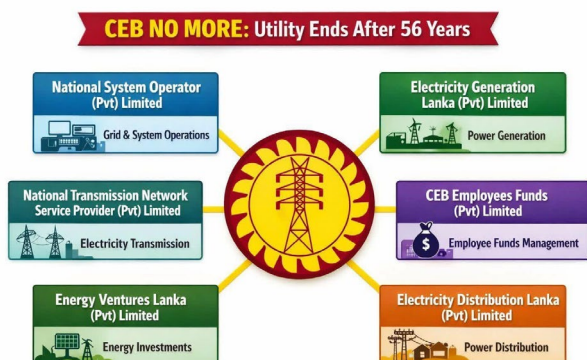


The current strategic framework in Sri Lanka is moving toward a more structured and legally grounded PPP framework to address past failures, including East Container Terminal (ECT) - Colombo Port, the Colombo Rapid Transit System (RTS) Project, Mattala Rajapaksa International Airport (MRIA), and the Irrigation Projects - Abandoned / Underperforming Uma Oya Lower Basin, Lower Malwathu Oya, and Yan Oya Reservoir projects.

The Centralized Authority formally empowers the National Agency for Public-Private Partnership (NAPPP) as the primary facilitator and regulator, and the PFM Act Alignment now legally integrates PPP projects into the Public Investment Programme (PIP) 2026–2030. This ensures that all partnerships align with national development priorities and fiscal sustainability targets. Under the 2026 Governance Action Plan, the present government is standardizing procurement legislation and restructuring state-owned enterprises (SOEs) to support PPP implementation.

Several loss-making or underperforming sectors have been identified for private sector participation. They are;

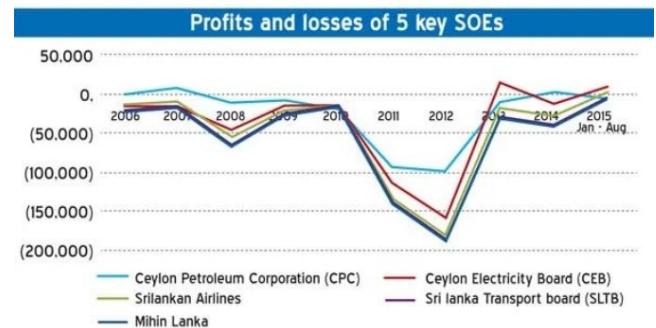
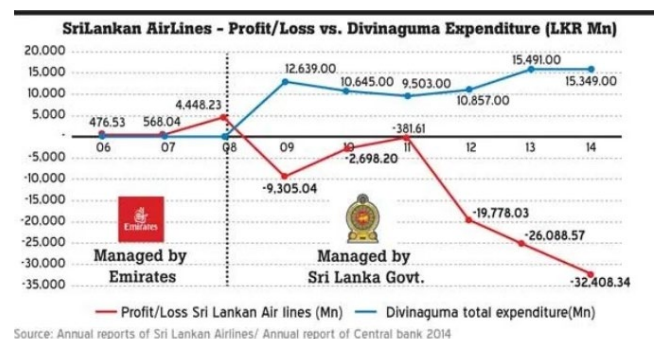
Energy:



The CEB faced severe financial stress, including LKR 220 billion in legacy debt and a net loss of LKR 9.58 billion between January and September 2025, despite 2024 tariff hikes. Challenges included revenue volatility due to politically set tariffs and high costs from reliance on thermal power during the summer. The restructuring creates a framework for private-sector involvement, focusing on attracting capital to reach 70% renewable energy by 2030, enhancing operational

efficiency and transparency to boost investor confidence, mobilizing resources through initiatives such as World Bank support, and leveraging private expertise for grid-scale storage. To address the LKR 220 billion legacy debt, the restructuring requires all successor companies to be financially independent. By unbundling, the government aims to isolate profitable segments and make them more attractive to lenders, reducing the overall burden on the national treasury.

Aviation & Logistics: The “Rebuild” Strategy for Sri Lankan Airlines.



Sri Lankan Airlines continues to struggle with high debt servicing costs and limited revenue diversification. The 2026 analysis shows a decline in the number of privatization attempts compared with 2024–2025. The Operational Status indicates that the government terminated the previous bidding process and decided to keep Sri Lankan Airlines as a state-owned entity for the immediate term.

The Debt Restructuring: A major milestone was achieved on March 20, 2026, with the successful swap of US\$ 175 million in defaulted bonds for new, manageable payment plans, aimed at making the airline "bankable" to future strategic partners.

Industrial and Infrastructure Sectors



The New Public-Private Partnership Models are being revitalized to bring dormant assets back into use.

- (a) **Valachchenai Paper Mill** – identified as a prime example of the 2025/2026 revival, in which the PPP model is used to modernize operations and expand into export markets. It is currently operating under state-led recovery and moving toward a formal PPP. The Embilipitiya Paper Mill serves as the definitive blueprint for how these terms are structured by the National Paper Company Limited (NPCL).

The investment terms and PPP structure for both mills, the government uses a Joint Venture or Concessionary model designed to modernize aging infrastructure without state funding. Private partners typically secure a 30-year long-term lease for the facility and its surrounding land.

The state contributes the land and existing buildings as equity capital, receiving a share of the venture rather than a simple rental fee. The investor is responsible for 100% of capital expenditures, including repairing and upgrading machinery (estimated at \$1.2 million for Valachchenai's initial phase), reconnecting utilities (electricity and water), and modernizing infrastructure to meet international export standards. Risks are allocated to the party best equipped to manage them (e.g., technical and market risks to the private partner), and profits are shared in proportion to the agreed-upon equity split.

- (b) **Trincomalee Oil Tank Farm**: This project is structured as a joint venture (JV) formalized in January 2022 and updated in early 2026, dividing the facility among three primary stakeholders (private-sector expertise) for a 50-year lease. Trinco Petroleum Terminal (Pvt) Ltd (TPTL), the core PPP vehicle, manages 61 tanks. The Ceylon Petroleum Corporation (CPC) holds a 51% controlling stake, while Lanka IOC (LIOC) holds 49%. TPTL operates as a subsidiary of CPC, ensuring its accounts are subject to state audits and parliamentary oversight. Ceylon Petroleum Corporation (CPC) retains exclusive rights to use and develop 24 tanks, and Lanka IOC (LIOC) continues to operate the 14 tanks it has managed since 2003 in the Lower Tank Farm.

- (c) **Telecommunications**: The divestiture of a 50.23% stake in Sri Lanka Telecom (SLT) remains a key target, though it has faced delays due to national security reviews and legal undertakings.



Agriculture & Plantations Sectors

Sri Lanka is actively expanding its agricultural and fisheries output by leasing underutilized state land and establishing freshwater prawn hatcheries through Public-Private Partnership (PPP) arrangements. These initiatives aim to meet growing export demand and enhance rural livelihoods.

The government has launched a major reform to unlock the potential of idling assets managed by state plantation entities:

Target Lands: Large tracts of land managed by the Janatha Estate Development Board (JEDB), Sri Lanka State Plantation Corporation (SLSPC), and Elkaduwa Plantation Limited.

Lease Policy (2025/2026): Budget 2025 allocated Rs. 250 million to identify and study these lands for private investment. Investors can obtain long-term leases for export-oriented crops, livestock, and aquaculture.

Procurement Process: A Cabinet-appointed Procurement Committee oversees investor selection through transparent Expressions of Interest (EOIs) published in newspapers

Investment and Financial Incentives are;

Loan Schemes: The National Savings Bank (NSB) provides special credit facilities (Rs. 1M to Rs. 100M) at lower interest rates for members of the Sri Lanka Aquaculture Development Alliance.

BOI Incentives: Large-scale projects with a minimum investment of USD 150,000 may qualify for Enhanced Capital Allowances (ECA) of 100% to 200% and extended loss-deduction periods of up to 10 years

Strategic Implementation Framework

The Strategic Implementation Framework for Public-Private Partnerships (PPPs) in Sri Lanka has been significantly overhauled for 2026, transitioning from ad hoc project selection to a structured, legislated system under the National Agency for Public-Private Partnership (NAPPP). The National Agency now uses standardized Screening and Scoring Tools to evaluate the "bankability" and risk-sharing of all proposed projects.

PPPs are being leveraged to maintain primary expenditure around 13% of GDP, shifting the burden of infrastructure development and R&D from the state to private investors through tax concessions. The NAPPP serves as the technical advisor and primary facilitator, assisting line ministries in identifying, structuring, and tendering suitable projects

References

www.investsrilanka.com

www.treasury.gov.lk/web/napp/section/about

<https://ppp.worldbank.org/library/ppp-unit-sri-lanka>

<https://ceylonpublicaffairs.com/sri-lanka-ceb-split-into-six-companies/>

https://www.srilankan.com/en_uk/corporate/news-details/608





From Crisis to Fragile Recovery: Assessing Sri Lanka's Economic Resilience Amid Emerging Geopolitical Shocks

By Ms. Manoja Alweera, MCPM
Manager - Research and Development
The Institute of Chartered Accountants
of Sri Lanka



Abstract

Sri Lanka's economy has transitioned from a severe macroeconomic collapse in 2022 to a phase of fragile recovery by 2025-2026. In this setting, this comment critically evaluates the extent of Sri Lanka's economic resilience, emphasizing structural reforms, debt restructuring, and external vulnerabilities, particularly in the context of emerging geopolitical shocks. While macroeconomic indicators signal stabilization roughly, underlying socio-economic fragilities and external dependencies raise concerns regarding the sustainability of recovery.

Introduction

Sri Lanka's 2022 economic crisis marked one of the most severe macroeconomic breakdowns in the country's post-independence history, characterized by sovereign default, hyperinflation, and acute shortages of essential goods. The crisis exposed deep structural weaknesses, including fiscal mismanagement, excessive external borrowing, and institutional fragility. However, by 2025 Sri Lanka has entered a phase of recovery supported by the International Monetary Fund (IMF) and a comprehensive reform agenda. Yet, this recovery remains fragile and increasingly vulnerable to external geopolitical shocks such as global trade tensions, climate-related disasters, and instabilities in international financial situation. Under these circumstances the article assesses Sri Lanka's economic resilience by examining (1) post-crisis recovery dynamics, (2) structural reforms and debt sustainability, and (3) emerging geopolitical risks that may undermine long-term stability.

From Collapse to Stabilization: Macroeconomic Recovery Trends

Sri Lanka's macroeconomic recovery has been notable, particularly in terms of stabilization indicators. After contracting sharply in 2022 and 2023, the economy rebounded strongly, recording a growth approximately 5%

in 2024 and continuing this momentum into 2025, with projections ranging between 3% and 5% depending on external conditions.

Inflation, which peaked nearly to 70% during the crisis, has been drastically reduced to low single digit level by 2025-2026. In some periods, inflation even turned negative, reflecting tight monetary policy and stabilization of the exchange rate. Foreign exchange reserves have also improved significantly, alleviating the severe balance-of-payments crisis experienced in the crisis period.

Fiscal consolidation has been another important aspect of the recovery. Government revenue increased substantially from around 7.3% of GDP in the crisis time to nearly 15% by 2025 on account of tax reforms and increased compliance. The achievement of having a primary fiscal surplus after over a decade further indicates a progress toward macroeconomic management. Thus, these improvements reflect the effectiveness of IMF-supported reforms; monetary tightening, exchange rate liberalization, and fiscal restructuring. However, such stabilization measures have imposed significant social costs also, including reduced public spending and increased taxation.

Structural Reforms and Debt Restructuring: Foundations of Resilience

Sri Lanka's recovery is closely tied to its ongoing structural reforms and debt restructuring process. Following its sovereign default in 2022, the country undertook a complex restructuring of both bilateral and private external debt, involving diverse creditor groups. In this manner, recent data indicates a gradual improvement in debt sustainability indicators. Accordingly, public debt-to-GDP ratio declined from approximately 126% in 2022 to around 106% by 2024, reflecting restructuring efforts and fiscal consolidation. Gross financing needs have also decreased, easing short-term liquidity pressures.



In this regard, the IMF's Extended Fund Facility (EFF), valued at approximately \$3 billion, has played a central role in guiding reforms. Accordingly, the key structural measures include the following:

- Tax policy reforms and revenue mobilization
- State-owned enterprise restructuring
- Strengthening monetary policy frameworks
- Enhancing governance and anti-corruption measures

These reforms seemed to have contributed to restoring investor confidence and improving macroeconomic fundamentals as confirmed by the IMF saying that “reforms are bearing fruit,” with growth strengthening and fiscal revenues improving. However, the sustainability of these reforms remains uncertain. Critics argue that IMF-led austerity measures may constrain long-term growth with exacerbating trends in inequality, undermining social and political stability.

The Social Dimension: Poverty and Uneven Recovery

Despite macroeconomic improvements, Sri Lanka's recovery remains uneven across socio-economic groups. According to World Bank estimates, over one-third of the population is expected to remain in or near poverty in 2025. Real income losses, higher taxation, and reduced subsidies have disproportionately affected low-and middle-income households. While inflation has declined, the cost of living remains elevated due to price adjustments in energy and public utilities.

This divergence between macroeconomic stabilization and the society level hardship highlights a critical limitation of the current recovery trajectory. Thus, it is accepted that economic resilience cannot be fully realized without having an inclusive growth that addresses distributional inequalities

Emerging Geopolitical Shocks and External Vulnerabilities

Sri Lanka's recovery is increasingly shaped by external geopolitical and environmental shocks, which pose significant risks to its fragile economic stability. But from the beginning of 2026 a new geopolitical and economic crisis began to appear with tariff-war and the Middle-East war tension related pressures.

i) Trade and Global Economic Uncertainty

Sri Lanka's export-oriented sectors, particularly apparel, are highly vulnerable to global trade disruptions. Mainly, new tariff increases in major markets may have significantly affected export earnings and employment generation.

Given the country's constraints on external resources and earnings, global economic slowdowns and protectionist policies the country could show a considerable economic resilience. However, it should be noted that it will be further challenging for the currently fragile economy to face newly appearing geo-political instabilities in the beginning of the year 2026 and period ahead.

ii) Climate and Environmental Shocks

Climate-related disasters have emerged as a critical threat to economic resilience. The recent cyclone and flooding caused widespread damage, displaced populations, and imposed significant fiscal burdens, necessitating emergency IMF financing.

Such events highlight the increasing intersection between climate vulnerability and macroeconomic stability, particularly for small island economies like Sri Lanka.

iii) Debt Vulnerability and Financial Dependence

Although debt restructuring has provided short-term relief, concerns remain about long-term debt sustainability. Some analysts warn that Sri Lanka may face renewed debt distress by the late 2020s if growth remains subdued and external financing conditions tighten.

Moreover, continued reliance on multilateral institutions and external creditors raises questions about policy autonomy and economic sovereignty.



Assessing Economic Resilience: A Critical Perspective

Economic resilience refers not only to recovery from shocks but also to the capacity to withstand future disruptions. In Sri Lanka's case, resilience can be assessed across three dimensions:

i) Macroeconomic Resilience

Sri Lanka has made significant progress in stabilizing key macroeconomic indicators, including inflation, growth, and fiscal balances. This reflects improved policy coordination and external support.

ii) Structural Resilience

Reforms in taxation, governance, and financial management provide a foundation for long-term stability. However, incomplete institutional transformation and weak productive diversification limit resilience.

iii) Socio-economic Resilience

This remains the weakest dimension. High poverty levels, inequality, and social discontent undermine the sustainability of recovery and increase vulnerability to future shocks.

Policy Implications

To strengthen economic resilience, Sri Lanka must adopt a more balanced and forward-looking policy approach:

i) Promote Inclusive Growth

Strengthening social protection systems and investing in human capital and spillover effects are essential to ensure equitable recovery.

ii) Enhance Export Diversification

Reducing dependence on a narrow export base can mitigate vulnerability to global shocks. This indicates the need of diversification of export industries and strengthening the lean, currently existing opportunity entrepreneur class in the economy.

iii) Strengthening Climate Resilience

Integrating climate risk into macroeconomic planning and investing in disaster-resilient infrastructure is critically needed.

iv) Ensure Sustainable Debt Management

Transparent and growth-oriented debt strategies are necessary to avoid future crises.

v) Institutional Reforms and Governance

Strengthening institutions and reducing corruption will improve policy credibility and investor confidence and attraction.

Conclusion

Sri Lanka's journey from economic collapse to recovery represents a significant achievement in macroeconomic stabilization. However, this recovery remains fragile, constrained by structural weaknesses, social vulnerabilities, and exposure to external shocks currently emerging and resulting waves forecasted evolving in the near future.

While IMF-supported reforms have laid the groundwork for stabilization, long-term resilience will depend on the country's ability to achieve inclusive growth, diversify its economy, and navigate an increasingly uncertain global environment.

Ultimately, Sri Lanka's experience underscores a broader lesson for developing economies. Accordingly, recovery from crisis is not synonymous with resilience. True resilience requires structural transformation, social inclusion, and the capacity to adapt to an evolving geopolitical landscape.

References

- Bretton Woods Project. (2025). Critical perspectives on IMF.
- Collection of articles. (2023). New perspectives on economic development in Sri Lanka: A collection of lectures. Gamini Corea Foundation.
- Colombage, S. (2024). Reforming macroeconomic policies for stability and growth: Sri Lanka's road to economic recovery. Gamini Corea Foundation.
- International Monetary Fund. (2025-2026). Sri Lanka program reviews.
- Reuters. (2025-2026). Economic forecasts and reforms: Recovery assessment.
- Sandararatne, N. (2025). Development: Not by economics alone- Non-economic factors in development.
- World Bank. (2025). Sri Lanka development update.

Foreign Worker Migration to Sri Lanka: Are We Ready?

By Ms. Nadeesha Hemachandra, LFCPM
Director – External Operations
Seylanya Holdings (Pvt) Ltd



Introduction: The Global Importance of Migrant Workers

One of the defining features of the modern global economy is labour migration. Migration patterns have always evolved around how labour markets change according to opportunities, inequality, change in demographics and economic shocks. Migrant workers play an important role when it comes to addressing labour shortages, enhancing productivity and boosting economic growth in both developed and developing countries. They fill in a critical gap across industries, from construction, manufacturing, healthcare and technology while contributing to innovation and knowledge transfers. Migrant workers also help support their local economies through remittances which remain a major source of foreign exchange particularly in developing countries (Central Bank of Sri Lanka, 2025).

Big countries such as the United States, developed European countries such as Germany as well as the Gulf Cooperation Council (GCC) heavily depend on foreign labour contributions in order to sustain economic momentum. Sri Lanka has always been a labour- sending country, however recent developments show a rising trend as a labour receiving nation as well.

Therefore this brings us to address the topic at hand as a critical question: **Is Sri Lanka prepared to manage and benefit from incoming foreign workers?**

Migration Trends in Sri Lanka: Outflow vs Emerging Inflow

Sri Lankan heavily depends on its overseas employment as a key economic pillar. As per the statistics of the Central Bank of Sri Lanka (2025) and the Sri Lanka Bureau of Foreign Employment over 1.7 million Sri Lankans are employed abroad contributing to a total of USD 6 billion back to Sri Lanka . Another statistic by the Sri Lankan Red Cross (2023) state that majority of these employees are based in Saudi Arabia, Kuwait, and the UAE.

Emerging Inbound Migration

While it must be noted that the outward migration is still dominant in the country, there has been an increase in inbound migration particularly in construction, infrastructure and service sector. These workers are from countries such as China, India, Bangladesh, Nepal, and Myanmar who contribute to the local economy.

It is also interesting to note that as of mid-2020 over 40,254 people remain as international migrant stock in Sri Lanka which constitutes to 0.2% of the total population. It was found that 19,058 were female (Migrants & Refugees Section, 2022, p. 9).

Majority of them come from India and Malaysia. This is because historically, Indian and Malaysian migrants first came to Sri Lanka over two centuries ago to work on tea plantation as well as support the army regimes with defense purposes. They have now settled within the local population and are part of the Tamil and Malay communities in Sri Lanka (Ricci, 2014; IOM, 2023).

In contemporary times, migrant workers from China and India have come forward and engaged in large scale infrastructure to work on highway, port and airport related projects most notably the Colombo Port City and Hambanthota port. These migrants fall under both skilled and semi skilled workers employed via foreign construction firms (Migrants & Refugees Section, 2022, p. 11).



Migrant workers in Thailand

As a comparative case study, Sri Lanka can draw valuable lessons from Thailand which has made successful strides to integrate migrant labours into its economy. A study conducted by Reuters (2025) shows 3 million foreign workers who work in manufacture, agriculture and construction industries. This was made possible due to structured policies, bilateral agreements, proper registration systems which enable efficient migration management. This has resulted in increased productivity, enhanced export competitiveness and stabilized labour markets in the country. Therefore this shows that having a strong, well regulated migrant labour force can be a strategic economic advantage.

Constraints and Challenges of Foreign Worker Migration

As much as the idea of welcoming migrants into the country sounds promising, it is also important to look into the challenges this may pose to Sri Lanka. Given that there is a lack of comprehensive legal framework for inbound migration this can cause lots of employment discrepancies and illegal work structures and bring rise to informal employment. This can cause a rise in non-compliance and exploitation of labour. Given that Sri Lanka already has an excess of low skilled unemployed workers this can cause rifts with migrant workers creating hostility towards the migrant working population. Other social integration issues is the cultural difference and this may hinder social cohesion. This also adds strain to the public service and urban infrastructure which may not be adequate in the long run (IOM, 2023).

Balancing the Debate: Are We Ready?

Sri Lanka is now at a crucial juncture to take a decision. While there is clear indication of labour shortage and the need for foreign workers in key sectors the absence of proper regulatory frameworks pose risks in many areas. Hence it is critical to evaluate the governance and institutional readiness to manage inbound migration effectively. The current framework is heavily oriented toward outbound labour particularly in primary caregiver which have also posed social consequences especially when mothers leave young families behind for better wages resulting in family dislocation, reduced parental supervision and strains on the traditional family structure (UNICEF, 2022). It is also important to take advantage of migrant workers for skill transfer and knowledge diffusion especially in large scale infrastructure and technical projects which can serve as a catalyst to upskilling the local workforce. With proper bilateral labour agreements which keep countries such as China and India, sharing and exposure of global best practices while ensuring the system remains transparent and mutually beneficial will be advantageous to Sri Lanka (The World Bank, 2023). Addressing this important institutional and strategic gaps in a holistic and balanced manner will be essential to ensure that economic gains do not come at the expense of social stability and rather an active policy driven management of migration in the country.

Conclusion

Foreign worker migration is becoming an increasingly important aspect to take into consideration in this contemporary economic landscape of Sri Lanka. While the country continues to benefit from the remittances of the outbound migrant, it is important to put more focus on how the inbound migration is reshaping the labour market.

Historically and leading up to contemporary times, Sri Lanka has relied on its migrant workers to support in economic developments from plantation economies, infrastructure development and civil defense systems. It is evident that countries like Thailand have demonstrated potential benefits of structured migrant systems to improve its economy.

However it is also important to understand the constraints due to lack of proper frameworks and effective regulations in place which can lead to economic and social challenges. Sri Lanka must also look into the advantages such as skill transfers of proper migrant management systems in place and improve bilateral ties with countries such as India and China in a balanced and forward looking approach while taking both opportunities and risks into consideration. Sri Lanka's readiness will not depend only on the presence of migrant workers but also the strength of its institutions, policies and ability to manage migration sustainably.

Sri Lanka has long opened its doors with warmth through tourism and hospitality but this next chapter calls for something deeper and more meaningful. Sri Lanka stands at a defining moment where decisions made in migration policies need to focus not only in growth and development but also strengthen families, enhance communities and bring pride to national identity.

Welcoming foreign labour should go hand in hand in providing the right amount of stability and opportunity. When we invite a migrant worker, let us allow them to collaborate, share knowledge, innovate side by side and foster meaningful partnerships in shaping a stronger and brighter future for Sri Lanka.

References

- Central Bank of Sri Lanka. (2025). Workers' remittances bulletin.
- International Organization for Migration. (2023). Migration governance indicators: Sri Lanka profile.
- Migrants & Refugees Section (Vatican). (2022). Sri Lanka country profile. <https://migrants-refugees.va/wp-content/uploads/2022/04/2022-CP-Sri-Lanka.pdf>
- Newswire. (2025). More than 300,000 Sri Lankans seek foreign jobs in 2025.
- Ricci, R. (2014). Asian and Islamic crossings: Malay writing in nineteenth-century Sri Lanka. *South Asian History and Culture*, 5(2), 179–194. <https://doi.org/10.1080/19472498.2014.883765>
- Reuters. (2025). Thailand labour migration trends.
- Sri Lanka Bureau of Foreign Employment. (2025). Annual migration statistics.
- Sri Lanka Red Cross. (2023). National migration assessment report.
- UNICEF. (2022). Migration and children left behind in Sri Lanka.
- World Bank. (2023). Sri Lanka development update / migration and development briefs.





Bridging the Employability Gap: An HR Perspective on Graduate Readiness in Sri Lanka

By Ms. Nurani Athapattu, MCPM
Head of Human Resources
Premium International Pvt Ltd



Abstract

Graduate employability has emerged as a critical concern in Sri Lanka, where increasing numbers of graduates face challenges in securing suitable employment despite holding formal qualifications. This study examines the extent to which Sri Lankan graduates are equipped with the skills and competencies required by employers from an HR perspective. A mixed-method approach was adopted using a structured questionnaire and secondary data sources. The findings indicate a significant mismatch between academic preparation and workplace expectations, particularly in communication, practical experience, and professional behavior. While graduates possess theoretical knowledge, they often lack essential soft skills and workplace readiness. The paper concludes with strategic recommendations to strengthen industry-academia collaboration, enhance soft skills development, and promote value-based education to improve employability outcomes in Sri Lanka.

Introduction

Human capital development is a key driver of economic growth, and tertiary education plays a vital role in preparing individuals for the labour market. Sri Lanka has expanded its higher education system through universities, private institutions, and vocational training providers. However, concerns persist regarding graduate employability and readiness to meet evolving workplace demands.

From an HR perspective, employers increasingly report that graduates lack essential competencies such as communication, adaptability, teamwork, and professionalism. While academic qualifications remain important, they are no longer sufficient in a competitive labour market. Organizations now seek individuals who can contribute effectively from the outset, highlighting the importance of workplace readiness.

This study addresses the research question:

To what extent are Sri Lankan graduates equipped with the skills and competencies required by employers?

The Evolving Nature of Employability

The concept of employability has evolved significantly over the past decade, moving beyond the traditional notion of academic qualification towards a more holistic framework encompassing skills, competencies, and behavioral attributes. In contemporary labour markets, employers increasingly value graduates who demonstrate adaptability, critical thinking, and interpersonal effectiveness. This shift is largely driven by globalization, technological advancement, and the dynamic nature of modern organizations, which require employees to continuously learn and adapt.

In the Sri Lankan context, this transformation presents a significant challenge, as the education system has historically emphasized theoretical knowledge and examination performance. While this approach provides a strong academic foundation, it often falls short in preparing students for real-world work environments. As a result, graduates may struggle to translate academic knowledge into practical application, thereby affecting their employability.

From an HR perspective, employability is not merely about securing employment, but about the ability to sustain and grow within a professional environment. This requires a combination of technical knowledge, soft skills, and the right attitude, highlighting the need for a more integrated approach to education and workforce development.

Literature Context

Reports from the World Bank and the International Labour Organization indicate persistent skill mismatches between education systems and labour market needs in developing economies. Sri Lanka reflects similar trends, with continued concerns around educated unemployment.

Globally, recruitment has shifted from qualification-based to competency-based approaches, where employers prioritize behavioral attributes, adaptability, and practical skills. However, the University Grants Commission Sri Lanka continues to emphasize academic outcomes, contributing to a gap between graduate capabilities and industry expectations. Limited exposure to real-world work environments further exacerbates this issue.

Research Methodology

This study adopted a descriptive and exploratory research design. Primary data was collected through a structured questionnaire distributed among HR professionals, managers, lecturers, and recent graduates in Sri Lanka using purposive sampling (n = 30–50).

The questionnaire included both closed and open-ended questions covering employability skills, workplace readiness, and perceptions of the education system. Secondary data was obtained from published reports and labour studies.

Quantitative data was analysed using descriptive statistics, while qualitative responses were examined through thematic analysis to identify recurring patterns.

The study ensures confidentiality and anonymity of respondents, thereby encouraging honest and unbiased responses.

Findings and Analysis

Respondent Profile		
Category	Group	%
HR Professionals	HR Managers	40%
Graduates	0–3 years' experience	40%
Academics	Lecturers	20%

Table 1: Respondent Profile

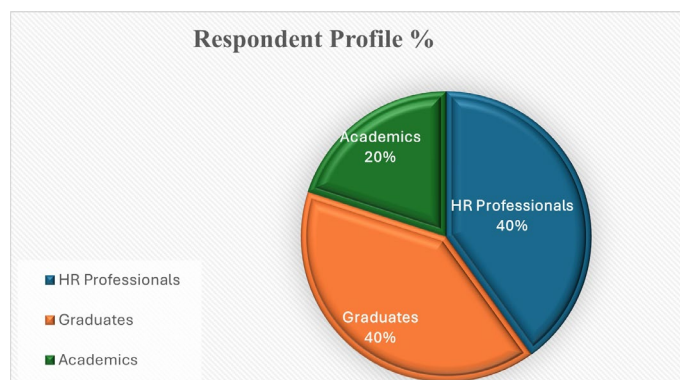


Figure 1: Respondent Profile

The sample reflects a balanced stakeholder representation, enabling a comprehensive assessment of employability issues.

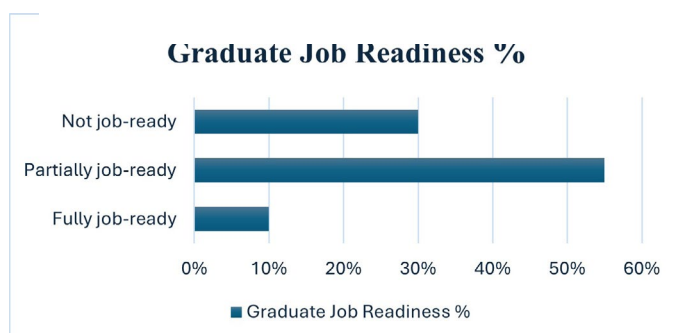


Figure 2: Graduate Job Readiness

The majority of respondents perceive graduates as only partially job-ready, indicating a clear gap between education and workplace expectations. The majority of respondents (55%) perceive graduates as only partially job-ready.

Key Skill Gaps	
Skill	%
Communication	78%
Practical experience	72%
Professional attitude	60%
Teamwork	55%

Table 2: Key Skill Gaps

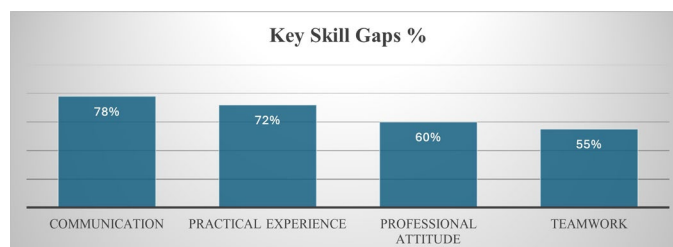


Figure 3: Key Skill Gaps

Communication and practical exposure emerge as the most critical deficiencies, limiting graduates' ability to perform effectively in organizational environments.

Expanded Analysis of Skill Gaps

The identification of communication skills and practical experience as the most significant gaps reflects a systemic issue within the education framework. Communication, in particular, plays a critical role in organizational effectiveness, influencing teamwork, leadership, and client engagement. The lack of proficiency in this area suggests that graduates are not sufficiently exposed to interactive and collaborative learning environments during their academic journey.

Similarly, the absence of practical experience highlights the limited opportunities available for students to engage with real-world work scenarios. Without exposure to workplace dynamics, graduates often face challenges in understanding organizational expectations, adapting to professional environments, and performing effectively under pressure.

These findings indicate that the employability gap is not merely a deficiency in knowledge but a broader issue related to the application of knowledge in practical contexts. Addressing this gap requires a shift towards experiential learning approaches, where students are actively engaged in problem-solving, teamwork, and industry-based projects.

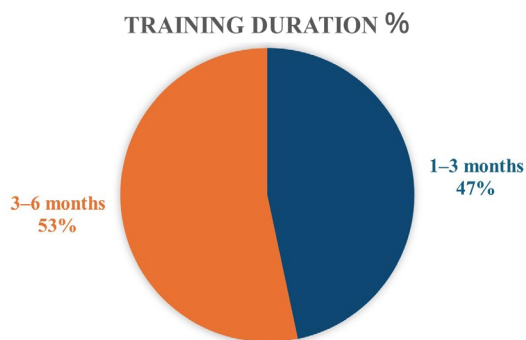


Figure 4: Training Duration

Most organizations require up to six months to train graduates, indicating additional resource investment due to readiness gaps.

Recruitment Challenges	
Challenge	%
Lack of experience	70%
Poor communication	65%
Salary expectations	50%

Table 3: Recruitment Challenges

These challenges highlight the disconnect between graduate capabilities and employer expectations.

Education System Alignment	
Response	%
Partially aligned	60%
Not aligned	25%

Table 4: Education System Alignment

The findings indicate that the current education system is not fully aligned with labour market needs.

Discussion

The findings confirm a persistent employability gap in Sri Lanka, characterized by deficiencies in soft skills, practical exposure, and workplace behavior. Communication skills and lack of experience were identified as the most critical issues, consistent with global observations by the International Labour Organization.

The gap is largely driven by structural limitations within the education system, including limited industry engagement and insufficient emphasis on experiential learning. From an HR perspective, this results in increased onboarding costs, extended training periods, and challenges in performance management.

Additionally, unrealistic career expectations and limited workplace awareness among graduates contribute to early attrition and reduced organizational productivity.

Root Causes of the Employability Gap

The persistence of the employability gap in Sri Lanka can be attributed to several underlying structural and cultural factors. Firstly, the limited integration between academic institutions and industry restricts opportunities for students to gain practical exposure and understand workplace expectations. Secondly, curriculum frameworks often lag behind industry developments, resulting in outdated knowledge and skill sets that do not align with current labour market demands.

Additionally, societal perceptions surrounding education and employment may contribute to the issue. Many students prioritize obtaining academic qualifications over developing practical skills, while also holding preconceived expectations regarding job roles and remuneration. This misalignment between expectations and reality can lead to dissatisfaction and reduced engagement in the workplace.

From an organizational perspective, these challenges place additional pressure on HR functions, which must invest significant resources in training and development to bridge the gap. Therefore, addressing the root causes of the employability gap requires a systemic approach that involves educational reform, industry collaboration, and a shift in mindset among graduates.

Recommendations

Industry–Academia Collaboration

Introduce structured internship programmes integrated into curricula with clear learning outcomes.

Soft Skills Development

Embed communication, leadership, and teamwork training through practical learning methods.

Career Guidance

Implement early career counselling aligned with labour market demands.

Value-Based Education

Promote ethics, discipline, and professionalism as core competencies.

Continuous Learning

Encourage graduates to pursue ongoing professional development.

Conclusion

This study highlights a significant gap between tertiary education outcomes and labour market expectations in Sri Lanka. While graduates possess academic knowledge, deficiencies in practical and behavioral competencies limit employability.

Addressing the employability gap is not only an educational priority but also an economic necessity. Developing a workforce that is both skilled and adaptable is essential for enhancing Sri Lanka's competitiveness in the global economy. A coordinated approach involving educational institutions, employers, and policymakers will be critical in achieving sustainable improvements in graduate employability.

References

- International Labour Organization. (2023). Global employment trends for youth.
- World Bank. (2022). Sri Lanka skills development report.
- University Grants Commission Sri Lanka. (2023). Annual statistics report.
- Tertiary and Vocational Education Commission Sri Lanka. (2023). Annual report.
- Jackson, D. (2015). Studies in Higher Education, 40(2), 350–367.





Sri Lanka's Economic Sustainability in the Face of Global Political and Financial Shocks

By Ms. Nivetha Sivaganeshan, ACPM
Lecturer
University of Kelaniya



Introduction

Sri Lanka's recent economic trajectory presents a case of resilience in the face of both domestic crises and an increasingly volatile global geopolitical environment. Recovering from one of the most significant economic downturns in its post-independence history in 2022, the nation has started on a journey toward stabilization and healing. This recovery, however, is occurring amidst geopolitical tensions, global supply chain issues, and changing economic alliances.

This recovery, nevertheless, is occurring amidst geopolitical tensions, global supply chain issues, and changing economic alliances. Comprehending Sri Lanka's economic resilience involves analyzing its internal reforms and recovery strategies as well as its management of external geopolitical pressures.

The 2022 Economic Crisis: A Turning Point

Sri Lanka's economic turmoil in 2022 reached an unprecedented low, noted for sovereign default, rampant inflation, exhausted foreign reserves, and pervasive shortages of essential items. Inflation skyrocketed to almost 70%, and the economy experienced a severe contraction, highlighting significant structural flaws and policy errors (ODI). The crisis was worsened by external shocks like the COVID-19 pandemic, which severely impacted tourism a vital source of foreign currency and the Russia-Ukraine conflict, which unsettled global commodity markets.

This period of turmoil exposed vulnerabilities in Sri Lanka's economic model, including heavy reliance on external borrowing, weak fiscal discipline, and inadequate export diversification. However, it also became a catalyst for transformative reforms.

IMF Intervention and Structural Reforms

A vital aspect of Sri Lanka's recovery has been its collaboration with the International Monetary Fund (IMF). The Extended Fund Facility (EFF), backed by the IMF and launched in 2023, offered financial support along with a structure for macroeconomic stabilization. The initiative focused on budgetary discipline, monetary restrictions, and structural changes designed to enhance governance and transparency.

By 2025, these changes started to produce concrete outcomes. Economic growth recovered to about 5%, inflation became stable, and foreign reserves rose substantially, hitting roughly US\$7 billion by early 2026 (IMF, 2025). Furthermore, Sri Lanka attained primary fiscal surpluses and boosted tax revenues by enhancing compliance and implementing policy reforms.

Debt restructuring has been a fundamental aspect of recovery. Contracts with outside creditors have lessened the debt load and lengthened repayment timelines, granting the government essential fiscal flexibility (IMF, 2025). These actions together reinstated a level of macroeconomic stability and investor trust.

Growth Drivers and Sectoral Recovery

Sri Lanka's economic sturdiness is also evident in the rebound of important sectors. Tourism, which had plummeted during the pandemic, has surged back robustly, playing a major role in foreign exchange revenue. Likewise, remittances sent by foreign workers have hit all-time highs, strengthening the nation's external standing (ODI, 2026).

The industrial and service sectors have also displayed strong performance. Construction and manufacturing operations have increased, while sectors like finance and logistics have gained from enhanced economic circumstances. The World Bank indicates that expansion in 2024 was mainly propelled by these industries, especially services related to tourism and the construction sector (World Bank, 2025).

Additionally, the incremental lifting of import limitations and stabilization of the currency have supported trade revival. The increase in exports, especially in agricultural and food products, has additionally bolstered economic growth.

Geopolitical Challenges and External Pressures

Despite these positive developments, Sri Lanka's recovery is occurring in a complex geopolitical landscape. Global tensions including major power rivalries, regional conflicts, and particularly instability in the Middle East have profound implications for small, open economies like Sri Lanka.

The country's strategic location in the Indian Ocean further intensifies its exposure to global political and economic shifts. Investments in infrastructure through China's Belt and Road Initiative (BRI), such as the Hambantota Port, have sparked worries regarding reliance on debt and strategic control.

Simultaneously, Sri Lanka has aimed to maintain equilibrium in its relationships with various partners. India has given vital financial aid during the crisis, while international organizations like the IMF and World Bank have backed stabilization initiatives. This multi-alignment approach illustrates Sri Lanka's efforts to manage geopolitical conflicts while protecting its economic interests.

Global economic unpredictability also presents dangers. Variations in commodity prices, restrictive global financial conditions, and interruptions in supply chains can influence trade and investment flows in Sri Lanka. For example, climate change-related natural disasters, like cyclones, have intensified economic pressures and exposed weaknesses in infrastructure and agriculture (Reuters, 2025).

According to the Working Paper Series on Middle East Conflict Impact (2026) published by the Department of Economics, University of Colombo, recent conflicts in the Middle East present a significant external threat to Sri Lanka by influencing vital economic pathways. Increasing global oil prices drive up inflation, production, and transport expenses, affecting the balance of payments and exchange rates. Simultaneously, a strong dependence on remittances from the Middle East (approximately 80%) renders the economy susceptible to employment losses and diminished earnings for migrant workers, undermining foreign reserves and household spending.

Reliance on foreign jobs also poses risks due to interrupted migration patterns and possible repatriation of workers, leading to higher domestic unemployment. Increased shipping costs and supply chain disruptions impact trade and logistics, diminishing export competitiveness. Tourism is affected as numerous European travelers pass through Middle Eastern hubs, meaning that disruptions may decrease arrivals and foreign exchange revenues. (Department of Economics, University of Colombo, 2026)

The intensity of conflicts can greatly deteriorate results, causing increased oil prices, lower remittances, and decreased tourism, which in turn leads to inflation, sluggish growth, and currency devaluation.

Over time, although these pressures pose challenges like trade deficits and inflation, they also promote diversification particularly in energy and export sectors. Tackling these risks necessitates a balanced policy strategy that integrates monetary, fiscal, and external sector measures. Bolstering foreign exchange inflows, enhancing energy security, diversifying collaborations, and fostering innovation will be essential to maintaining Sri Lanka's economic resilience.

Social Impact and Inclusivity Challenges

Although macroeconomic indicators indicate a recovery, the advantages have not been shared equally. Poverty rates stay high, with around 24.5% of the population residing beneath the poverty threshold in 2024 (World Bank, 2025). Numerous families still experience diminished earnings and restricted access to vital services.

Fiscal consolidation efforts, such as tax hikes and cuts in subsidies, have imposed extra strains on the populace. While essential for long-term stability, these measures have led to public unrest and highlight the requirement for inclusive growth approaches.

Social safety net initiatives have been broadened to lessen the effects on at-risk populations. Nonetheless, guaranteeing fair distribution of economic benefits continues to be a significant challenge for policymakers.

Future Prospects and Strategic Priorities

Going forward, Sri Lanka's economic strength will rely on its capacity to maintain reforms, diversify its economy, and adjust to changing geopolitical circumstances. Main focuses consist of:

- 01. Export Diversification:** Decreasing dependence on conventional exports by encouraging high-value sectors like technology and services.
- 02. Investment Promotion** Establishing a favorable climate for foreign direct investment via regulatory enhancements and infrastructure improvements.
- 03. Debt Sustainability:** Upholding careful financial strategies to avert future emergencies.
- 04. Climate Resilience:** Investing in sustainable infrastructure to mitigate the impact of climate-related shocks.
- 05. Human Capital Development:** Enhancing education and skills to support a modern, competitive economy.

Economic growth is expected to moderate in the coming years, reflecting both structural constraints and global uncertainties. However, the foundation laid by recent reforms provides a platform for sustainable development.



Conclusion

Sri Lanka's economic strength during times of geopolitical strife showcases the nation's capacity to adjust and innovate amid challenges. Emerging from the depths of the 2022 economic collapse, the country has achieved considerable progress in stabilization and recovery. Key drivers of this progress have been structural reforms, global assistance, and sectoral revitalization.

Nonetheless, obstacles persist. Geopolitical conflicts, social disparities, and systemic weaknesses persist in challenging the durability of recovery. To address these challenges, Sri Lanka needs to uphold its dedication to reform, encourage inclusive development, and strategically collaborate with international partners.

In a world filled with uncertainty, Sri Lanka's experience provides important insights on resilience, underscoring the significance of effective policies, strong institutions, and flexible strategies in navigating economic challenges.

References

- Asia Pacific Foundation (2025). Sri Lanka's Economic Recovery: From Meltdown to Rebound.
- Asian Development Bank (2025). Sri Lanka Economic Outlook
- Central Bank of Sri Lanka (2025). Economic Recovery Reports.
- Credendo (2025). Sri Lanka: Continued Reform and Economic Momentum.
- Department of Economics, University of Colombo. Working Paper Series on Middle East Conflict Impact (2026)
- International Monetary Fund (2025- 2026). Sri Lanka Economic Reviews and Reform Program Reports
- ODI Global (2026). From borrowed credibility to rebuilding trust: Sri Lanka's recovery story
- Reuters (2025). Sri Lankan Economy Growth and Climate Shock Impact.
- World Bank (2025). Sri Lanka Development Update Report.

Probationary Employment and Job Security in Sri Lanka

By Mr. Thilina Hiripitiya, LFCPM
Head of Human Resources
Winterquilts Group



The Evolving Role of Natural Justice and Employer Discretion

Probationary employment remains one of the most significant yet legally misunderstood stages in Sri Lankan labour relations. It is often perceived as a period of unrestricted employer authority, where decisions relating to confirmation, extension, or termination are treated as matters of pure managerial discretion. However, the development of labour jurisprudence in Sri Lanka demonstrates a clear shift away from this position, particularly in light of evolving judicial interpretation, statutory safeguards, and the growing influence of natural justice principles.

At its core, the probationary period serves a functional purpose: it allows an employer to assess an employee's suitability for permanent employment based on actual performance in the workplace. Factors such as work performance, behavioral patterns, responsibility, adaptability, and professional attitude cannot always be fully evaluated at the recruitment stage. Equally, probation provides employees with an opportunity to understand organizational expectations and demonstrate their capabilities in practice.

In operational terms, probationary periods typically range from three to six months in the private sector, while in certain public sector and statutory institutions, they may extend up to one year.

From Absolute Discretion to Legal Accountability

Historically, probationary employment in Sri Lanka was treated as an area of broad employer discretion, where judicial scrutiny was minimal. Employers were generally understood to have the authority to confirm, extend, or terminate employment without providing detailed justification, and such decisions were rarely interfered with by courts.

However, this position has evolved significantly. Modern labour law increasingly recognizes that employer discretion during probation is not absolute. Even within the probationary framework, decisions must be exercised in good faith, on reasonable grounds, and in accordance with principles of fairness.

Sri Lankan courts have contributed to this development through decisions such as *C/S Musaji's Company v Rasaiya* (1986) and *A.R. Hettiarachchi v Vidyalankara University* (1972), which illustrate early judicial approaches to probationary status and employer authority. These decisions reflect the historical position that probation could be extended or continued where confirmation was not expressly granted, but they also highlight the potential for uncertainty where employer action is delayed or withheld.

The Problem of Indefinite Probation

A key concern in earlier employment practice was the possibility of indefinite probation, where employees remained in a prolonged state of uncertainty due to the absence of formal confirmation or rejection. This raised significant concerns relating to fairness, dignity of labour, and abuse of managerial discretion.

This issue has been addressed in more recent legal developments. Under the Minimum Age of Retirement of Employees Act No. 28 of 2021, a significant statutory safeguard has been introduced. Where an employee completes an initial probationary period of 180 days and is thereafter continued for a further 180 days without confirmation or termination, the law recognizes the employee as having attained permanent status by operation of law, even in the absence of written confirmation. This provision effectively prevents the misuse of extended probation as a mechanism to delay or avoid job security obligations.

Natural Justice and the Limits of Employer Power

A central development in Sri Lankan labour law is the increasing application of natural justice principles to employment decisions affecting probationary employees. While probation does not eliminate employer authority to assess suitability, it does impose limits on how that authority is exercised.

The distinction between performance-based assessment and misconduct-based allegations is particularly important. Where termination or non-confirmation is based on unsatisfactory performance, employers retain a degree of discretion, provided that the decision is genuine, evidence-based, and free from bad faith. However, where allegations of misconduct arise, the principles of natural justice require that the employee be given a fair opportunity to respond before any adverse decision is taken.

This distinction has been reinforced in Sri Lankan jurisprudence, including *State Distillery Corporation v Jackson Rupasinghe* (1994) and *Ceylon Ceramics Corporation v G.G. Premadasa* (1986), where courts emphasized that employment decisions must be just, equitable, and free from arbitrariness or mala fides.

The underlying legal principle is clear: probation is not a licence for arbitrary decision making, nor does it provide immunity from judicial scrutiny where fairness is absent.

Comparative Jurisprudence: The Indian Position

Indian labour jurisprudence, while not identical, reflects similar principles. The courts have consistently held that although probationary employees do not enjoy the same level of job security as confirmed employees, termination must still be free from mala fides and must not be punitive in disguise.

In *Utkal Machinery Ltd v Miss Santi Patnaik* (1966), the court held that even where contractual terms permit termination without reason, such power must be exercised in good faith. In *Brooke Bond India (P) Ltd v Y.K. Gautam* (1973), the court reiterated that probation does not shield employer decisions from scrutiny where bad faith is alleged. More recently, in *Bank of Baroda v Ashok Kumar Singh* (2026), the Supreme Court emphasized that termination based on unproven misconduct cannot be justified under the guise of performance evaluation, and that due process must be followed where allegations of misconduct exist.

Probation in the Broader Labour Rights Context

From a labour rights perspective, probation must also be understood within the broader context of power asymmetry between employer and employee. At the point of recruitment, bargaining power is largely concentrated in the hands of the employer. The employee, particularly a new entrant, has limited negotiating capacity and is required to undergo probation as a condition of employment.

However, once employment stabilizes, the legal and organizational balance shifts. Employees gain institutional knowledge, workplace experience, and often access collective mechanisms such as trade union representation. In this context, labour law plays a crucial role in ensuring that employer authority is exercised within legal and ethical boundaries, particularly where collective rights are concerned.

The right to join and participate in trade union activities is constitutionally protected in Sri Lanka, and courts have consistently affirmed that such rights cannot be restricted or used as a basis for discriminatory treatment, including during probationary employment.

Towards Fair and Accountable Probation Practices

The evolution of Sri Lankan labour law demonstrates a clear trajectory: probation is no longer a zone of unrestricted managerial discretion. It is a structured legal period governed by principles of fairness, statutory safeguards, and judicial oversight.

Employers retain the right to assess suitability, manage performance, and make employment decisions. However, these powers must be exercised consistently with natural justice, good faith, and statutory requirements, including the deemed permanency provisions introduced under the Minimum Age of Retirement of Employees Act No. 28 of 2021.

At the same time, employees are expected to discharge their duties in accordance with professional standards, organizational objectives, and ethical responsibility.

Ultimately, sustainable industrial relations depend not on the dominance of one party over another, but on a balanced recognition of rights and obligations. As reflected in classical ethical teachings such as the Sigalovada Sutta, long term social harmony is achieved not through conflict, but through mutual responsibility, restraint, and fairness in conduct.

CPM Sri Lanka

'CHARTERED PROFESSIONAL MANAGER' PROFESSIONAL PROGRAMME for Aspiring C-Suite Leaders

In a world marked by rigorous transformation, organizations increasingly depend on leaders who can think strategically and lead responsibly. Responding to this growing demand, the Institute of Chartered Professional Managers of Sri Lanka (CPM Sri Lanka) offers the 'Chartered Professional Manager' (CPM) Professional Programme, a comprehensive, future-oriented qualification designed to develop credible and purpose-driven leaders.

The CPM Professional Programme is a structured professional development journey tailored for graduates, undergraduates, early-career professionals, managers, and aspiring leaders across diverse sectors. Each phase of the programme is thoughtfully designed based on emerging global trends and patterns, with the objective of strengthening organizational and business expertise, fostering entrepreneurial and intrapreneurial mindsets, and building leadership capabilities aligned with modern business realities. The curriculum is firmly grounded in the **World Economic Forum's** identified core skills for professionals, ensuring relevance in a dynamic global marketplace.

The programme provides participants with a robust understanding of management principles, organizational functions, entrepreneurial skills, and strategic business perspectives essential for sustainable business growth. It goes beyond conventional academic learning by emphasizing practical application, critical thinking, ethical decision-making, and inclusive leadership.

The CPM Professional Programme is structured across four progressive levels that includes **Level 1: Applied Knowledge Phase, Level 2: Competency Development Phase, Level 3: Enterprise Performance Phase, and Level 4: Strategic Mastery Phase**. Each level is carefully designed to suit its target audience, deliver comprehensive and relevant knowledge, and progressively develop managerial and leadership capabilities, culminating in the final level which provides mastery-level strategic insight.

A defining strength of the programme is its blended learning approach. Participants benefit from **live lectures, recorded video lessons, access to a virtual learning environment, curated extra readings, and professional workshops**, creating a flexible yet meticulous learning experience. Assessments are designed to ensure real-world relevance and depth of understanding, including four applied case studies, written examinations, and a comprehensive Final Action Project Presentation. Each participant undertaking the Final Action Project Presentation is supported by a dedicated mentor, ensuring guidance and a smooth learning journey that enables optimal achievement.

Further, the programme is delivered by a highly experienced lecture panel comprising seasoned industry practitioners with extensive expertise across multiple business domains. Their practical insights enrich classroom learning, broadening participants' perspectives and strengthening their ability to address real organizational challenges.

The CPM Professional Programme was brought to life through constructive feedback from the **Education, Research and Development Committee**, alongside valuable insights from industry experts and practitioners. This collaborative development process has enabled CPM Sri Lanka to create a unique, practitioner-driven programme that empowers **C-Suite excellence**.

Earning the **Chartered Professional Manager** designation is more than achieving a qualification, it is a mark of professional excellence, credibility, and leadership readiness. Our Learning Partners also gain access to CPM Sri Lanka's wider value propositions, including knowledge-based workshops, professional committees, and initiatives that keep them connected to the latest developments in management practice. Whether beginning a professional journey or preparing for senior leadership, the CPM Professional Programme offers a clear, credible, and future-ready pathway to professional advancement.



**EMPOWERING
PROFESSIONALS**
FOR C-SUITE EXCELLENCE





FALLING ASLEEP ATWORK?

ARE YOU TIRED EVEN AFTER A FULL NIGHT'S SLEEP?
DO YOU SNORE LOUDLY WHILE ON

A sleep deprived workforce can be dangerous as they might take dangerous or even disastrous decisions...

A life threatening condition called
OBSTRUCTIVE SLEEP APNEA (OSA) may be the cause.

FOR MORE DETAILS:
BANDARA
077 244 1393

Technomedics



NO. 4, DHAMMODAYA MAWATHA, PANNIPITIYA ROAD, BATTARAMULLA, SRI LANKA.

info@dreamsleeplk.com | www.dreamsleeplk.com

More than a Pin,
It's a Symbol of **Excellence**



Contact us to obtain your
Individual Membership

011 2 590 995 / 070 6 590 996

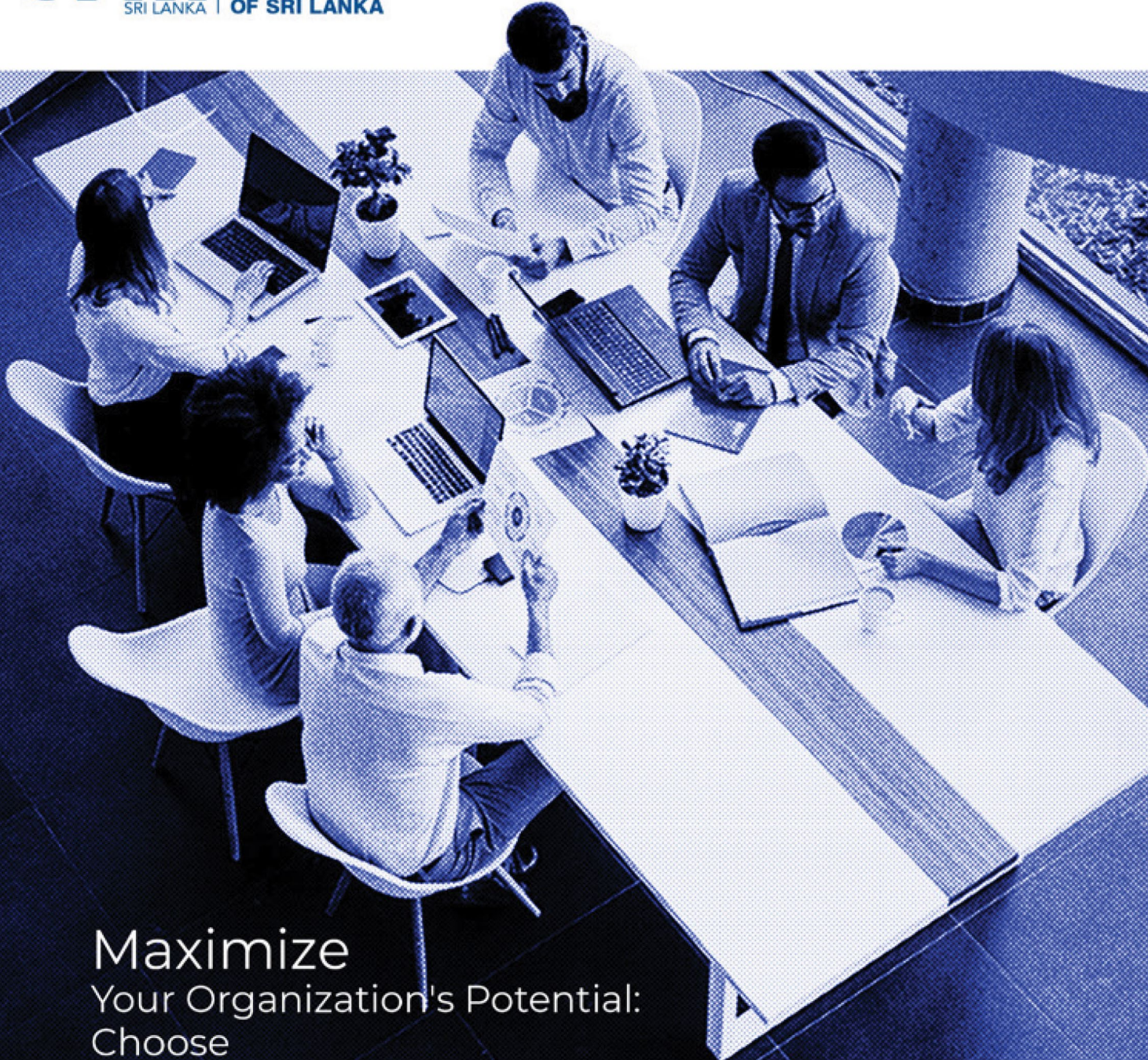
membership@cpmsrilanka.org

www.cpm.srilanka.org



THE INSTITUTE OF
CHARTERED
PROFESSIONAL MANAGERS
OF SRI LANKA

www.cpmsrilanka.org

A high-angle, black and white photograph of a business meeting. Six people (three men and three women) are seated around a large, rectangular wooden conference table. They are engaged in discussion, with some looking at laptops and others at documents. The room has large windows in the background, letting in natural light. The floor is made of large, dark tiles.

Maximize
Your Organization's Potential:
Choose
Corporate Membership
with CPM Sri Lanka

011 2 590 995, 070 6590 996

info@cpmsrilanka.org



Unlocking seamless
potential:

