

MANAGEMENT FOCUS

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Volume - 13

Management Students' Union
University Of Jaffna





MANAGEMENT FOCUS

2010

Volume-13

Joint Editors
Mr.A.Jekanthan
Ms.S.Suganja

Management Students' Union
Faculty of Management Studies & commerce
University of Jaffna
Sri Lanka.

MANAGEMENT FOCUS



Published On : 11th January 2011

Joint Editors : Mr.A.Jekanthan
Ms.S.Suganja

Cover Design : Mr.A.Prathap
Mr.A.Jekanthan

Printers : Jeyasri Printers
83, College Road,
Neeraviyady,
Jaffna.





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Academic Year 2009/2010

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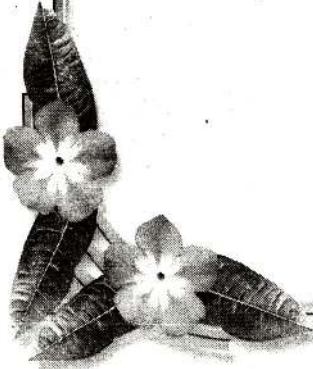



Department of Management Studies

Our Mission

*Our graduates will be amongst those
who exercise effective leadership in
tomorrow's business world due
to their ability to sense
possibilities*

*To think along different perspectives and the smart
way of doing things and with a sense of
responsibility and innovation create
strategic thinking in the
market place.*





University of Jaffna

Vision

Our vision is to be the leading centre of excellence in teaching, learning, research and scholarship.

Mission

Our mission is to be a leading centre of academic excellence in producing intellectual, professionally competent and capable graduates to meet the emerging needs of the national and international community with special emphasis on the social, economical and cultural needs of Northern Sri Lanka.

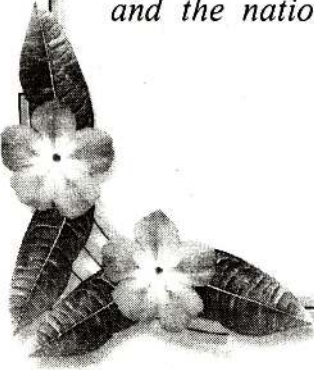
Goals

To be a leading centre of excellence in higher studies

To carry out research to broaden the knowledge frontier

To prepare graduates to foster intellectual environment with national orientation

To promote studies to meet the needs of the community and the nation





Message From Vice-Chancellor



I am delighted to pen this message of greetings to our 'Management Focus- 2010.'

Management Studies is an important medium that facilitates improvement of leadership qualities and create excellent future managers. Management Studies of our University has now enrich its' study programs with new innovative courses of specialization. Our students should make use of these opportunities to face the challenges of intense competitions, globalization and ever evolving technology in the present day management arena.

In this context I am hopeful that your publication will be a forum for new knowledge and academic discussions. The interaction you develop through this should enrich not only the student community but also the large community of our society.

I wish to congratulate the students and staff who dedicated the valuable time and efforts in this creative venture.

My best wishes are always with you.

Prof. N. Shanmugalingan
Acting Vice-Chancellor
University of Jaffna



Message From Dean

I have great pleasure in sending this message to “**Management Focus**” 13th issue of the magazine released by the Management Studies Students Union, University of Jaffna, Sri Lanka.

To meet the challenges of the contemporary world, it is our responsibility as academics to enrich the knowledge contributing evidence base information. This issue of our magazine is attempting to fulfill the requirement with articles from students and staff. As the Dean of the Faculty I fervently believe this commitment would continue and add more value to the future.

The faculty of Management Studies & Commerce has introduced a single Degree programme from last year and restructured as four Departments such Department of Accounting, Department of Financial Management, Department of Human Resource Management and Department of Marketing. It will help the students to specialize more in their respective field and their academic excellence.

I take this opportunity to congratulate all members of the editorial board and executive committee of the MSU. I hope and pray that this effort will be a continuous endeavor in the future.

My best wishes for the successful of this magazine.

Prof. K. Thevarajah

Dean

Faculty of Management Studies

& Commerce

University of Jaffna.



Message From the Coordinator

It is a great pleasure and honor for me to sent this message to the publication of the management focus No 13, 2010 by the management students' union. This article publication provides information to our university student to plan their study well. This effort makes a merger contribution in developing in the mind set, paving the way for new innovative ideas for success of student career .So I wish all students from management studies and get success for their bright future.

Mrs. T. Sivaskaran
Coordinator,
Department of Management Studies
University of Jaffna.



Message from the Senior Treasurer

I deem it a special privilege to send my message of felicitation for the eventful publication of the magazine "Management Focus". The publication of the magazine is really an uphill task which calls forth the exercise of prudence and patience and the accomplishment of the task of such a magnitude hinges on the collaborative spirit of the participant whose commitment is of an indispensable necessity for the appraisable success of it. I think it is incumbent on me to individually thank everybody for his or her indefatigable industry with an unwonted intellectual interest which I do verily believe has contributed immeasurably to the successful publication of this magazine which carries several articles comprehensively dealing with various subjects associated with Human Resource Management, Marketing Management and Financial Management and allied subjects of academic interest and professional value.

*Mr. James Robinson
Senior Treasurer
Management Students' Union
University of Jaffna.*



Message from the president

With a deep sense of pride and pleasure I pen this message to the 13th volume of management focus.

The publication of the magazine "Management Focus" is a milestone in the period of management students' union. No doubt that the publication of our union provides opportunity to students for getting appreciation and recognition for their articles not only from the university society but also from community. My kind request to all the management students is to make use of this wonderful opportunity for your creations in future.

My heartfelt thanks to all the students and staff who contributed to this magazine with valuable articles, special thanks to Prof. M.Nadarajasundarnm, senior lecturer J.Robinson and V.subramaniam who guided us in the process of this publication and sincere thanks to the editors who strive hard to this magazine to be published as valuable one.

I wish all those responsible for the publication of this journal's tremendous success.

With best wishes

R. Selvachandran
President
Management Students' Union
University of Jaffna.



Message from the Secretary

It is my pleasure and privilege as a secretary of management students' union to contribute a message to "our management focus 13th volume".

As we prepare ourselves to welcome the new era we should also prepare to meet the inevitable challenges it has to offer us in the various spheres of our university lives. I hope that the content and nature of the volume 13 will help all who are hungry to know much about the current changes and make them ready to face the challenges.

I would like to extend my sincere thanks to the Vice Chancellor and Dean for the willingness to help at all times. I express my heartiest thanks to the Head, senior treasurer and lectures for sharing our responsibility. I also would like to express my gratitude to my Friends who worked hard and cooperated, in particular to the committee members who worked untiringly to publish this volume.

Finally, I am sure we could see a great progress in our management focus volumes in our departments in time to come.

Mr. S. Sabesan
Secretary
Management Students' Union
University of Jaffna.



Message from Editors.....



We have a great pleasure in publishing our magazine "*Management Focus, Volume -13*" of the management students' union for the year 2010.

In today's fast growing and ever changing world, all aspects and practices are updated day by day, therefore everyone should upgrade their knowledge, skills and abilities to compete with world changes to remain in their position and move to the next step. In this manner, our magazine has a responsibility to provide high quality articles which help students and users of this magazine to fulfill their expectations. Therefore our magazine carries lecturers' and students' articles which are mostly related to the current and practical issues of the world. So we firmly believe that our magazine will be helpful to the students and other users to upgrade their knowledge.

We wish to convey our grateful thanks to our Vice Chancellor, Dean, Heads of the Departments, Coordinator, Senior Treasurer and all other staffs for their valuable advice and guidance and we also express our sincere thanks to our lecturers and students who gave articles for this magazine and thanks to all who have contributed to publish this magazine.

Thank you

A. Jekanthan

S. Suganya

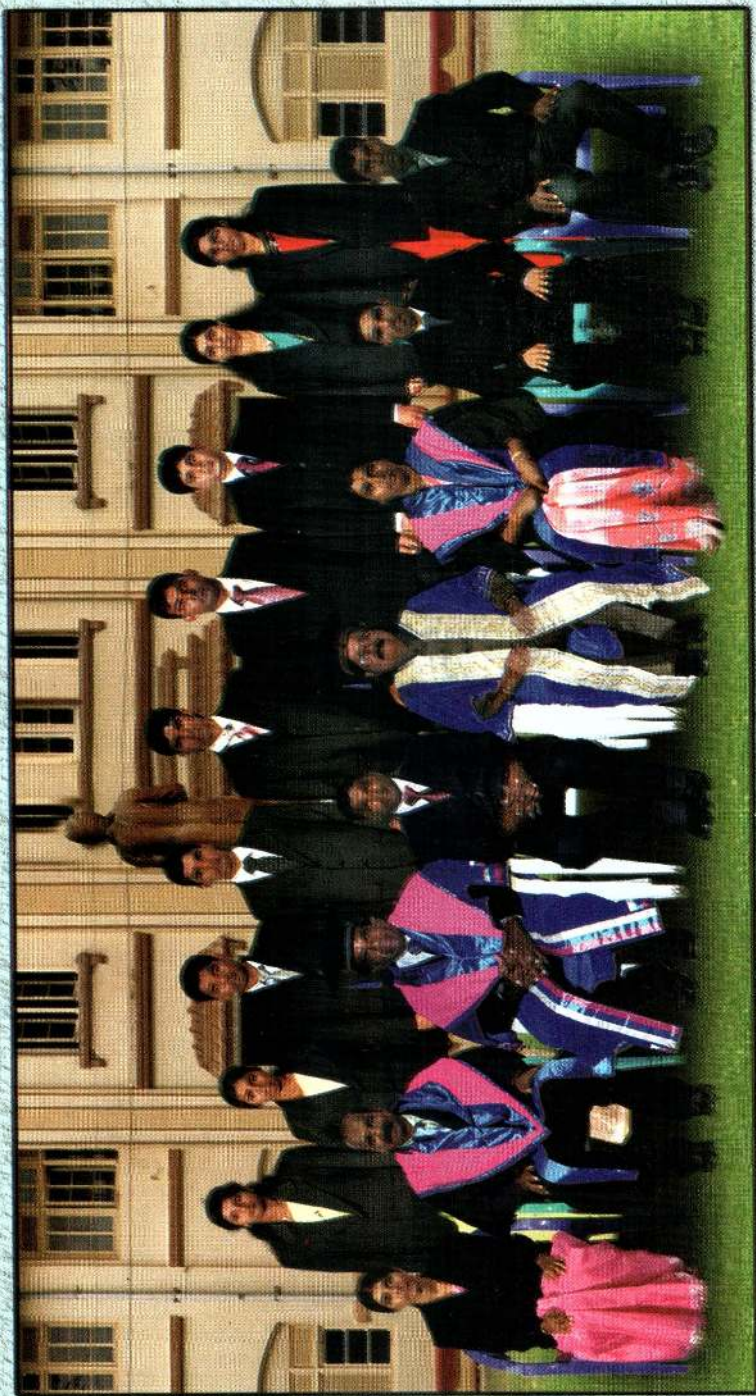
Editors

*Management Students' Union
University of Jaffna.*



MANAGEMENT STUDENTS' UNION - 2009

UNIVERSITY OF JAFFNA- SRI LANKA



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Importance of sound corporate governance practices - A banking industry perspective

Prof. M. Nadarajasundram

Head

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Profile

Corporate governance involves a set of relationships between a company's management, its board, its shareholders and stakeholders. It also provides the structure through the which objective of companies are set, and the means of obtaining those objectives and monitoring performance are determined.

Governance issues in banks have come to the forefront of discussions in the recent post, specially after several banks failed globally and some banks underwent difficulties locally. The bank for international settlement(BIS) on its part together with the Major central bank in the world, initiated action to introduce a new set of good governance headlines through its Basel committee as a matter of urgency.

Bank's significance

Banks unlike other firms have a special significance in modern economic for a number of reasons. Firstly, the banks are the heart of the economy in the financial system and failures of banks will affect all banking services such as saving investments and payments service in the country. Secondly, the banking system has the ability to create money through its business this will adversely affect the monetary conditions and the economic wellbeing of the country. Therefore banks have to create public or customer confidence which is vital for the very existence of the business.

In consideration of the above, the central bank introduces a voluntary code of corporate governance which was formulated by task force appointed from banking industry in June 2002. The guidelines have been introduced in 2008 and is in operation at the moment. In February 2006 the Basel committee on banking supervision also issued and eight principles based to enhance corporate governance for banking institutions. These guidelines have been taken into consideration by the central bank of srilanka when they formulated the code of corporate governance applicable to srilanka.

Regulated governance principles

The Basel guidance paper has identified eight principles of good governance to be followed by boards and senior management of banks. They are as follows

1. Board qualification is capabilities and responsibilities.
 - a. Board members should be qualified for their position, have a clear understanding of their role in corporate governance and be able to exercise is sound judgement about the affairs of the bank.

- b. They should also be able to promote banks safety and soundness, understand the regulatory environment and ensure maintaining a cordial relationship with regulators.
 - c. The board should have an adequate number of independent directors who are capable of exercising objective judgement, independent of the views of management, political inappropriate outside influences.
2. Board's roles regarding bank's strategic objective and corporate values.
 - a. The board should approve the bank's strategic objectives and corporate value.
 - b. The board should also set standards to be followed by the bank and clarify corruption, self dealing and other illegal, unethical and questionable dealings by both board members and the staffs.
 - c. Employees should be encouraged to take the unethical illegal practices directly with the board.
 - d. The board should watch out the practices that would diminish the quality of corporate governance and encourage the management to set standards for the same.
- 3 Lines of Responsibility and accountability
 - a. The board should set clearly defined lines of responsibility and accountability throughout bank.
 - b. The board should oversee activities and management actions.
 - c. The senior management should delegate to the staff, promote accountability by them and be responsible to the board.
4. Ensuring Oversight by senior management
 - a. The board should ensure that there is appropriate oversight by senior management consistent with the policy of the bank.
 - b. Senior management should have the necessary skills to run the bank, oversee the line managers' activities without interfering in micro level management and establish systems of internal controls.
5. Auditors and internal control function
 - a. The board and senior management should effectively utilize, for the good management of the bank, internal audit function and internal control function
 - b. The board and senior management should give due recognition to the internal audit and internal controls, make the internal auditor and independent entity and take early remedial action when internal audit highlights lapses in management or internal controls
 - c. The board and senior management should give due recognition to external auditors, ensure that the auditors understand their functions, get external auditors to review the adequacy of internal controls, and have a regular dialogue with external auditors to assess the operational procedures of the Bank

6. Board and key executive compensation
 - a. The board should ensure that the compensation policy and practices of the bank are consistent with the bank's cooperative culture, long term objective and strategy and its control environment
 - b. The board ,while approving of compensation policy should also avoid incentives for excessive risk taking by the staff.
7. Transparent governance
 - a. The board and the senior management should ensure that the bank is managed in a transparent manner.
 - b. Full disclosure should be made by the bank in all its public communication Media(web, annual reports or periodic special report) and reports to the regulator about.
 - ❖ The board and senior management structure
 - ❖ Basic ownership structure and the organization structure
 - ❖ Incentive structure remuneration policies
 - ❖ Code of business conduct and ethics code
 - ❖ Policies related to conflicts of interest and related party transactions
 - ❖ If it is a state bank, the policy of state ownership and relationship with a state
8. Know your operational structure
 - a. The board and the senior management should understand the operational structure of the bank fully and its operation in different jurisdictions or structure that impede the transparency of affairs of the bank
 - b. In every operational or jurisdictions structure which the bank has employed for legitimate business purposes, all types of risks emanating from such structural arrangement should be fully understood and assessed regularly in order to take measures for mitigating the same.

The guiding principles which the Basel committee has recommended and the regulatory mechanisms which banking regulators have enforced have included a **comprehensive** operational framework for good governance in banks.

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Positive Attitude at Workplace

Ms. Uthayatharshika. J

2006/BAAd/109

Final year

Management studies (HRM)

Introduction

A positive mental attitude is the belief that one can increase achievement through optimistic thought processes. A positive attitude comes from observational learning in the environment and is partially achieved when a vision of good natured change in the mind is applied toward people, circumstances, events, or behaviors. Since it is difficult to quantify (measure) the effects of a positive mental attitude, it can be considered a philosophy and a way to approach life.

Positive thinking is a discipline that trains the human mind to change a perceived reality by repeatedly making positive mental statements. A person practices positive thinking when they derive a positive sense of well being, optimism, belonging, meaning and/or purpose from being part of and contributing back to something larger and more permanent than themselves. Positive thinking is a process of choosing positive emotions from stimuli in the environment and applying them to perceptions and beliefs. The objective is to create an outlook that translates into a new or better chosen reality.

Experiencing Success Through a Positive Mental Attitude

The practice of positive thinking, repeated positive statements, and witnessing success through a positive mental attitude, is an idea many mystics and spiritual teachers have presented throughout history. Retiring certain emotions and breaking the addiction of old emotional states is a choice and requires persistent effort. A successful mental attitude that includes thoughts of gratitude, unconditional love, and freedom can translate into new perceptions of a person's perceived reality.

Adopting positive thinking with the intention of experiencing change can be accomplished in a number of ways:

- ◆ Recognize that change is needed.
- ◆ Believe change is possible. The brain can be re-programmed to provide support in your life.
- ◆ Give yourself permission to be in control of your own life.
- ◆ Practice awareness of your emotional state. Your internal state is what creates your external world.
- ◆ Release past negative experiences and move forward.

- ◆ Let go of self-criticism and move forward when a challenge arises.
- ◆ Stay in present moment thinking and affirm powerful and positive thoughts regularly.
- ◆ Practice verbal harmlessness. Identify and eliminate negative speech habits e.g., I can't, I'll try, or I've never been able to.
- ◆ Be thankful for what you have.

Have a positive vision for your life and for others around you.

- ◆ Live proactively.
- ◆ Know that you are composed of unlimited Divine Spirit and are an example of uniqueness and wonder.

Positive thinking is associated with empowerment because an empowered thinker is one who masters their emotions and outlook on life. By being aware of our internal state, and how that translates into our reactions and behaviours.

Ways to Maintain Positive Attitudes at Work

Remaining upbeat and optimistic while at work isn't an easy task and for some workers it's nearly impossible due to the dynamics and personnel they encounter at their workplace. Overcoming your negative opinions or thoughts about your job can be beneficial, though, since research has shown that people who have positive attitudes at work tend to earn more and get promoted. Even though you may hate your job, there are ways to maintain a positive attitude at work.

1. Focus on the Benefits

Make a list of the positive aspects of your job or the monetary and personal benefits you receive. Consider the experience and skills your job provides as well as the opportunities for networking with clients or colleagues. Try to find the benefit in even negative aspects of your job. For example, the positive of having to deal with a difficult boss is the fact that you're learning techniques and solutions you can use to handle a similar boss or difficult co-workers in the future.

2. Minimize the Negatives

Determine what negative aspects of your job you have the power to change or minimize. Work toward diminishing these aspects as best you can. Brainstorm solutions for what can be done differently that would be more beneficial to you while also benefiting the company. Make sure you can tell your boss on how he as well as the company will benefit if your idea is adopted. For example, if a negative aspect of your job is the commute, discuss the possibility of telecommuting one or two days per week. Show how this can make you more efficient with your time, thus allowing you to complete more tasks for the company.

Give Yourself an Outlet

While you may force yourself to have a positive attitude at work, develop an outlet or way to release your negative thoughts or stress when it's appropriate. This may be taking a short walk outdoors midway through your working day or scheduling a time to meet up each week with a friend to vent about your workplace frustrations. An outlet can help you focus better and maintain your positive attitude since you give yourself permission to break from work and release the stress and negativism you feel towards your job, co-workers, boss or work issues.

Employee attitudes have a tremendous impact on the success or failure of an organization. It affects everything from customer service to employee turnover and profits. We can control our attitude and we can also have a positive impact on others in our organization.

Distorted Thinking Styles (DTS's)

DTS's are customary ways of thinking that eventually cause a misperception of a situation or event. Constant frustration can prompt Distorted Thinking Styles and challenged attitudes. When frustrated, thinking can become increasingly inflexible and may ultimately become distorted. Distorted Thinking Styles could account for 90% of the times you experience frustration.

Five Types of Distorted Thinking Styles:

Magnifying: Magnifying turns the consequences of an event into a catastrophe such as, "I'm going to be fired."

Destructive Labeling: This is an extreme form of over-generalization, making someone or a particular situation totally negative.

Imperative Thinking: Think of this as a list of inflexible rules about how you and others should act – usually based on negative past experiences.

Mind Reading: This attributes to motives that explain other people's actions toward a person or event.

Divide and Conquer: This happens because of over-magnification and wanting others to support a particular position. People who have DTS's have a tendency to garner support, usually creating a division within ranks or groups.

Challenged Attitude Examples

The following are actual examples usually heard from people who suffer from challenged attitudes and DTS's:

- ◆ It's not my job.
- ◆ But I have a college degree.

- ◆ I have new responsibilities now so I can't do it.
- ◆ It won't work.
- ◆ It can't be done.
- ◆ They won't like it.
- ◆ You didn't consult with us first.
- ◆ My pay scale is less than the national average.
- ◆ Those other employees make a huge amount of money.
- ◆ Because I don't make more, I'm going to punish my team by only giving 50%.
- ◆ I just want to draw a check until something better comes along.
- ◆ My perception is different than the companies.
- ◆ They make more money than I do.
- ◆ I am considered a bottom feeder.
- ◆ I did the research - I should make more money.
- ◆ There is too much change.
- ◆ Nothing stays the same.
- ◆ I have no incentives.
- ◆ I want higher pay.
- ◆ I can't advance because of a political environment.
- ◆ I hope to get fired so I can collect unemployment.

As you can see, huge challenges are faced not only by the people that spoke these words, yet in the same spirit, corporations are challenged to find ways to help their employees or staffs have an environment that is positive and empowering.

Positive attitudes lead to:

Helps to achieve goals:

Persuading a customer is much easier for a person with positive attitude. Research has also confirmed that sales professionals who think positively and trust in the benefits of their product have improved sales performance. If a person has positive attitude about achieving goals and success, they are more prone to take action in order to achieve it. Positive thinking is conspicuous in an achiever. Positive thinking with motivation helps in reaching different goals. It earns more benefits even after the goal is achieved

Increases productivity levels:

Negative attitudes cause a mean cycle that deteriorates productivity. A positive attitude can be achieved by improving relationships with colleagues in positive way and remembering the job's "good side". By rethinking the "good side" of a job, it is possible to regenerate enthusiasm in it, which results in increase in productivity. Change of perception or thinking about something more positive, can remove stressful feelings. If stress is reduced among the employees, then better health can be achieved, as stress can have a serious negative impact on health. This results in less sick days, and better productivity.

Team building:

Many business leaders have an impression that promoting and instilling positive thinking in the workplace will help in team building. If ideas of members are

encouraged and a positive attitude is taken up, team members will get along with one another more frequently, leading to fewer conflicts. At workplace, if a person is not positive, co-workers are not interested to be around him. Therefore, if a person has positive attitude towards work and others around, then co-workers can feel that is a pleasant person to be around.

Creativity: Positive attitudes are at the heart of innovation, because it takes a risk to try something different. Without confidence and hope, you would not attempt a new idea.

Conflict Resolution: If you pause and think, you can probably think of dozens of examples of where differing attitudes have caused problems or conflict in your personal and professional relationships. Conflict arises because we expect everyone to have the same attitude as ourselves. But, with a positive attitude you can build your empathy and can more readily see how other people think and feel.

Emotional Intelligence: Once you have the attitude, you will find your emotional intelligence moving into overdrive. This will enable you to better manage and express your emotions and understand others.

Achievement Drives: The attitude of achievement, i.e. the will to get results, enables you to set challenging goals, take calculated risks and learn how to improve performance.

Motivation Surveys: show that most people's motivation in their job comes from stimulation and challenge the chance to learn. Bringing an optimistic attitude to the workplace will create a culture of innovation. The creativity and stimulation of ideas will keep you and your workforce motivated and keen to learn.

Focus: If you are focused, you are committed to tasks, take responsibility for them and are able to align your goals with the company's goals.

Remember: In the workplace a positive attitude will prepare you for reaching peak performance, while creating a can _do culture.

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Vocational Training and Technical Education for a Knowledge Economy

Ms. Thusyanthini.N
2007/BAad/92

Third year
Management Studies (HRM)

Introduction

Knowledge and innovation have been at the forefront of economic development throughout human history. Rapid advances in information and communication technology, technological innovations and globalised markets have reshaped world economic growth. The countries that acquire, create knowledge through innovation, manage and trade in knowledge have a comparative advantage over others in this present world scenario. Thus knowledge and knowledge management have become the major determinant of economic growth and development. In a knowledge driven economy, the key resource is the knowledge that is manipulated to gain comparative advantage in a competitive global market for higher levels of productivity. An economy based on creating, evaluating, and trading in knowledge is defined as a knowledge economy. The four pillars of a knowledge economy are:

- | | |
|----------------------------------|-------------------------|
| ❖ business environment | ❖ the innovation system |
| ❖ the information infrastructure | ❖ human resource |

The way ahead for economic development and prosperity of any country in a globally competitive economic environment is to develop policies that strengthen four these pillars of knowledge economy.

Sri Lanka and its present economic environment

The recently-launched knowledge economy report of the World Bank, Sri Lanka has been ranked higher than India in all the components- economics incentives, information and communication technology, innovation, and evaluation. Sri Lanka has maintained an economic growth rate of 6-7% per annum (central bank report, 2009). However, much of the expansion and economic activities have taken place in services sectors as shown bellow;

Distribution of employed persons in 2009

- | | |
|--|------------------|
| ◆ Total employed persons in 2009: 7603,000 | ◆ Industry 25.1% |
| ◆ Agriculture 32.6% | ◆ Service 42.3% |

The civil strife that affected the economy for over 30 years has finally come to an end in Sri Lanka. The country is now poised for moving towards a new era of economic development and prosperity with the ensuring peaceful and stable political environment. In this context, Sri Lanka has chosen the right strategy of becoming a knowledge hub in the region.

Promotion of innovation and research

Recognising that mother tongue reflects one's national identity and aspirations for innovation and creativity, policy measures are to be implemented to ensure that every person has the right to pursue education from primary level to a degree level in his or her mother tongue. The policy also proposes to develop an operational plan to make this country a local and international research and training centre for knowledge within certain year. To achieve this objective restructuring the university grant commission to enable the structural necessities and providing opportunities to the lectures to pursue postgraduate education in Sri Lanka and in leading foreign universities and research institutions to improve the quality of university education is considered as an alternative.

Technical and vocational skills development

With regard to Technical and vocational education and training (TVET) policy measures, an employment and entrepreneurship management centre is to be established to reduce youth unemployment and generate economic activities for youth.

A type of vocational education that trains skilled workers for branches of the national economy in vocational-technical educational institutions; the aggregate of systematized knowledge and skills that enables an individual to perform work in a given occupation or specialization. In socialist countries, vocational-technical education is part of the system of public education.

In slaveholding societies, vocational skills were transmitted during the work process itself. In feudal society, the diversity and specialization of crafts gave rise to vocational training by means of a system of apprenticeship. The growth of the heavy machine industry during the age of capitalism stimulated the establishment of vocational-technical schools of various levels and specializations, although the apprenticeship system was retained. In these schools, workers' children learned to use industrial tools and became familiar with production technology.

Technical and vocational education system of Sri Lanka

Technical and education in Sri Lanka has a history of over hundred years with the first institute for formal technical education in Sri Lanka was established in 1893, then known as the government technical school. Since then, many changes have taken place in the sphere of technical and vocational education to provide opportunities for school leavers to join the national workforce. However, it has not been successful in increasing the opportunities for upward mobility for those employed in the vocational and technical sector and has remained less attractive for youth to take up. Vocational qualifications have received lesser recognition in comparison to degree level education leading to this poor image.

During recent decades, attempts have been made to reform the vocational and technical education sector with the skills development initiative from the Asian development bank. These developments have taken place by taking into cognizance the fact that in the new world economic order, country's education system has to produce skilled, knowledge workers to contribute to the economic development of Sri Lanka. Current education system in Sri Lanka is not capable of delivering the expected results, unless it is modified to meet the present challenges.

Importance of Vocational Education

The economies the world over are changing into knowledge based economies. The changing face of technology the world over requires an individual to be specialized in a particular skill. Only a person who is expert in a particular field can get a good job. Vocational education training institutes impart specialized and practical knowledge to a person and help them become independent at a particular age. Vocational education training can be provided for a number of courses like health, technical, art, administration and other courses. These subjects can be further classified into specialized courses. For example, health can be divided into massage therapy, dietitians, and nutritionist. Any person can select any course of his choice and inclinations.

Vocational education training institutes impart graduation and post graduation courses to students. The best part of the institute is that even working people can join the course, and even select the timings as per their convenience and nature of job. The vocational institutes allow the students to study online and attend either evening or morning classes. Moreover, financial aid is provided to students who are economically weak. The faculty of these Vocational education training institutes is highly experienced. They impart practical knowledge to their students. As a result the students are able to have a real life and practical industry experience. The students are also provided with internships. They are also provided with stipend for their internships. This gives motivation to perform better and excel in their jobs.

There are various vocational education training located the world over. In fact every state has vocational institutes where the residents of the place can earn the degrees and become part of a specialized workforce. Majority of these training institutes work as per the rules and regulations of state education department. It is the education department of state or the central government that grants recognition to a training institute.

A training institute is required to follow the rules or else its recognition can be cancelled. It is necessary that a person fulfills the eligibility criteria of the training institute. The procedure of getting admission into any vocational institute is very simple and easy. For any detailed information you can visit the site and get to know about the institute and their placement policies. Also, it is necessary that the vocational institute that you select should be recognized by the concerned education department. The placement of an institute is an indicator of the quality of vocational training institute.

The course structure of the training institute is regularly updated. This is because the technology and the fundamentals of economy are changing very rapidly. Providing practical knowledge based on the old concepts does not make sense.

Limitation to vocational and technical education

Major limitation in providing vocational and technical education as at present is the shortage of competent and qualified teachers in the public sector training providers. Despite reforms introduced in recent times to the vocational and technical education sector, this aspect has remained a stumbling block to increase the output of technically skilled individuals to the labor market at higher national vocational qualifications level.

University of vocational technology established by university of vocational technology act no.13 of 2008 has taken up the responsibility of training the trainers up to Bachelor of education in Technology degree level from former national institute of technical education from 2008. However, the requirements of such training are immediate to ensure the quality of output of national vocational qualifications level 5 and 6 diploma holders.

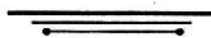
Quality assurance of the TVET sector programmes is one way to raise the poor image of TVET programmes. Introducing quality management to TVET programmes will enable the industry to hire technically-skilled individuals with confidence of performing quality work thereby creating a demand for those skills in the labour market.

Conclusion

For economic growth and development in a country, Practical knowledge, specialized skilled, healthy working environment and stability of government are needed. Only a person who is expert in particular field can get the job done well. Vocational education develops expertise in a particular field or skill. Vocational education institute not only impart specialized and Practical knowledge to a person but also help them to become independent and enjoy real life at a particular age. It is heartening that the recent report of World Bank commends favourably of the knowledge based economy of Sri Lanka. However in Sri Lanka there is more attraction and recognition to degree level of education than vocational education and hence the responsibility has fallen on the country's education system to produce skilled knowledge workers. The present peaceful and stable political environment of Sri Lanka is bound to boost economic development and prosperity.

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Leadership

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Introduction

Management can be viewed as science or art or any other discipline because it is a mixture of all. Actually it is the process of getting activities completed efficiently and effectively with people. If an organization is managed very well, that means the activities were well planned and organized in an efficient manner by making use of all available resources.

In management the important role was played by a person(s) called manager(s) because they have talents, time and other resources. Their primary focus is to get the best return on these by ensuring that things are done efficiently.

It is important to study management because people used to plan their activities whether knowingly or not. This process forms the foundation upon which management skills are built. Thus, study of management adds valuable knowledge even if a person is not aspiring to be a manager.

Management versus Leadership

What is the difference between management and leadership? It is a question that has been asked more than once and also answered in different ways. The biggest difference between managers and leaders is the way they motivate the people who work or follow them. By definition managers have subordinates and they have a position of authority vested to them. Managers are paid to get things done often within tight constraints of time and money. They naturally pass on this work focus to their subordinates.

An interesting finding of a research says managers tend to come from stable home backgrounds and led relatively normal. This leads them to be relatively risk-averse and they will seek to avoid conflict where possible.

On the other hand, Leaders do not have subordinates while they are leading. Many organizational leaders do have subordinates, but only because they are also managers. When they want to lead, they have to give up formal authoritarian control, because to lead is to have followers, and following is always a voluntary activity.

Telling people what to do does not inspire them to follow you. You have to appeal to them, showing how following them will lead to their hearts' desire. Leaders with stronger charisma find it easier to attract people. As part of their persuasion they typically promise transformational benefits, such that their followers will not just

receive extrinsic rewards but will somehow become better people. Although many leaders have charismatic style to some extent, this does not require a loud personality. They are always good with people, and quiet styles that give credit to others (and take blame on themselves) are very effective at creating the loyalty that leaders engender. Although leaders are good with people, this does not mean they are friendly with them. In order to keep the mystique of leadership, they often retain a degree of separation and aloofness. This does not mean that leaders do not pay attention to tasks in fact they are often very achievement-focused. What they do realize, however, is the importance of enthusing others to work towards their vision.

A study which showed managers as risk-averse, leaders appeared as risk-seekers, although they are not blind thrill-seekers. When pursuing their vision, they consider it natural to encounter problems and hurdles that must be overcome along the way. They are thus comfortable with risk and will see routes that others avoid as potential opportunities for advantage and will happily break rules in order to get things done.

The following table summarizes the above and more features that gives a sense of differences between being a leader and being a manager.

Subject	Leader	Manager
Essence	Change	Stability
Focus	Leading people	Managing work
Have	Followers	Subordinates
Horizon	Long-term	Short-term
Seeks	Vision	Objectives
Approach	Sets direction	Plans detail
Decision	Facilitates	Makes
Power	Personal charisma	Formal authority
Appeal to	Heart	Head
Energy	Passion	Control
Culture	Shapes	Enacts
Dynamic	Proactive	Reactive
Persuasion	Sell	Tell
Style	Transformational	Transactional
Exchange	Excitement for work	Money for work
Likes	Striving	Action
Wants	Achievement	Results
Risk	Takes	Minimizes
Rules	Breaks	Makes
Conflict	Uses	Avoids
Direction	New roads	Existing roads
Truth	Seeks	Establishes
Concern	What is right	Being right
Credit	Gives	Takes
Blame	Takes	Blames

Skills for effective management

An effective manager has the following core attributes:

- ❖ Good at task execution
- ❖ Managing people
- ❖ Making a profit

Putting all these attributes together only the said primary function of management that is get work done efficiently could be succeeded. This means making use of all available resources with respect to a specific set of goals.

To be an effective manager the person has to have skills in task execution, commercial insight and people skills. As Peter Drucker confirms the best managers will have all three attributes.

On the one hand, high level commercial insight serves managers to enhance profitability or return on investment where as, on the other hand, good skilled people managers have the ability to foster trust and the emotional intelligence to deal with different people successfully. The second helps in empowering, coaching, motivating and developing people.

Natural law of leadership

Believe it or not, the 'science of managing people is the science of leadership', pure and simple, no more, no less. Whether or not the CEO or boss wants to admit it, the ship is its captain. This is what actually happens and the boss (CEO or lower) has no control over this. He / She can't stop it, modify it, wish or order it away. It is a natural law that operates inexorably and without regard for the human beings involved. The process that results waits for no one. It just happens day in and day out.

Therefore, no matter what the actions are, the words, facial expressions, body language, verbal or written orders or policies, support for subordinates, habits, personality traits, inactions through silence, or other boss behaviour, these are followed by most juniors simply because the great majority of them are followers. The subordinates become what the boss projects. If the boss works hard, they tend to work hard. If the boss has little knowledge of certain things, they have little knowledge of them. If the boss encourages, they will be encouraged. If the boss cannot bring him / herself to do certain things, they will not either. Followers clearly discern the implied value standards and set out to use them in their everyday routine. This sequence is a natural law, one that makes the boss either the subordinates' biggest ally or their greatest enemy or something somewhere in between.

Effective Leadership

The key to effective leadership lies in mastering a wide range of skills, from implementing and administering processes to inspiring others to achieve excellence. Effective leadership is a key element in success of any organization.

Effective leadership means making most of opportunities to learn to lead, whether by observing others, through formal training, or through careful evaluation of practical experience.

Various researches have identified many leadership styles and theories. Autocratic leadership has been replaced by modern leadership rules, though certain situations, such as emergencies, still call for its use.

As it said 'No two homes are being run the same way', similarly no one style of leadership is appropriate for every occasion or situation. The situation or the occasion decides the style of leadership to be adapted.

Leadership qualities

It has been argued that great leaders are made and not born. This may be true but effective leaders make an effort to learn the essential skills through formal training courses and on-the-job experience.

A good leader focuses on quality that is, setting high but realistic performance goals and finding ways to improve operations and procedures, and striving for total quality in all areas. Before quality can be achieved, an effective leader has to be clear about the expectations and the standards of performance that must be reached.

Once these standards or expectations have been defined, they should be communicated clearly to the other members highlighting the responsibilities involved. Members should be encouraged to analyze problem areas and work together to find solutions.

The success of a team is depended on the leader. It is the prime responsibility of him / her to facilitates, inspires and implements, rather than controls. As Peter Drucker describes leadership as "mundane, unromantic and boring"; the leader is the first to be blamed if the achievements are not in the expected level. The following are some of the qualities of an effective leader:

❖ **Delegating tasks:** delegation is a form of time management. It is a way of exercising control and meeting personal responsibilities more effectively, while developing the skills of staff members. This helps to boost morale of staff and builds confidence.

❖ **Retaining tasks:** the leader cannot delegate all responsibilities. Some cannot be delegated like, controlling overall performance, meeting strategic objectives and confidential human resource matters how people are rewarded, appraised, promoted, informed, disciplined, counseled, etc.

❖ **Clear communication:** Ability of having a good and clear communication skill is an essential ingredient of an effective leadership. As Peter Drucker said "Communication is by perception. It is the person who receives the message that communicates, not the person transmitting the message".

❖ **Listening:** it is a good sign for a good leader to be a good listener. Before speaking, remember that members are more receptive to input if they feel the leader has a clear understanding of their situation. If the leader demonstrates that the opinions of members are valued, the response will be immense. However, chances for misunderstandings also exist. Therefore, feedback is the correct tool to check whether the expected message passed on to the listeners.

❖ **The spirit of performance:** the success of an organization depends on how well the employees meet organizational goals and objectives. This responsibility solely on the leading personality who bring out the best from the employees irrespective of their individual talents and skills. The statement by Peter Drucker further validate it as, "It is the test of the organization to make ordinary people perform better than they seem capable of, to bring out whatever strength there is in its members, and to use each person's strength to help all the other members perform".

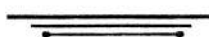
❖ **Morale:** poor morale can destroy the fabric of an organization. It is like a cancer that eats into the human body and when it finds a crevice to breed, it festers, grows and is all consuming. Poor morale has such a grip that it begins to cross teams, departments and eventually the entire infrastructure.

Conclusion

Leadership and management are very closely linked or interconnected with each other. Anyhow, it is said and proved that 'all managers are leaders but all leaders are not managers'. Peter Drucker's style and the text makes it challenging but not too difficult. No wonder one commentary referred to him as the 'father of management'.

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Mind Mapping

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Introduction

This article deals with mind mapping which is a graphical way of showing ideas. There are many powerful approaches to note taking they are spray diagrams, spider diagrams, spidograms, spider grams and mind maps. Mind mapping is a useful technique that improves the way you take notes and supports and enhances creative problem solving and it hold information in a format that mind finds easy to remember and quick to review. This article tries to introduce some basic things of mind mapping such as, definition, origins, usage and basic rules. Further it clearly explains how mind mapping is made and states some techniques of drawing mind mapping.

Definition

A mind map is a graphical creativity stimulation method that consists of a central word or concept, around which we draw the 5 to 10 main ideas that relate to that word. We then take each of those secondary words and draw the 5 to 10 main ideas that relate to each of those words.

By following this method, a great number of related ideas can quickly be produced with very little effort. Mind maps developed by Tony Buzan are an effective method of taking notes and useful for the generation of ideas by associations. To make a mind map, one starts in the centre of the page with the main idea, and works outward in all directions, producing a growing and organized structure composed of key words and key images.

Origin of Mind Mapping

Radial drawings have already been used for centuries to analyze all kinds of problems. An early example is the graphical representation of the categories of Aristotle by Neo-Platonist thinker Porphyry in the 3rd century. **Tony Buzan**, a British psychologist, was seeking a visual and faster way of outlining ideas on paper to support learning and memorizing. He made the modern Mind Map popular in the 60s.

Usage of Mind Maps

Commonly, the following functions have been described for Mind mapping in literature:

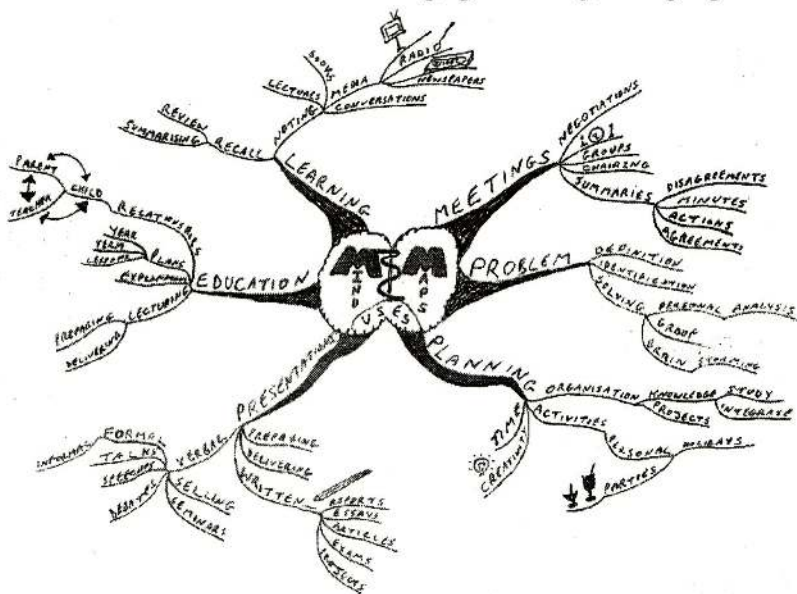
1. To visualize human information exchange (e.g. workshops, project or staff meetings, brainstorm sessions and strategy sessions).

2. To organize, reorganize and filter the thoughts and ideas that are collected.
3. To analyze and structure the information, to identify relationships between key points.
4. To improve knowledge management systems. The Mind Map can be used as a visual interface that contains information or external links.
5. To produce and present information in a better way. Mind Maps can be automatically converted to other forms of communication.
6. To better manage the information for meetings, presentations, projects, proposals, research, contacts, etc. Both in the preparation phase, the execution phase and the follow-up phase.

Mind Maps can be used for a large range of activities, including:

- ❖ Note-taking and reporting. Recall.
- ❖ Brainstorm. Improve creativity. Capture ideas. Compare: Cause and Effect Diagram
- ❖ Clarifying of thoughts. Summarizing. Gain an overview. See topics in their context.
- ❖ Presentation.
- ❖ Planning.
- ❖ Analyze and solve complex problems.
- ❖ Team building.
- ❖ Collapse or expand topics to see more or to see less detail.
- ❖ Support group communication processes.

This figure illustrates, how to use mind maps for a large range of activities?



Mind Map Tips and Techniques

1. Use emphasis

- Always use a central image
- If possible, Use images throughout your Mind Map
- Use three or more colors per central image
- Use dimension in images
- Use variations of size of printing, line and image
- Use organized spacing

2. Use Association

- Use arrows when you want to make connections within and across the branch pattern
- Use colors
- Use codes

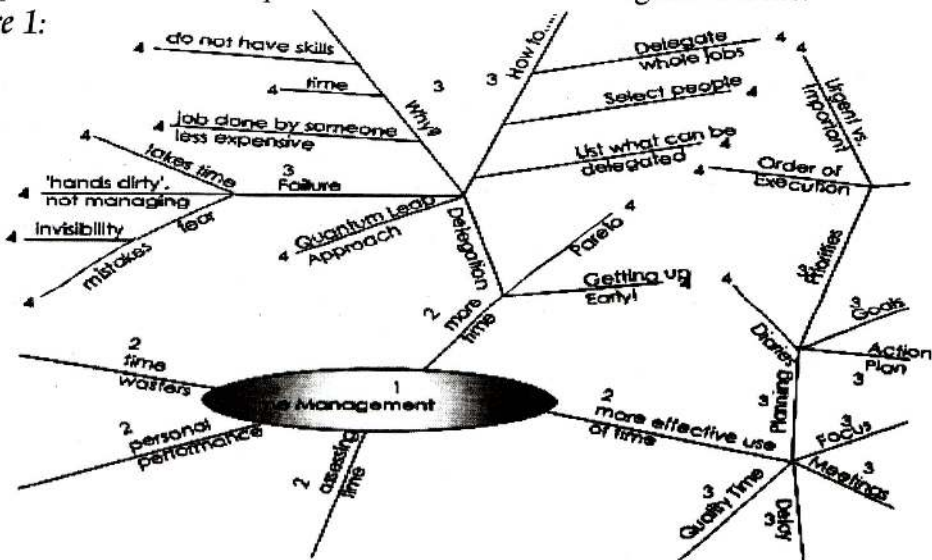
3. Be Clear

- Use only one key word per line
- Print all words
- Print key words on lines
- Make line length equal to word length
- Connect lines to other lines
- Make the central lines thicker
- Make your images as clear as possible

Drawing Simple Mind Maps

The whole mind mapping process is too large to publish. Here we show a part of the process. It is an example of research into time management skills.

Figure 1:



To make notes on a subject using a Mind Map, draw it in the following way:

1. Write the title of the subject you're exploring in the center of the page, and draw a circle around it. This is shown by the circle marked 1 in Figure 1, above.
2. As you come across major subdivisions or subheadings of the topic (or important facts that relate to the subject) draw lines out from this circle. Label these lines with these subdivisions or subheadings. These are shown by the lines marked 2 in Figure 1.
3. As you "burrow" into the subject and uncover another level of information (further subheadings, or individual facts) belonging to the subheadings above, draw these as lines linked to the subheading lines. These are shown by the lines marked 3 in Figure 1.
4. Finally, for individual facts or ideas, draw lines out from the appropriate heading line and label them. These are shown by the lines marked 4 in Figure 1.

As you come across new information, link it in to the Mind Map appropriately.

A complete Mind Map may have main topic lines radiating in all directions from the center. Sub-topics and facts will branch off these, like branches and twigs from the trunk of a tree. You do not need to worry about the structure produced, as this will evolve as you develop your mind map.

Note that the idea of numbered 'levels' in Figure 1 is only used to explain how the Mind Map was created. All we are showing is that major headings radiate from the center, with lower level headings and facts branching off from the higher level headings.

Benefits of Mind Mapping

- ❖ Simplicity- Ease of use
- ❖ Associative- Any idea probably has many links.
- ❖ Visual- Easy to remember.
- ❖ Radial- Allows you to work in all directions.
- ❖ Overview- Helps to see the big picture and relationships between issues.

Conclusion

Mind Mapping is a popular brain storming tool and learning technique of **visually** arranging ideas and their interconnections most people are visually oriented because pictures are **worth a thousand words**, using **structure, words, color, images, and hyperlinks (and sounds)** to bring concepts to life, mind mapping

links a central concepts or issue with related concepts or issues. Unlike linear thinking modes (that you probably learned at school) it stimulates imagination and creativity, by connecting left and right brain thinking. Thus it is believed to harness the full range of your analytical and creative skills.

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- ☞ A smile is an inexpensive way to improve your looks and that can't choose how you feel but you can choose what I do about it.
- ☞ You can accomplish almost anything if you are willing to work hard for it. It is only in the dictionary that success comes before work.
- ☞ If some one hurt you in the past let it go when you plan to get even with someone you are only letting that person to continuously hurt you.

Artificial Intelligence in Business

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2007/BAd/13

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Introduction

Artificial Intelligence (AI) applications can offer tremendous help for business strategies. Predicting outcomes allows the AI program to improve business intelligence. Artificial Intelligence (AI), in the most general sense, is a branch of computing that either mimics human reactions or performs calculations or functions as a substitute for human activity. AI has been around, at least in theory, since 1950, and has seen much advancement since that time. However, within the corporate world, AI is widely used for complex problem-solving and decision-support techniques in real-time business applications. The business applicability of AI techniques is spread across functions ranging from finance management to forecasting and production.

Artificially intelligent computer applications are useful in many different areas of business, as well as for entertainment, health, the financial sector, and national defense. Due to the fact that AI is used for many different purposes, there are many different measures of success, depending on the type of AI. In the area of business intelligence, AI offers many benefits, and success is measured by profit and loss, rather than by the ability of the program to appear human.

Definition

Artificial Intelligence (AI) is the area of computer science focusing on creating machines that can engage on behaviors that humans consider intelligent. The ability to create intelligent machines has intrigued humans since ancient times and today with the advent of the computer and 50 years of research into AI programming techniques, the dream of smart machines is becoming a reality. Researchers are creating systems which can mimic human thought, understand speech, beat the best human chess player, and countless other feats never before possible. Find out how the military is applying AI logic to its hi-tech systems, and how in the near future Artificial Intelligence may impact our lives.

Artificial Intelligence, or AI for short, is a combination of computer science, physiology, and philosophy. AI is a broad topic, consisting of different fields, from machine vision to expert systems. The element that the fields of AI have in common is the creation of machines that can "think".

AI is a broad discipline that promises to simulate numerous innate human skills such as automatic programming, case-based reasoning, neural networks, decision-making, expert systems, natural language processing, pattern recognition and speech recognition etc. AI technologies bring more complex data-analysis features to existing applications. One of the aims of AI is said to be the investigation of human cognition and AI is part of Cognitive Science. AI is really an investigation into the creation of intelligence and that there is no reason for the intelligence that is created to be exactly the same as human intelligence.

Importance of Artificial Intelligence

Enterprises that utilize AI-enhanced applications are expected to become more diverse, as the needs for the ability to analyze data across multiple variables, fraud detection and customer relationship management emerge as key business drivers to gain competitive advantage. Artificial Intelligence is a branch of Science which deals with helping machines, finds solutions to complex problems in a more human-like fashion. This generally involves borrowing characteristics from human intelligence, and applying them as algorithms in a computer friendly way. A more or less flexible or efficient approach can be taken depending on the requirements established, which influences how artificial the intelligent behavior appears AI is generally associated with Computer Science, but it has many important links with other fields such as Maths, Psychology, Cognition, Biology and Philosophy, among many others. Our ability to combine knowledge from all these fields will ultimately benefit our progress in the quest of creating an intelligent artificial being.

Applications in Business

The chief business use of AI is in expert systems, which assist human experts in solving difficult problems. All of the specific examples just mentioned are expert systems. Expert systems embody the knowledge and reasoning of human experts. They aid managers in understanding their businesses and in establishing control of business processes. In addition, they secure valuable intellectual resources for the company and enforce uniform application of policy.

When Campbell Soup's chief engineer was approaching retirement age, his knowledge and experience in keeping the huge cookers running were captured in an expert system and made available to younger engineers. The same scenario was repeated at GE, resulting in the expert system Delta for repairing diesel locomotives. In both of these cases, an important resource was not allowed to retire.

Typically, a firm has many employees upon whose expertise the firm depends. Even the smallest company will depend upon the expertise of at least one person. The very process of making this expert knowledge explicit in such a way that it can be incorporated into an expert system is itself one of the greatest benefits of developing an expert system. During this process, one can become aware of many aspects of the

business that had been only vaguely understood previously. This increased understanding can lead to greater control over the business.

In the fiercely competitive and dynamic market scenario, decision-making has become fairly complex and latency is inherent in many processes. In addition, the amount of data to be analysed has increased substantially. AI technologies help enterprises reduce latency in making business decisions, minimise fraud and enhance revenue opportunities.

Enterprises that utilise AI-enhanced applications are expected to become more diverse, as the needs for the ability to analyse data across multiple variables, fraud detection and customer relationship management emerge as key business drivers to gain competitive advantage. Though the financial services sector is an evangelist in the implementation of AI technologies, other sectors such as manufacturing, transportation, logistics, and healthcare have fast caught on.

Artificial Intelligence in Manufacturing

As the manufacturing industry becomes increasingly competitive, sophisticated technology has emerged to improve productivity. Artificial Intelligence in manufacturing can be applied to a variety of systems. It can recognize patterns, plus perform time consuming and mentally challenging tasks. Artificial Intelligence can optimize your production schedule and production runs. In order for organizations to meet ever increasing customer demands, and to be able to survive in an environment where change is inevitable, it is crucial that they offer more reliable delivery dates and control their costs by analyzing them on a continual basis. For businesses, being capable of delivering high quality goods at low costs and short delivery times is akin to operating in a whirlpool environment like the Devil's Triangle, and this is no easy task for any organization. Managing so that production takes place at the right time, on the right equipment, and using the right tools will minimize any deviations in delivery dates promised to the customer. Utilizing equipment, personnel and tools to their maximal efficiency will no doubt improve any organization's competitive strength. In return, proper utilization of these capabilities will result in lower costs for the organization organization.

Optimal scheduling of jobs on equipment, without the use of computer software, is a truly difficult undertaking. Performing planning using the "Deterministic Simulation Method" will provide you with schedules that will indicate job loads per equipment. Even in the case limited to a single piece of equipment, as the number of jobs to schedule on that equipment increases, finding the right solution in the "Possible Solutions Set" become next to impossible. And in the real world, the difficulties arising from the large size of the solutions set due to the recipes formed by jobs, equipment and products, and shaped by the technological restrictions, as well as the complexity in finding a close to ideal solution, are readily apparent. Research and studies are being conducted worldwide on the subject of scheduling. Software

vendors working in this area follow developments closely, and they are coming out with new products to better meet demands. “Genetic Algorithms”, “Artificial Intelligence”, and “Neural Networks” are some of the technologies being used for scheduling

Advantages

- ❖ View your best product runs and the corresponding settings.
- ❖ Increase efficiency and quality by using optimal settings from past production.
- ❖ Artificial Intelligence can optimize your schedule beyond normal human capabilities.
- ❖ Increase productivity by eliminating downtime due to unpredictable changes in the schedule

Artificial Intelligence in Financial services

AI has found a home in financial services and is recognized as a valuable addition to numerous business applications. Sophisticated technologies encompassing neural networks and business rules along with AI-based techniques are yielding positive results in transaction-oriented scenarios for financial services. AI has been widely adopted in such areas of risk management, compliance, and securities trading and monitoring, with an extension into customer relationship management (CRM). Tangible benefits of AI adoption include reduced risk of fraud, increased revenues from existing customers due to newer opportunities, avoidance of fines stemming from non-compliance and averted securities trade exceptions that could result in delayed settlement, if not detected..

Can machines really take the place of human traders, much less surpass them? When Deep Blue (a chess-playing computer developed by IBM) defeated Chess Grandmaster Kasparov in 1997, AI was propelled into the limelight. Indeed, if a machine can whiz through the intricacies of the ultimate game of strategy, why not beat man in other fields as well thereby facilitating work, decreasing costs and errors and increasing productivity and quality. This study focuses on applying AI in Finance, particularly in stock trading. In the field of Finance, artificial intelligence has long been used. Some applications of Artificial Intelligence are

- ❖ Credit authorization screening
- ❖ Mortgage risk assessment
- ❖ Project management and bidding strategy
- ❖ Financial and economic forecasting
- ❖ Risk rating of exchange-traded, fixed income investments
- ❖ Detection of regularities in security price movements
- ❖ Prediction of default and bankruptcy
- ❖ Security/and or Asset Portfolio Management

Artificial intelligence types used in finance include neural networks, fuzzy logic, genetic algorithms, expert systems and intelligent agents. They are often used in combination with each other. When AI first appeared a decade ago, it generated mass media hype but delivered inconsistent results. A number of those who praised its ability were paralyzed in the end. One such case is Fidelity Investments.

Artificial Intelligence in Marketing

Advances in artificial intelligence (AI) eventually could turbo-boost customer analytics to give companies speedier insights into individual buying patterns and a host of other consumer habits.

Artificial intelligence functions are made possible by computerized neural networks that simulate the same types of connections that are made in the human brain to generate thought. Currently, the technology is used mostly to analyze data for genetics, pharmaceutical and other scientific research. It's seeing little use in CRM right now, though it has tremendous potential in the future

AI-enhanced analytics programs also provide survival modeling capabilities - suggesting changes to products based on use. For example, customer patterns are analyzed to learn ways to extend the life of light bulbs or to help decide the correct dosage for medications.

High-tech data mining can give companies a precise view of how particular segments of the customer base react to a product or service and propose changes consistent with those findings. In addition to further exploring customers' buying patterns, analytics could help companies react much more quickly to the marketplace.

Artificial Intelligence in HR

It is widely believed that the role of managers is becoming a key determinant for enterprises' competitiveness in today's knowledge economy era. Owing to fast development of information technologies (ITs), corporations are employed to enhance the capability of human resource management, which is called human resource information system (HRIS). Recently, due to promising results of artificial neural networks (ANNs) and fuzzy theory in engineering, they have also become candidates for HRIS. The artificial intelligence (AI) field can play a role in this, especially; in assuring that the fuzzy neural network has the characteristics and functions of training, learning, and simulation to make an optimal and accurate judgment according to the human thinking model. The main purposes of the study are to discuss the appointment of managers in enterprises through fuzzy neural network, to construct a new model for evaluation of managerial talent, and accordingly to develop a decision support system in human resource selection. Finally, the human resource selection system of Java user interface has been constructed by FNN in the study.

Risks and Rewards


AI and expert systems provide a wide range of opportunities for automation beyond those of more restricted, traditional computer applications. Yet the risks and applications of new technologies to problems that are difficult to define may deter one from taking advantage of them. At the same time, a wait-and-see attitude may be even more risky, since AI and expert systems can give one's competition an advantage. As with any other project, careful analysis and planning usually translate into tangible benefits.

Broadly speaking, information and expertise are assets of the corporation. Expert systems can be a tool to help solve stubborn problems, a tool for leveraging expertise. Those firms that implement expert systems in their operations, as well as at the managerial and strategic levels, may be able to move ahead of their competition. Above all, the very experience with AI and expert systems can be leveraged. Those who can invest in such potentially valuable technology are positioned to reap the greatest benefits.

Conclusion

It is difficult for business to see general relevance from AI. This is probably one of the reasons for the compartmentalization of AI into things like Knowledge Based Systems, Neural Networks, and Genetic Algorithms etc. Some of these separate sub topics have been shown to be very useful in solving certain difficult business and industrial problems and consequently funding bodies influence research directions by encouraging work on these more application based areas. This can have a positive effect for business benefit and has lead to some very useful systems that have found their way into the heart of business activity. Business should not lose sight of where AI could go because there are many potential benefits to current and new businesses of future research. The idea of robotic domestic workers is still far fetched but companies are making progress even here. There is already a Robot Vacuum Cleaner marketed by Electrolux and doubtless improved systems with better functionality will follow. . A quoting from Tom Peters, a leading management guru: "When you think you've reached the top, tear down everything and do it all over again. If you don't, your competitor will."

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The Tobin's Q as a Performance Indicator

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Introduction

Since Brainard and Tobin (1968) and Tobin (1969) introduced the concept of Tobin's Q over thirty years ago, it has become the most widely used measure of a firm's incentive to invest and valuation measure in empirical corporate finance. It is named after the Nobel price winner James Tobin from Yale University.

Definition

By definition, the Tobin's Q is the ratio between the market value of the firm and the replacement value (book value) of its assets. The company's market value is calculated as being the algebraic sum of the market value of the shares (MVS) plus the market value of the debts (MVD) (It will be assumed that book value of the debt is equal to market value of the debt), that is to say, the capital owned by the company plus the capital of third parties. The replacement value of the assets (RVA) is given by the "monetary disbursement needed to purchase the production capacity of the company with the most modern technology available for a minimal cost" (Lindenberg & Ross, 1981). "Therefore, the Tobin's Q may be written following the expression:

$$Q = \frac{(MVS + MVD)}{RVA}$$

Example:

Market value of equity = Shares \times Share price

Market value of equity = 20,000 \times Rs 43 = Rs 860,000

The total book value of the company's debt is:

Total debt = Current liabilities + Long-term debt

Total debt = Rs 41,769 + Rs 85,000 = Rs 126,769

Books value of the assets Rs.246, 626

Now we can calculate Tobin's Q, which is:

Tobin's Q = (Market value of equity + Book value of debt) / Book value of assets

Tobin's Q = (Rs 860,000 + Rs 126,769) / Rs 245,626

Tobin's Q = 4.02

A Tobin's Q ratio greater than 1 indicates that the firm has done well with its investment decisions, i.e., it has invested in positive net present value projects. In

contrast, a value of Tobin's Q lower than 1 indicates that the company did not even earn its firm-wide cost of capital with its investment projects. Therefore firms with high Qs, or $Qs > 1.00$, have been found to be better investment opportunities (Lang, Stulz & Walkling, 1989), have higher growth potential (Tobin & Brainard, 1968; Tobin, 1969) and indicate management has performed well with the assets under its command (Lang, Stulz & Walkling, 1989).

To understand Tobin's Q, according to Keynes (1936) and Grunfeld (1960) that a firm should invest in additional assets if this activity increases the stock market's valuation of the firm. In other words, a firm should not acquire new assets unless they are used by the firm to create at least as much market value as the cost of reproducing them; otherwise, the assets would be better employed elsewhere. The Tobin Q has been employed particularly by manufacturing firms to explain a number of diverse corporate phenomena. These have entailed (a) cross-sectional differences in investment and diversification decisions, (b) the relationship between managerial equity ownership and firm value, (c) the relationship between managerial performance and tender offer gains, investment opportunities and tender offer responses, and (d) financing, dividend, and compensating policies (Chung and Pruitt, 1994).

Therefore the most important application of the Tobin's Q is the use as proxy for the value of the firm. Some studies relate the Tobin's Q to the ownership structure of the company and to its capital structure. Others discuss the balance between diversification versus focus on the business or even approached issues such as takeovers, mergers and acquisitions.

In Economy and Administration, the use of the Tobin's Q is very widespread, although it is not usual to find theoretical studies about the aspects involving the concepts of its use as a business indicator. According to Famá and Barros (2000), the Tobin's Q has become consolidated as a variable of unquestionable adequacy in different applications be it in theoretical works or in empirical tests. The use of the Tobin's Q in Economy and Finance permits that researchers study not only the results produced in the companies (past performance) but also point to growth opportunities in accordance to the value of Q (future performance) in the following areas:

(a) Dividends Policy: empirical evidence showed that there is an impact on the value of the firm, measured by the Tobin's Q, due to changes in dividends policy (Koch & Shenoy, 1999);

(b) Capital Investments: the Tobin's Q was used as an indicator of new profitable investments available for the firm (Tobin & Brainard, 1968; Tobin, 1969). A firm with a marginal Q "greater than one, in an efficient market, can increase its market value, undertaking additional capital investments". It may invest in profitable projects until its Tobin's Q is equal to 1. According to Hayashi (1982) and Famá and Barros (2000), the marginal q is the ratio between the market value of an additional unit of capital and its replacement cost;

(c) Ownership Structure: authors (Shleifer & Vishny, 1998) used the Tobin's Q in search of relating the value of the firm and its ownership structure;

(d) Capital Structure: the value of the firm measured by the Tobin's Q was related to the capital structure in search of verifying if changes on capital structure affects its value (McConnell & Servaes, 1995);

(e) Performance of the Administration: the Tobin's Q was used as an indicator of company's performance. Lang, Stultz and Walkling (1989) empirically related the performance of the firm to its Tobin's Q and assumed the main factor of a firm's performance to be the performance of the administration.

(f) Power of Monopoly: Lindenberg and Ross (1981) stated that companies in competitive have a value of the Tobin's Q in the vicinities of 1, while the companies with some monopoly power or that present production costs lower than the average of the sector exhibit a Tobin's Q

Assumptions and Limitations

Using the book value of debt implicitly assumes that the book value of debt is equal to the market value of debt. But this assumption is generally true. Using the book value of assets assumes that the assets can be replaced at the current value on the balance sheet. There are several reasons this assumption could be flawed.

First, inflation during the life of the assets can cause the book value of the assets to understate the market value of the assets. Since assets are recorded at cost when purchased, inflation means that it is more expensive to replace the assets. Second, improvements in technology could mean that the assets could be replaced with more productive, and possibly cheaper, assets. If this is true, the book value can overstate the market value of the assets. Finally, the book value of assets may not accurately represent the market value of the assets because of depreciation. Depreciation is done according to some schedule, generally straight-line. Thus, the book value and market value can often diverge.

As has been widely discussed in the corporate finance and macroeconomics literature, however, all observable measures or estimates of the true incentive to invest, hereafter termed *Q proxies*, are likely to contain measurement error. In principle, Tobin's Q is observable: the market value of the firm's assets can be measured by examining the market value of the firm's debt and equity, and the replacement cost of assets can be computed via accounting information and the price at which the assets can be purchased or sold. In practice, measuring Tobin's Q presents numerous difficulties because accountants do not directly keep track of the market value of a firm's debt or the replacement cost of a firm's assets, especially intangible assets. These difficulties force a data analyst to use some sort of algorithm to estimate the replacement costs and market values from accounting figures. Further complicating the measurement problem is that Tobin's *q* only equals the true incentive to invest under stringent assumptions.

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☞ Being rich is a state of mind. It doesn't matter how much money you have.
If you don't enjoy life's small pleasures and friends you are a pauper.

☞ Friendship matter it takes a minute to find a special person an hour to appreciate them a day to love them and an entire life to forget them.

☞ Some start life's race wrong but finish right some start right but finish wrong and some are afraid to run at all which kind are you?

Seamless government

Ms. Logitha.N

2006/BAAd/032

Final year

Management Studies (FM)

Introduction

Governments around the world are under pressure from citizens and business:

- ❖ To be more open and transparent in managing public funds.
- ❖ To deliver high quality public services according to the needs of citizens or businesses and not their internal structures.
- ❖ To engage citizens in developing policies that reflects their expectations.
- ❖ To carry out efficient and effective implementations of such policies.
- ❖ To facilitate economic development of the country through administrative simplification and support for small businesses.
- ❖ To promote the rule of law, social development and equal access to opportunities.
- ❖ Developing the digital economy and information society as a whole.

These pressures create a demand for continuous improvement in government and the use of Information and Communication Technology across the whole public sector to enable this improvement through the underlying organizational change. New Public Management (NPM) is a term describing the required improvements: customer focus, business-like management, new forms of public service delivery and citizen engagement. Generally, governments engage in two separate but mutually dependant types of initiatives to respond to the pressures and implement NPM. These initiatives are: Public Sector Reform is that introducing structural and process changes in government with explicit objectives to improve efficiency. e-Government is used ICT, particularly the Internet, as a tool to achieve better government.

e-Government cannot succeed without an amount of structural and process reengineering to prepare agencies for technology adoption, digitizing government information and putting it online is simply insufficient. While establishing a website for a government agency with static information about its structure, services and contacts may not require many changes, deep changes in processes, structure and even culture of the government are required when agencies start to offer interactive and transactional services,

Concept of Seamless government

Develop the concept of Seamless Government as the most mature stage of e-Government. Seamless Government is a set of agencies working together as a single entity, generating integrated responses to community needs. Seamless Government promotes collaboration as the cornerstone for technology-

enabled improvement in government between public sector organizations from various levels and functional areas of the government between public and private sector organizations, between different public administration systems. Collaboration in government offers clear benefits: better sharing of information by agencies, higher utilization of resources, more engaged policy-making, more innovative public workforce, etc. However the most direct benefit of Seamless Government is the delivery of Seamless Services. Seamless Service is a complete public service delivered collaboratively by several government agencies through a one-stop contact. From customers' point of view, a Seamless Service is delivered by a single "virtual" organization. These services transcend the boundaries between functional areas and levels of the government, offering the greatest benefits to customers.

Resources

Some of the resources needed for developing Seamless Government, such as processes, people, agencies, and businesses.

Business Process is a series of business activities which are subdivided into tasks that create value by transforming an input into a more valuable output. Business Process Reengineering is the management approach for introducing changes to business processes in a controlled way. The aim of reengineering activities is based on omitting processes that do not create value and integrating customers into the automated value chain.

People are one key success factor for implementing Seamless Government is bringing people from the public sector *on-board*. E-Government programs have an enormous impact upon staff in terms of what they do, how, when and where they do it. Consequently, the expectations, fears, interests, resilience, perceptions raised by E-Government solutions and felt by civil servants must be addressed proactively.

Clerical staff requires basic IT skills, while managerial and IT staff requires, in addition, to understand how ICT works, what are the limitations of ICT, how ICT can be used, how to manage the agency's information strategy, how to deal with the impact of E-Government, how E-Government applications can build new services and products, how services can be delivered through e-channels. Required skills are considered four set of skills essential, such as Information Technology, Information Management, Information society and management. Public managers must be able to lead and not be led by the IT departments, integrate ICT strategy with organizational goals, and match government processes with technical solutions.

Government agencies are structured following the pyramidal and hierarchical management structure. Strategic management, tactical management and operational staff are composed of three tiers - from top to bottom. In these structures, information flows up through the chain of command and is processed at each tier, while commands are transmitted down the hierarchy.

The use of ICT has a positive impact for implementing organizational changes with respect to:

- ❖ *Information Availability* ICT enables to capture information easily, and facilitate its access from anywhere at anytime and by anyone authorized.
- ❖ *Control and Coordination Facilities* ICT enables to control and coordinate business activities at lower tiers of the hierarchy.
- ❖ *Decentralization Opportunities* ICT enables to decentralize decision making.

Businesses, a wide spectrum of technical issues arises while developing E-Government, from simple provision of hardware and networks, up to complex delivery of software applications required for providing public services. However, ICT is not a government business; governments do not have the experience for providing innovative technical solutions, developing software infrastructure, applying customer-orientation for service delivery, and applying sophisticated ICT. Governments may not have the proper funds for the investments required while adopting new ICT systems. Public Private Partnership (PPP) is an agreement between the government and a private company to share risks and rewards of a business venture involving public services.

Results

Results of developing Seamless Government, such as: customers, services, and channels used for delivering services to customers.

Government Customer is someone who makes use of or receives the products or services provided by the government. Governments deliver services to different groups of people, such as to citizens, businesses, visitors, government employees, students, elder, youth, etc. All of them are government's customers. Customers have needs and expectations that governments must address. The needs are goods or services the customer requires to achieve specific goals. For addressing customers' needs and expectations governments are implementing as part of their E-Government strategies and public reform agendas a customer focus orientation.

Seamless Government aims to provide customer-focused, efficient and reliable **public services**. Public Service is a service performed for the benefit of the public, especially provided by a non-profit organization. When the service delivery is supported by ICT, the service is called an e-service. Seamless services are those designed based on customers' needs, delivered using multiple channels, accessed through one-stop portal and pro-actively delivered.

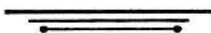
A Channel is a mean used by an administration for interacting with and for delivering services to its customers. Examples of channels include: counter, call centre, e-mail, instant messaging, interactive digital TV, Interactive Voice response systems (IVR), mobile devices, Public Internet Access Points (PIAP), Short Message Service (SMS), telephone and websites. The customers should be able to choose the channel and the location for interaction, and switch between channels at any time.

Conclusion

Seamless Government is a new paradigm that prescribes the behavior of government agencies as a whole, in order to best respond to the needs of citizens and businesses based on collaboration and networking between the government units. Seamless Government enables the provision of customer-focused, high-quality public services, accessed through a one-stop contact and grouped according to the needs of customers, such as life events for citizens and business episodes for enterprises. Seamless Government also improves efficiency in government operations by eliminating duplicated efforts and making better use of scarce public resources.

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- ☞ An alcoholic who keeps drinking the liar who keeps lying or the thief who keeps stealing must note that continuous bad choices kill success.
- ☞ In the final analysis of your life you won't be asked what your highest salary was but if you compromised your character to obtain.
- ☞ It is said to err is human. He who makes no mistakes makes nothing remember that you can make your failures the pillars of your success.
- ☞ Don't love things and use people but use thing and love people many people come and go but only true friends leave foot prints your heart.
- ☞ Immediate forgiveness is the key to controlling your anger when you are hurt. A grudge is one thing that

GSP+ Concessions For Sri Lanka

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2007/BAAd/78

Third year

Management Studies (FM)

Background.

The Generalized System of preferences (GSP) was initiated by the United Nations Commission for Trade and Development (UNCTAD) With the objective of offering tariff concessions to low income developing countries to enhance their export earnings, to promote industrialization and to raise economic growth. The European Union (EU) Commenced implementation of GSP Scheme in 1971 and Subsequently, many Developed Countries, Such as the USA, Japan, Canada, etc, followed Suit by implementing GSP Schemes to offer concessions to developing countries.

The EU's Generalised Scheme of Tariff Preferences (EU-GSP) is an autonomous trade arrangement, adopted by the 27 countries of the European region. The EU-GSP has been providing non-reciprocal access to products from about 176 developing Countries and territories by the way of duty free access, duty reductions and duty waivers from the most favoured Nation (MFN) tariff Rates

Objective of GSP Facility

The primary objective of the GSP is to contribute to the reduction of poverty and the promotion of sustainable development and good governance. Preferential tariff rates when exporting to the EU market enable Developing Countries to participate more fully in international trade and generate additional export revenue to support them in developing industry and jobs and reducing poverty.

GSP covers three separate preference regimes:

- ❖ The standard GSP, which provides preferences to 176 Developing Countries and Territories on over 6200 tariff lines;
- ❖ The special incentive arrangement for sustainable development and good governance, known as GSP+, which offers additional tariff reductions to support vulnerable developing countries in their ratification and implementation of international conventions in these areas;
- ❖ The Everything But Arms (EBA) arrangement, which provides Duty-Free, Quota-Free access for all products for the 49 Least Developed Countries (LDCs).

GSP+ Scheme

The special incentive arrangement was said to be for “Sustainable Development” and “good governance”, which is commonly known as the GSP+ Scheme. The GSP+ scheme is a preferential trade scheme granted to Sri Lanka by the EU. It allows Sri Lanka to export 7,200 items 'duty free' into the EU. It had boosted exports to EU by while domestic manufacturers remain competitive despite increasing costs.

The compliance of international conventions on environmental standards, labor rights and human rights are mandatory to get the benefits under the scheme. The Sri Lankan industries, especially in garments, agricultural and plantation produce sectors will be in doldrums without the GSP+ scheme. The European Commission office has so far maintained that the extension of the scheme depends on the implementation of 27 international conventions. These conventions apply to the areas of human rights, environmental standards and core labour rights.

GSP+ and Sri Lanka

Sri Lanka was granted GSP+ tariff concessions in 2005 for the period of July 2005-december 2008. Sri Lanka is among 16 beneficiary countries and the only South Asian country that qualified to receive additional preferences offered under the GSP+ incentive arrangement. In december 2008, Sri Lanka's eligibility for the next term, from 2009-2011, was renewed subject to a review by the EU.

The review, which commenced in october 2008 was completed within a year, and its outcome, which was not in favour of Sri Lanka, was conveyed to government of Sri Lanka in October 2009. Nevertheless the government submitted its observations and reinstated its position to the European Commission (EC) in November 2009 referring to specific comments made by the EC in their report.

However, by 15th February 2010, the EU member countries issued a statement indicating the temporary suspension of the GSP+ Facilities for Sri Lanka, effective after a six month grace period. As per the statement, Sri Lanka Could take necessary measures to reverse its decision by addressing their concerns. Accordingly, Sri Lankan authorities Continued to engage with the EC on GSP+ Concessions. In the event these deliberations fall short of producing a positive outcome, Sri Lanka would continue to enjoy preferential access to the EU market, under the Standard GSP scheme, from 15 August 2010.



Sri Lanka prepared to face the GSP+ withdrawal challenge

CBSL as well as many Sri Lankan exporters to the EU have already taken many measures to deal with this risk.

Some of these measures are highlighted below;

- ❖ Improving the Sri Lankan business environment and confidence levels significantly, by ending the conflict.
- ❖ Stabilizing and improving almost all macro-economic fundamentals, including in particular;
 - ♦ Achieving a low level of inflation, thereby significantly reducing the pressure on cost of inputs;
 - ♦ Establishing lower rates of interest, thereby substantially reducing the cost of borrowing;
 - ♦ Building up foreign reserves to historically high levels, hereby enhancing investor confidence in the Sri Lankan economy;
 - ♦ Ensuring stability in the Sri Lanka rupee exchange rate, thereby enhancing predictability of the domestic foreign exchange market;
- ❖ Establishing an enabling environment where Sri Lankan businesses could access international capital and debt markets for funding requirements at lower costs;
- ❖ Achieving political stability in the country, thereby further improving confidence and reducing policy uncertainties;
- ❖ Obtaining the removal of Sri Lanka from the list of countries described a “high war risk” countries by underwriters;
- ❖ Improving internal work processes and systems of exporting entities, thereby leading to substantial productivity enhancements.

Conclusion

Accordingly, the CBSL now believes that the focused and long-term preparations to face the emerging conditions, in addition to the firm level actions taken towards diversifying markets, negotiating with buyers, enhancing productivity, and reducing finance and input costs, has gradually offset the possible decline in competitiveness arising from the withdrawal of the GSP+ concessions.

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The Prime Success Principle

We all want success and happiness in our life in our endeavors. Success and happiness will never come to anyone of its own. We need to work. The precious question is whether we need to work hard or work smart? The law of success says we could attract success easily and effortlessly. For that to happen we need to have a very clear goal with a clear intention. We need to visualize the end result of the goal till our cheaper mind accepts our goals its own reality. All the things are created twice first is the mental creation and then only follows the physical creation. The physical creation becomes easy and effortless when our mind believes that the goal is a reality.

This is the prime success principle for life or any endeavor. Let us assume we want to build a house. First we have to build the house in our mind. Then we have to get a blue print of that mental house. Now we could do any alteration if required in the blue print. After that workout all the necessary details required to construct the house. All these have to be done before touching the ground for construction work. Same principle has to be applied for any endeavor. Ask yourself what's the goal you want to achieve? How will you feel when the goal is achieved? Now, Visualize in your mind again and again. The end result of that goal till your mind is convinced that the goal is a reality. Bring your feelings of success and satisfaction. Prepare your plan of action starting moving. Everything would come through easily and effortlessly. This is the prime principle of success.

Importance Of Strategic Management and Its Role

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Abstract

This paper is conceptual work describes the Strategic Management and how it suit for current environment. The purpose of this paper is to understand the importance of Strategic Management and its role in modern environment. The paper has covered theories of different authors said and birth of Strategic Management over last years. Also it helps to understand main elements of strategic management theory and how different strategy is formulated in different organizations. It has said that suitability, feasibility and accessibility on evaluating strategies. Also it said **hierarchy** of strategy includes business, functional and corporate strategies. Further the conceptual paper continues with strategic planning and how it differs from long term planning. Also it has described the term of strategic thinking and how it could helpful in organization. Finally the paper evaluated the reasons why strategic plans fail in current organization and limitation of strategic management. Also it touches on environmental analysis to evaluate the base of the environment such as SWOT and five forces competitive analysis.

Key words: marketing orientation, personalized marketing and sales marketing

Background and Literature Review

Systematic analysis of the factors associated with customers and competitors (the external environment) and the organization itself (the internal environment) to provide the basis for rethinking the current management practices. Its objective is to achieve better alignment of corporate policies and strategic priorities.

Strategic management can be used to determine mission, vision, values, goals, objectives, roles and responsibilities, timelines, etc. Strategic management is a level of managerial activity under setting goals and over Tactics. Strategic management provides overall direction to the enterprise and is closely related to the field of Organization Studies. In the field of business administration it is useful to talk about "strategic alignment" between the organization and its environment or "strategic consistency".

Birth of strategic management

Strategic management as a discipline originated in the 1950s and 60s, Although there were numerous early contributors to the literature, the most influential pioneers were Alfred D. Chandler, Philip Selznick, Igor Ansoff, and Peter Drucker.(1962)

In 1957, Philip Selznick introduced the idea of matching the organization's internal factors with external environmental circumstances. This core idea was developed into what we now call SWOT analysis by Learned, Andrews, and others at the Harvard Business School General Management Group. Strengths and weaknesses of the firm are assessed in light of the opportunities and threats from the business environment.

Igor Ansoff (1965) built on Chandler's work by adding a range of strategic concepts and inventing a whole new vocabulary. He developed a strategy grid that compared market penetration strategies, product development strategies, market development strategies and horizontal and vertical integration and diversification strategies. He felt that management could use these strategies to systematically prepare for future opportunities and challenges. In his 1965 classic *Corporate Strategy*, he developed the gap analysis still used today in which we must understand the gap between where we are currently and where we would like to be, then develop what he called "gap reducing actions".

In 1985, Ellen-Earle Chaffee summarized what she thought were the main elements of strategic management theory by the 1970s: Strategic management involves adapting the organization to its business environment.\

- ❖ Strategic management is fluid and complex. Change creates novel combinations of circumstances requiring unstructured non-repetitive responses.
- ❖ Strategic management affects the entire organization by providing direction.
- ❖ Strategic management involves both strategy formation (she called it content) and also strategy implementation (she called it process).
- ❖ Strategic management is partially planned and partially unplanned.
- ❖ Strategic management is done at several levels: overall corporate strategy, and individual business strategies.
- ❖ Strategic management involves both conceptual and analytical thought processes.

Strategy formation

Strategic formation is a combination of three main processes which are as follows:

- ❖ Performing a situation analysis, self-evaluation and competitor analysis: both internal and external; both micro-environmental and macro-environmental.
- ❖ Concurrent with this assessment, objectives are set. These objectives should be parallel to a time-line; some are in the short-term and others on the long-term. This involves crafting vision statements (long term view of a possible future), mission statements (the role that the organization gives itself in society), overall corporate objectives (both financial and strategic), strategic business unit objectives (both financial and strategic), and tactical objectives.
- ❖ These objectives should, in the light of the situation analysis, suggest a

strategic plan. The plan provides the details of how to achieve these objectives.

Strategy evaluation

- ❖ Measuring the effectiveness of the organizational strategy, it's extremely important to conduct a SWOT analysis to figure out the strengths, weaknesses, opportunities and threats (both internal and external) of the entity in business. This may require to take certain precautionary measures or even to change the entire strategy.
- ❖ Suitability (would it work?)
- ❖ Feasibility (can it be made to work?)
- ❖ Acceptability (will they work it?)

Suitability

Suitability deals with the overall rationale of the strategy. The key point to consider is whether the strategy would address the key strategic issues underlined by the organization's strategic position.

- ❖ Does it make economic sense?
- ❖ Would the organization obtain economies of scale, economies of scope, or experience economy?
- ❖ Would it be suitable in terms of environment and capabilities?

Feasibility

Feasibility is concerned with whether the resources required to implement the strategy are available, can be developed or obtained. Resources include **funding, people, time and information**.

Tools that can be used to evaluate feasibility include:

- ❖ cash flow analysis and forecasting
- ❖ break-even analysis
- ❖ resource deployment analysis

Acceptability

Acceptability is concerned with the expectations of the identified stakeholders (mainly shareholders, employees and customers) with the expected performance outcomes, which can be return, risk and stakeholder reactions.

❖ **Return** deals with the benefits expected by the stakeholders (financial and non-financial). For example, shareholders would expect the increase of their wealth, employees would expect improvement in their careers and customers would expect better value for money.

- ❖ **Risk** deals with the probability and consequences of failure of a strategy (financial and non-financial).

- ❖ **Stakeholder reactions** deal with anticipating the likely reaction of stakeholders. Shareholders could oppose the issuing of new shares, employees and unions could oppose outsourcing for fear of losing their jobs, customers could have concerns over a merger with regards to quality and support

The strategy hierarchy

Corporate strategy refers to the overarching strategy of the diversified firm. Such a corporate strategy answers the questions of "which businesses should we be in?" and "how does being in these businesses create synergy and/or add to the competitive advantage of the corporation as a whole?" Business strategy refers to the aggregated strategies of single business firm or a strategic business unit (SBU) in a diversified corporation. According to Michael Porter, a firm must formulate a business strategy that incorporates either cost leadership, differentiation or focus in order to achieve a sustainable competitive advantage and long-term success in its chosen areas or industries.

Functional strategies include marketing strategies, new product development strategies, human resource strategies, financial strategies, legal strategies, supply-chain strategies, and information technology management strategies. The emphasis is on short and medium term plans and is limited to the domain of each department's functional responsibility. Each functional department attempts to do its part in meeting overall corporate objectives, and hence to some extent their strategies are derived from broader corporate strategies.

Strategic planning and long-range planning

Although many use these terms interchangeably, strategic planning and long-range planning differ in their emphasis on the "assumed" environment. Long-range planning is generally considered to mean the development of a plan for accomplishing a goal or set of goals over a period of several years, with the assumption that current knowledge about future conditions is sufficiently reliable to ensure the plan's reliability over the duration of its implementation. Certainly a common assumption has emerged in the nonprofit sector that the environment is indeed changeable, often in unpredictable ways. Strategic planning, then, stresses the importance of making decisions that will ensure the organization's ability to successfully respond to changes in the environment.

Strategic thinking and strategic management

Strategic planning is only useful if it supports strategic thinking and leads to strategic management - the basis for an effective organization. Strategic thinking means asking, "Are we doing the right thing?" Perhaps, more precisely, it means making that assessment using three key requirements about strategic thinking: a definite purpose is in mind; an understanding of the environment, particularly of the forces that affect or impede the fulfillment of that purpose; and creativity in developing effective responses to those forces. It follows, then, that strategic management is the application of strategic thinking to the job of leading an organization.

A respected authority on marketing and strategic planning provides the following framework for understanding strategic management: continually asking the question, "Are we doing the right thing?" It entails attention to the "big picture" and the willingness to adapt to changing circumstances, and consists of the following three elements: formulation of the organization's future mission in light of changing external factors such as regulation, competition, technology, and customers development of a competitive strategy to achieve the mission creation of an organizational structure which will deploy resources to successfully carry out its competitive strategy. Strategic management is adaptive and keeps an organization relevant. In these dynamic times it is more likely to succeed than the traditional approach of "if it isn't broke, don't fix it."

When should a strategic plan be developed? Strategy development follows the creation and affirmation of the organization's purpose statement, environmental and program data collection and analysis, and identification of critical issues. It is critical that strategy development follow these steps because the information gathered and decisions made in these phases are the foundation for strategy creation and selection.

How are strategies developed? Strategy formulation is a combination of rational, scientific examinations and educated, intuitive best guesses. Many individuals are overwhelmed by the idea of developing strategies, but it can be a fun and invigorating process.

Reasons why strategic plans fail

There are many reasons why strategic plans fail, especially:

- ❖ Failure to execute by overcoming the four key organizational hurdles⁽⁹⁰⁾
 - Cognitive hurdle
 - Motivational hurdle
 - Resource hurdle
 - Political hurdle
- ❖ Failure to understand the customer
 - Why do they buy
 - Is there a real need for the product
 - inadequate or incorrect marketing research
- ❖ Inability to predict environmental reaction
 - What will competitors do
 - Fighting brands
 - Price wars
 - Will government intervene
- ❖ Over-estimation of resource competence
 - Can the staff, equipment, and processes handle the new strategy

- Failure to develop new employee and management skills
- ❖ Failure to coordinate
 - Reporting and control relationships not adequate
 - Organizational structure not flexible enough
- ❖ Failure to obtain senior management commitment
 - Failure to get management involved right from the start
 - Failure to obtain sufficient company resources to accomplish task
- ❖ Failure to obtain employee commitment
 - New strategy not well explained to employees
 - No incentives given to workers to embrace the new strategy
- ❖ Under-estimation of time requirements
 - No critical path analysis done
- ❖ Failure to follow the plan
 - No follow through after initial planning
 - No tracking of progress against plan
 - No consequences for above
- ❖ Failure to manage change
 - Inadequate understanding of the internal resistance to change
 - Lack of vision on the relationships between processes, technology and organization
- ❖ Poor communications
 - Insufficient information sharing among stakeholders
 - Exclusion of stakeholders and delegates

Limitations of strategic management

Although a sense of direction is important, it can also stifle creativity, especially if it is rigidly enforced. In an uncertain and ambiguous world, fluidity can be more important than a finely tuned strategic compass. When a strategy becomes internalized into a corporate culture, it can lead to group think. It can also cause an organization to define itself too narrowly. An example of this is marketing myopia.

Many theories of strategic management tend to undergo only brief periods of popularity. A summary of these theories thus inevitably exhibits survivorship bias (itself an area of research in strategic management). Many theories tend either to be too narrow in focus to build a complete corporate strategy on, or too general and abstract to be applicable to specific situations. Populism or faddishness can have an impact on a particular theory's life cycle and may see application in inappropriate circumstances. See business philosophies and popular management theories for a more critical view of management theories.

In 2000, Gary Hamel coined the term **strategic convergence** to explain the limited scope of the strategies being used by rivals in greatly differing circumstances.

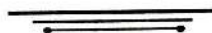
He lamented that strategies converge more than they should, because the more successful ones are imitated by firms that do not understand that the strategic process involves designing a custom strategy for the specifics of each situation.

Conclusion

“Strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy annually or quarterly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment or a new social, financial, or political environment

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Society for Worldwide Interbank Financial Telecommunication (SWIFT) System

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2006/BAd/056

Final year

Management Studies (FM)

What is SWIFT?

SWIFT is the Society for Worldwide Inter bank Financial Telecommunication. Which is fastest foreign payment method available at present, a member owned cooperative through which the financial world conducts its business operations with speed, certainty and confidence. SWIFT is a computerized method by which banks are able to remitter messages using British telecom or international line. SWIFT is the similar to cable or telex, expect that it is a computerize link and it totally secured, not all bank are SWIFT system.

The **Society for Worldwide Inter bank Financial Telecommunication** ("**SWIFT**") operates a worldwide **financial messaging network** which exchanges messages between **banks** and other **financial institutions**. SWIFT also markets **software** and services to financial institutions, much of it for use on the SWIFTNet Network, and **ISO 9362** bank identifier codes (BICs) are popularly known as "SWIFT codes".

The majority of international inter bank messages use the SWIFT network. As of September 2010, SWIFT linked 9,000+ financial institutions in 209 countries. SWIFT transports financial messages in a highly secure way, but does not hold accounts for its members and does not perform any form of **clearing or settlement**.

SWIFT does not facilitate funds transfer, rather, it sends payment orders, which must be settled via correspondent accounts that the institutions have with each other. Each financial institution, to exchange banking transactions, must have a banking relationship by either being a bank or affiliating itself with one (or more) so as to enjoy those particular business features.

Success at a glance

It was founded in Brussels in 1973, supported by 239 banks in 15 countries. It

Type	→	Cooperative
Industry	→	Telecommunications
Founded	→	1973
Headquarters	→	Brussels, Belgium
Products	→	Financial Telecommunication
Employees	→	> 2000
Website	→	www.SWIFT.com

started to establish common standards for financial transactions and a shared data processing system and worldwide communications network. Fundamental operating procedures, rules for liability etc., were established in 1975 and the first message was sent in 1977.

Over 8,300 banking organizations, securities institutions, and corporate customers in more than 208 countries trust SWIFT every day to exchange millions of standardized financial messages.

SWIFT enables its customers to automate and standardize financial transactions, thereby lowering costs, reducing operational risk and eliminating inefficiencies from their operations. By using SWIFT, customers can also create new business opportunities and revenue streams. SWIFT wanted to add an integration product to its portfolio to simplify the process of connecting customer business applications to the SWIFTNet environment and minimize the developments required on their side. It is the proprietary communications platform that allows customers to connect and exchange financial information.

SWIFT define standard and considers solutions to issues of mutual interest. Customers can also create new business opportunities and revenue streams. Additionally, it was key to bring the product to market quickly and at a reasonable cost. To this effect, SWIFT opted to base its product on a commercially available integration suite, incorporating the required development and operational solutions. The objective was to provide an integration product for SWIFT's medium volume customers, at a reasonable cost and that would be supportable by SWIFT. SWIFT is solely a carrier of messages. Which are transport messages between two financial institutions. This activity involves the secure exchange of proprietary data while ensuring its confidentiality.

The SWIFT system is based on the following features

- It is available worldwide, 24 hours a day, 7 days a week.
- Standard message formats for transactions enable members to avoid language and interpretation problems and permit the automated handling of messages.
- Delivery of a message is very 'swift'.
- Ensures a high level of security while transmitting all messages.
- Assumes financial liability for the accuracy, completeness and timely delivery of all validated messages.

Each country has a SWIFT gateway called the SWIFT Access Point (SAP) to which the individual users' terminals are connected. The users are connected to the SAP through leased lines. The SAPs are connected to the Regional Processors, which in turn are connected on-line to mother operating centers in the USA and Netherlands from where the messages are distributed to the ultimate destination address indicated in each message. SWIFT has 9 types of Standard Message Categories. Each broad Message category has various message types for specific uses. A majority of the fore related messages are sent to correspondent banks abroad through SWIFT.

Standards

SWIFT has become the industry standard for syntax in financial messages. Messages formatted to SWIFT standards can be read by, and processed by, many well known financial processing systems, whether or not the message actually traveled over the SWIFT network. SWIFT cooperates with international organizations for defining standards for message format and content. SWIFT is also **registration authority** (RA) for the following **ISO** standards.

- **ISO 9362:1994** Banking-Banking telecommunication messages-Bank identifier codes
- **ISO 10383:2003** Securities and related financial instruments-Codes for exchanges and market identification (MIC)
- **ISO 13616:2003** IBAN Registry
- **ISO 15022:1999** Securities-Scheme for messages (Data Field Dictionary) (replaces ISO 7775)
- **ISO 20022-1:2004** and **ISO 20022-2:2007** Financial services-UNiversal Financial Industry message scheme

SWIFTNet Network

SWIFT moved to its current IP Network infrastructure, known as SWIFTNet, from 2001 to 2005 providing a total replacement of the previous X.25 infrastructure. The process involved the development of new protocols that facilitate efficient messaging, using existing and new message standards. The adopted technology chosen to develop the protocols was XML, where it now provides a wrapper around all messages legacy or contemporary. The communication protocols can be broken down into.

InterAct	FileAct	Browse
SWIFTNetInterAct Realtime	SWIFTNetFileActRealtie	SWIFTNet Browse
SWIFTNetInterAct Store and Forward	SWIFTNet FileAct Store and Forward	

SWIFT services

There are four key areas that SWIFT services fall under within the Financial marketplace, Securities, Treasury & Derivatives, Trade Services and Payments & Cash Management.

Securities	Treasury & Derivatives	Cash Management	Trade Services
SWIFTNetFIX (obsolete)	SWIFTNetAccord	SWIFTNetBulk Payments	SWIFTNet
SWIFTNetData Distribution	SWIFTNet Affirmations	SWIFTNetCash Reporting	Trade Services Utility
SWIFTNetFunds	SWIFTNetCLS - Third Party Service	SWIFTNetException - & Investigations	

SWIFTNet Mail

SWIFT also offer a secure person-to-person messaging service, SWIFTNet Mail, which went live on 16 May 2007. SWIFT clients can configure their existing email infrastructure to pass email messages through the highly secure and reliable SWIFTNet network instead of the open Internet. SWIFTNet Mail is intended for the secure transfer of sensitive business documents, such as invoices, contracts and signatories, and is designed to replace existing telex and courier services, as well as the transmission of security-sensitive data over the open Internet. Eight financial institutions, including HSBC, FirstRand Bank, Clearstream, DnB NOR, Nedbank, Standard Bank of South Africa and Bear Stearns, as well as SWIFT piloted the service.

SWIFT System in Sri Lanka

The Society for Worldwide Inter-bank Financial Telecommunication (S.W.I.F.T.) was established in 1973 by 239 banks with the objective of providing high technology based communication services across all financial markets to its member banks. S.W.I.F.T. was introduced in Sri Lanka in 1994. The S.W.I.F.T. System is used to transmit payment instructions or messages either domestically or internationally.

Introduction of a Real Time Gross Settlement (RTGS) System, a SWIFT based message formulating system to the Central Bank, the first of its kind in the Asian Region, has brought Sri Lanka in par with international standards and to the forefront in the Banking world with a modern, efficient and robust inter-bank payment system paving the way for Sri Lanka to be a regional financial hub.

The overall system enabled banks and financial institutions to make secure, high-value, inter-bank payments virtually instantaneously across the country.

Reasons for using S.W.I.F.T. network and S.W.I.F.T message formatting

RTGS system is connected to S.W.I.F.T. because the S.W.I.F.T System is the most tested, most secure, efficient and speedy communication system that could be used for exchanging of payment and settlement instructions.

What are the main components of LankaSettle?

- The Central System at Central Bank comprising RTGS and LankaSecure;
- The Participant Browser Interface; and
- S.W.I.F.T. including the FIN-Y-copy service, the FIN Network and participant's S.W.I.F.T. interfaces.

Security

- Both S.W.I.F.T. and LankaSettle provide security facilities to protect data, payments in transit, and to control user access. Participants are responsible for ensuring the integrity of transactions, data and user access within their own organizations.

- Any actual or suspected breach of security must be reported to the Central Bank. S.W.I.F.T. Bilateral Key Exchange between participants and between LankaSettle and participants will be required at yearly intervals
- New Bilateral Keys must be exchanged immediately if there is any actual or suspected breach of key security.
- The Central Bank shall not have any duty towards any participant to reject or modify any transaction by reason of any error, omission, failure/defect, forgery, theft or any wrongful use of the system or S.W.I.F.T.
- The Central Bank shall not have any duty to determine any claim in any dispute between participants or between participants and their customers or to make any adjustment to the operation of the system to uphold any claim.

Swift Codes or BIC Codes for all the Banks in the world.

SWIFT code is a standard format of Bank Identifier Codes (BIC) and it is unique identification code for a particular bank. These codes are used when transferring money and messages between banks. The SWIFT code consists of 8 or 11 characters. When 8-digits code is given, it refers to the primary office.

- ❖ First 4 characters - bank code (only letters)
- ❖ Next 2 characters - ISO 3166-1 alpha-2 country code (only letters)
- ❖ Next 2 characters - location code (letters and digits) (passive participant will have "1" in the second character)
- ❖ Last 3 characters - branch code, optional ('XXX' for primary office) (letters and digits)

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Conclusion

It was founded in Brussels in 1973, supported by 239 banks in 15 countries. It started to establish common standards for financial transactions and a shared data processing system and worldwide communications network

The **Society for Worldwide Inter bank Financial Telecommunication** ("SWIFT") operates a worldwide financial messaging network which exchanges messages between banks and other financial institutions. SWIFT also markets software and services to financial institutions, much of it for use on the SWIFTNet Network, and ISO 9362 bank identifier codes (BICs) are popularly known as "SWIFT codes". SWIFT enables its customers to automate and standardize financial transactions, thereby lowering costs, reducing operational risk and eliminating inefficiencies from their operations. S.W.I.F.T. was introduced in Sri Lanka in 1994. The S.W.I.F.T. System is used to transmit payment

Instructions or messages either domestically or internationally. Introduction of a Real Time Gross Settlement (RTGS) System, a SWIFT based message formulating system to the Central Bank, the first of its kind in the Asian Region, has brought Sri Lanka in par with international standards and to the forefront in the Banking world with a modern, efficient and robust inter-bank payment system paving the way for Sri Lanka to be a regional financial hub. SWIFT is a computerized method by which banks are able to remitter messages using British telecom or international line. SWIFT is the similar to cable or telex, expect that it is a computerize link and it totally secured, not all bank are SWIFT system

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The overall system enabled banks and financial institutions to make secure, high-value, inter-bank payments virtually instantaneously across the country. So SWIFT System is most important computerize method.

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Selection of Appropriate Investment

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2007/BAd/65

Third year

Management studies (FM)

Introduction

An investor considering investment in securities such as shares, debentures and bonds is faced with the problem of choosing from among a large number of investment avenues. Their choice depends upon the risk return characteristics of different securities. Investor may be individuals and institutions. They would attempt to choose the most desirable securities and like to allocate their funds over this group of investment avenues. Investment is no longer a simple process. It requires scientific knowledge, a systematic approach and also professional expertise.

Meaning of investment

Investment, in its broadest sense, means the sacrifice of current rupees for future rupees. It involves employment of funds with the aim of achieving additional income or growth in values.

According to D.E.Fischer and R.J.Jordan, " **An investment is a commitment of funds made in the expectation of some positive rate of return.**

According to F.Amling, " **Investment may be defined as the purchase by an individual or institutional investor of a financial or real asset that produces a return proportional to the risk assumed over some future investment period**".

Elements of investment

All investments are characterized by certain elements

Return: Investment is made to derive future income in the form of interest, dividend, premiums or pension benefits or appreciation in the value of their capital. The return from an investment depends upon the nature of the investment, the maturity period and a host of other factors.

Risk: Risk is composed of the demands that bring in variation in return of income. The main force contributing to risk are price and interest. This risk may relate to loss of capital, delay in repayment of capital, non payment of interest or variability of returns. Risk and return of an investment are related. Normally, the higher the risk, the higher is the return.

Safety: The safety of an investment implies the certainty of return of capital without loss of money or time.

Liquidity: An investment which is easily saleable or marketable without loss of money and time is said to possess liquidity.

Time: Another important factor in investment is the time which offers several different courses of actions.

Need for investment

Investments are both important and useful in the context of present day conditions. The following factors have made investment decisions increasingly important.

Longer life expectancy: Because of the longer life expectancy, savings from the current earnings must be invested in such a way that the principal and income will be adequate for a greater number of retirement years.

Increasing rates of taxation: Taxation is one of the crucial factors which introduce an element of compulsion in a person's savings.

Interest rates: The investor decides whether he is getting an acceptable return commensurate with the risks that are taken, as stability of interest is as important as receiving a high rate of interest.

Inflation: In the years of rising prices, the investor will search an outlet which gives him a high rate of return in the form of interest to cover any decrease due to inflation.

Income: More incomes and more avenues for investment have led to the ability and willingness of working population to save and invest their funds.

Investment channel: Investor would like to know the investment channel or range of investments. So that he can use his discretion and save in those investments which will give him both security and stable return.

Investment avenues

There are large numbers of investment avenues for investors in Sri Lanka. Securities ranging from risk free instruments to highly speculative shares and debentures are available for alternative investments which are given below.

Equity or ordinary shares: These are called variable dividend securities and the investors participate in the earnings and wealth of the company.

Preference shares: These are called fixed interest bearing securities of several types and the preference share holders are entitled to claims before ordinary share holders, but offer fulfillment of creditor's shares.

Debentures or bond: These are loan bonds of various types issued by the company to raise money for its financial requirements. Debentures have fixed returns with lower risk.

Deposits in bonds and non banking companies: Among the non-corporate investments, the most popular are deposits with banks such as saving accounts and fixed deposits. Saving deposits have low interest rates where as fixed deposits have higher interest rates varying with the period of maturity. Fixed deposits in non banking financial companies is another investment avenue open to savers.

Government securities: The government bodies borrow money from the public through the issue of government securities and public sector bonds. These are less risky avenues of investment because of the credibility of the government.

Real estates: Real estates may be the ownership of a single home or include residential and commercial properties.

Mortgages: Mortgages represent the financing of real estate.

Business ventures: Business ventures refer to direct ownership investments in new or growing business before enterprises sell securities on a public basis.

Unit trusts: It is the investment scheme to consolidate the savings of small investor. Funds collected from various investors are invested in various investments with the assistances of financial experts.

Insurance policies: Insurance companies offer many investment schemes to investors. These schemes have the additional facility of life insurance cover.

Provident fund schemes: Provident fund schemes are compulsory deposit schemes applicable to employees in the public and private sectors.

Commodities: Commodities are bought and sold in spot markets and contracts to buy and sell commodities at a future date are traded in future markets.

Art, Antiques and other valuables: Art, Antiques and other valuables such as silver, gold and jewelers are also another type of specialized investment which offers aesthetic qualities also.

The investment process

Investment process concerned with how an investor should make decisions about what marketable securities to invest in, how extensive the investments should be, and when the investments should be made. The investment process may be described in the following stages.

01. Set investment policy: The first stage involves determining the investor's objectives, personal financial affairs. In brief this stage contains the following elements. a)Determination of investible wealth, b)Determination of portfolio

objectives, c) Identification of potential investment avenues, d) Consideration of alternative of investment assets, e) Allocation of wealth to asset categories.

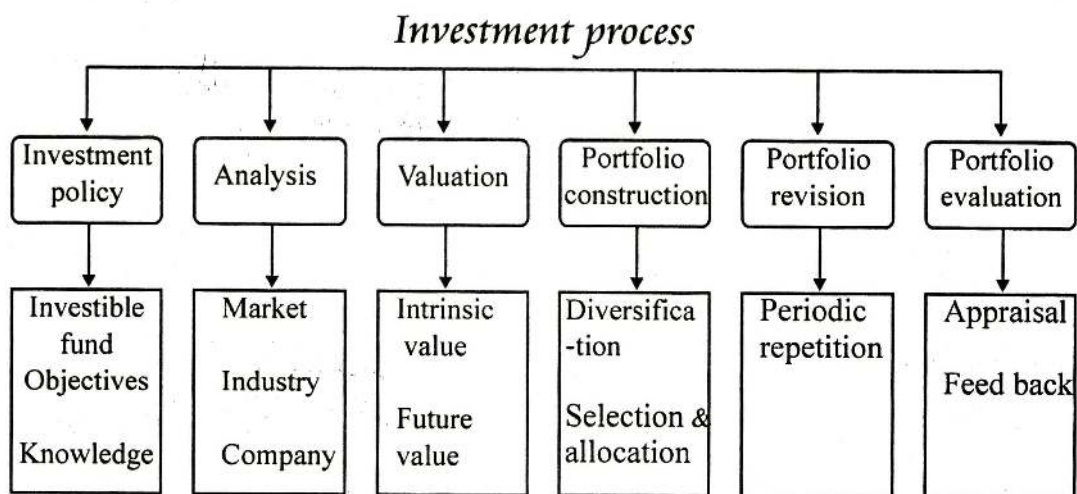
02. Perform security analysis: It involves examining several individual securities within the broad categories of investment avenues. In brief, this stage contains analysis of economy as, a) quantitative analysis of investment avenues, b) quantitative analysis of industries, c) qualitative analysis of yield structure.

03. Investment valuation: Investment value, in general, is taken to be the present worth to the owners of future benefits from investments.

04. Portfolio construction: it involves identifying specific assets in which to invest and determining how much to invest in each one

05. Portfolio revision: The fifth step in the investment process, portfolio revision, concerns the periodic repetition of the previous four steps.

06. Portfolio performance evaluation: The final stage involves determining periodically how the portfolio is performing in terms of the return earned and also the risk experienced by the investor. Thus appropriate measures of return and risk as well as relevant standards (or benchmarks) are needed.



Selection of appropriate investment

The types of investment avenues available to the investor have different risk-return characteristics. The investment available for Sri Lankan investors includes several investment avenues as mentioned above.

The treasury securities (bills & bonds) are considered free of default risk, and are appropriate for investors who do not have the willingness and the capacity to bear

risk. Investors in treasury securities can expect to earn a lower rate of return than those offered by risky securities, because of their high liquidity and safety. As government guaranteed security is a claim on the government, it is a secured financial instrument, which guarantees the income and the capital. Investment in government securities and equities recorded growth in 2009. The average interest rate in the domestic market for government securities of different maturity periods was around 9.02 percentages at the end of the year 2009.

Corporate bonds contain an element of default risk, which varies among issuers depending on the perceived likelihood that the company will default the obligations of interest and principal payments. Due to this default risk, corporate bonds offer higher yields than those offered by treasury securities.

Investing in stocks is considered more risky in that there is no promised rate of return, and the realized rate of return may vary widely among stocks depending on their ability to pay dividends and the performance of the stock prices. Due to this relatively high risk associated with equity investments, the investors expect to earn a higher return on them.

Generally, bonds are considered appropriate investments when the objective of the investor is capital preservation. When an investment earns a rate of return equal to the rate of inflation, it maintains the purchasing power of the invested capital. Stocks are best when the objective of the investor is capital appreciation or growth. The investors need to determine the importance of different investment objectives for them, and design investment portfolios accordingly.

The deposits in the banks are considered to be safe because of the central bank of Sri Lanka regulation. The risk averse investor prefers the bank deposits. The saving account is more liquid and convenient to handle; but interest rate for them is kept low. The fixed account carries high interest rate and the money is locked up for a fixed period. Even though, bank deposits are not negotiable instruments.

Savings through life insurance guarantees full protection against risk of death of the saver. Further there is an easy installments facility method of payments. Among other things the contracts also provide for the payment of premium periodically to the corporation by the policy holders. Life insurance eliminates risk.

Investments in unit trust are indirect investment in which the investor has no direct hold on the amount he invests. Investors have no control over these investments and unit trusts manage the investment funds according to their investment policy on behalf the investors. So there is no direct responsibility or hold in the securities.

Unit trusts engage professional fund managers to carryout extensive analysis and evaluation of different investment opportunities. As a result their investment

activity tends to be more rational and scientific. So that investors have a better chance of maximizing returns and minimizing risks. The performance of the unit trust industry improved considerably with the upturn in the stock market in 2009.

Investments in real estates, mortgages, commodities, business ventures, art, antiques and other valuables are non security investments. In the case of investment, the investor has to be careful and the return from these investments is uncertain.

It would become clear from the above discussion that the risk- return profiles vary among different securities. Determining the types of securities and the amount of funds to be allocated for each of them needs to be based on the investor's needs and the capital market expectations regarding the future performance of these investments. Since most of these investment instruments are new to the average investor in Sri Lanka, they may benefit from assistance from investment advisers in making investment decisions that are appropriate for them.

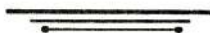
Conclusion

The key to successful investing involves examination and analysis of three chronological segments of the business operations- past performance, present conditions and future prospects.

The investors generally prefer liquidity for his investment, safety of his funds, a good return with minimization of risk and maximization of return.

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Micro Finance and its practices in Sri Lanka

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Introduction

Microfinance began as a financial system to provide poor families with very small loans (micro credit) to help members begin or sustain incomegenerating activities. It has become one of the most popular poverty reducing strategies in the world. Micro finance has evolved as an economic development approach intended to benefit low-income groups. Experience shows that microfinance can help the poor to increase income, building viable business and reduce their vulnerability to external shocks. It can also be a powerful instrument for self empowerment by enabling the poor especially women to become economic agents of change. Microfinance credit and savings enables people to begin or expand income-generating opportunities and to accumulate their small savings in safety. Generally, Microfinance can be broadly defined as the provision of small-scale financial services such as savings, credit and other basic financial services to poor and low-income people. The term "microfinance institution" now refers to a wide range of organizations dedicated to providing these services and includes non-governmental organizations, credit unions, co-operatives, private commercial banks, non-bank financial institutions and parts of state-owned banks. But, numerous micro finance experts worldwide believe that the future potential of micro finance is defined by the micro lending institutions that are financially and commercially viable. The institutions unable to ensure commercial returns and destined to always off the uncertain charity of development aid other external funding and continuous dependence on subsidies drained budgets and deprived other sectors of the economy of funds.

Theoritical Paradigm

Microfinance programmes aim for both short and long-term impact making cooperation between humanitarian and development organizations especially important. Factors such as environmental conditions, the identification of clients and influencers and the selection of implementing agencies need to be taken into account and this manual present's clear, step-by-step information on coordinating these activities. The typical microfinance clients are low income persons that do not have access to formal financial institutions. Microfinance clients are typically self employed often house hold based entrepreneurs. In rural areas they are usually small farmers and others who are engaged in small income generating activities such as food processing, and petty trade.

Micro finance is the provision of financial services to the unbanked. This can include access to credit and savings services as well as more advanced products such as micro-insurance and money transfer services. Traditional banks have been unwilling to provide these services to the unsalaried and those working in the informal sectors.

Micro Finance Institutions (MFIs)

Micro Finance Institutions (MFIs) vary in legal forms, methodologies and missions, but all of them provide financial services to the poor. These services includes micro credit but also saving schemes, money transfer system insurances and pensions. MFIs help the poor setting business, build up assets, consumption smoothing and risk management. The introducing the micro finance; self-employment and small enterprise development became possible for the poor. A variety of clients targeting and those who are in fact reached through micro finance differ per program. In whichever way MFIs target, they all try to reach the living and working arena of the poor. MFIs try to boost the informal markets through their borrowers

It provides helpful guidance on deciding when micro finance is appropriate for a population affected by conflict. It also explains how to analyses the demand for micro finance and how to proceed in designing, implementing and managing sustainable micro finance programs.

Micro finance Products and Services

- ◆ **Micro loans:** Micro loans (also known as micro credit) are loans that have a small value.. These loans are generally issued to finance entrepreneurs who run micro-enterprises in developing countries. MFIs must charge interest rates that cover the higher costs associated with processing the labor-intensive micro-loan transactions.
- ◆ **Micro savings:** Micro savings accounts allow individuals to store small amounts of money for future use without minimum balance requirements. Like traditional savings accounts in developed nations, micro-savings accounts are tapped by the saver for life needs.
- ◆ **Micro-Insurance:** Individuals living in developing nations have more risks and uncertainties in their lives. Micro-insurance, like its non-micro counterpart, pools risks and helps provide risk management. But unlike its traditional counterpart, micro-insurance allows for insurance policies that have very small premiums and policy amounts. Due to the high administrative expense ratios, micro-insurance is most efficient for MFIs when premiums are collected together with micro loan repayments

Micro Finance and Its Principles

- ◆ **The poor need a variety of financial services, not just loans:** Just like everyone else, poor people need a wide range of financial services that are convenient, flexible, and reasonably priced. Depending on their circumstances, poor people need not only credit, but also savings, cash transfers, and insurance.
- ◆ **Micro finance is a powerful instrument against poverty:** Access to sustainable financial services enables the poor to increase incomes, build assets, and reduce their vulnerability to external shocks. Micro finance allows poor households to move from everyday survival to planning for the future, investing in better nutrition, improved living conditions, and children's health and education.
- ◆ **Micro finance means building financial systems that serve the poor:** Poor people constitute the vast majority of the population in most developing countries. Yet, an overwhelming number of the poor continue to lack access to basic financial services. In order to achieve its full potential of reaching a large number of the poor, micro finance should become an integral part of the financial sector.
- ◆ **Financial sustainability is necessary to reach significant numbers of poor people:** Most poor people are not able to access financial services because of the lack of strong retail financial intermediaries. Sustainability is the ability of a micro finance provider to cover all of its costs. It allows the continued operation of the micro finance provider and the ongoing provision of financial services to the poor. Achieving financial sustainability means reducing transaction costs, offering better products and services that meet client needs, and finding new ways to reach the unbanked poor.
- ◆ **Micro finance is about building permanent local financial institutions:** Building financial systems for the poor means building sound domestic financial intermediaries that can provide financial services to poor people on a permanent basis.
- ◆ **Micro credit is not always the answer.** Micro credit is not appropriate for everyone or every situation. The destitute and hungry who have no income or means of repayment need other forms of support before they can make use of loans.
- ◆ **Interest rate ceilings can damage poor people's access to financial services:** It costs much more to make many small loans than a few large loans. Unless micro lenders can charge interest rates that are well above average bank loan rates, they cannot cover their costs, and their growth and sustainability will be limited by the scarce and uncertain supply of subsidized funding.
- ◆ **The government's role is as an enabler, not as a direct provider of financial services.** National governments play an important role in setting a supportive policy environment that stimulates the development of financial services while protecting poor people's savings. The key things that a government can do for micro finance are to maintain macroeconomic stability avoid interest-rate caps, and refrain from distorting the market with unsustainable subsidized high-delinquency loan programs.

◆ **Donor subsidies should complement, not compete with private sector capital.**

Donors should use appropriate grant, loan, and equity instruments on a temporary basis to build the institutional capacity of financial providers, develop supporting infrastructure and support experimental services and products.

◆ **The lack of institutional and human capacity is the key constraint.** Micro finance is a specialized field that combines banking with social goals, and capacity needs to be built at all Levels, from financial institutions through the regulatory and supervisory bodies and information systems, to government development entities and donor agencies.

◆ **The importance of financial and outreach transparency:** Accurate, standardized, and comparable information on the financial and social performance of financial institutions providing services to the poor is imperative.

Characteristics and Features of Micro Finance

Table 1: Characteristics and Features of Micro Finance

Characteristics	Distinguishing Features
Type of client	<ul style="list-style-type: none"> ❖ Low Income ❖ Employment in informal sector; low wage bracket ❖ Lack of physical collateral ❖ Closely interlinked household/business activities
Lending Technology	<ul style="list-style-type: none"> ❖ Prompt approval and disbursement of micro loans ❖ Lack of extensive loan records ❖ Collateral substitutes; group-based guarantees ❖ Conditional access to further micro-credits ❖ Capital base is quasi-equity (grants, soft loans)
Loan Portfolio	<ul style="list-style-type: none"> ❖ Highly volatile ❖ Risk heavily dependent on portfolio management skills
Organizational Ideology	<ul style="list-style-type: none"> ❖ Remote from/non-dependent on government ❖ Cost recovery objective vs. profit maximizing
Institutional Structure	<ul style="list-style-type: none"> ❖ Decentralized ❖ Decentralized ❖ Insufficient external control and regulation ❖ Information-intensive character-based lending linked to cash flow analysis and group-based borrower selection

Micro Finance and its practices in Sri Lanka

Micro finance has a long history in Sri Lanka. It started before independence, in the 1900's, when the cooperative movement started sanasa started in 1906 as a savings and credit movement. The next development was in the 1980's when the National Youth Services Savings and Credit cooperative (NYSCO) and Sarvodaya's SEEDS began operations. In the early 1990's the Janasiviya Trust Fund (JTF), State driven poverty alleviation initiative supported by donors began to enroll Partner Organizations for its Savings and Credit program. A large number of civil society organizations got into micro finance with JTF support. JTF is known as the National Development Trust Fund (NDTF) today. The post Tsunami reconstruction program saw a large increase in micro finance which was used as a tool to re stabilize communities displaced by the Tsunami. The 2009 resettlement of post conflict IDPs provides a unique opportunity for expanding Micro finance, as it is one of the best known ways of stabilizing and resettling a displaced community.

Major challenges to reach sustainability in Sri Lanka

Access to funds is still an issue for most of the MFIs

- ◆ Presently deposits by members is a major area of fund mobilization by MFIs. The legal provision on this in the banking act must be strictly enforced.
- ◆ The aid environment must be made favorable to donors seeing micro finance as an opportunity to positively affect the development process in Sri Lanka, especially in the resettlement and restabilization of displaced communities.
- ◆ The apex lender the to MFIs- NDTF- must be reformed and reorganized in term of the Consultative Group to Assist the Poor (CGAP) recommendations for apex lender in the sector to make the institution more autonomous and independent.
- ◆ Some MFIs deposit their capital with commercial Bank and borrow funds for on lending. This must be streamlined, to improve integration of micro finance with the formal financial system with tax incentives for commercial banks which support MFIs in this way.

Taxation of MFIs and financial control must be made more micro finance friendly. There must be an accounting standard for MFIs and auditing procedures must be improved. Micro finance must be treated as a thrust sector and supported by tax incentives.

Foreign investment in the for profit micro finance sector is a possibility as this has been successful in many developing countries. The legal regime for this to be facilitated must be created.

The role of state sector players The cooperatives, Samurdhi, and Gemi Diriya must be regulated on a level playing field basis. Presently, regulation is very weak and has a potential for a crisis, if not monitored carefully. The principle of equality before the law vis-à-vis other non state MFIs is being violated, which has the potential for causing destabilization in the future. Sammurhi is exempted from the Finance companies Act, but not the banking Act. Gemidiriya operates in a seemingly legal lacuna. These issues must be addressed.

Concluding Remarks

Micro finance, one of the widely accepted instruments for poverty alleviation throughout the world, has been used in Sri Lanka spanning for over several decades. Despite the long history and the large number of institutions providing micro finance services particularly to the poor, there is limited knowledge on the impact of micro finance on poverty alleviation in Sri Lanka.

Micro finance services in Sri Lanka have a wide geographical outreach but the extent of outreach of private operations including NGOs and commercial banks in rural areas is rather limited. Although Micro finance Institutions (MFIs) have reached the poor and the poorest groups, a significant proportion of their clientele seems to be from the non-poor groups.

Hence Micro Finance Play as a power tool to tuning Economy in efficient manner.

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Human Brain

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2006/BAAd/30

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Management studies (HRM)

Profile

The human brain is the center of the human nervous system. All the functions and the decisions of human being have been decided by the brain. The adult human brain weighs on average about 3 lb (1.5 kg) with a size (volume) of around 1130 cubic centimeters (cm^3) in women and 1260 cm^3 in men, although there is substantial individual variation.

The Theory of the structure and functions of the mind suggests that the two different sides of the brain control two different "modes" of thinking. The two types of brain are Left brain & right brain. Each individuals have different thinking pattern and different attitudes based on the type of brain. It also suggests that each of us prefers one mode over the other. Experimentation has shown that the two different sides, or hemispheres, of the brain are responsible for different manners of thinking.

Mr. Kevin Trampe designed a test to assess yourself. He recognized that this test is a general collection of thoughts and opinions on the matter, and is not overly scientific. There is much research to be done scientifically in this area.

Get a blank paper. Every time you read a description or characteristic that applies to you, write down its number on the blank sheet of paper. There is no certain number of characteristics you must choose. After you are done, view the key. Next to every number on your paper, write whether it was a L or an R. Count up the number of L's and R's. Whichever number is higher represents your dominance. If the numbers are close, that means you use both sides of your brain equally.

1. I constantly look at a clock or wear a watch
2. I keep a journal or diary of my thoughts
3. I believe there is a either right and wrong way to do everything
4. I find it hard to follow directions precisely
5. The expression "Life is just a bowl of cherries" makes no sense to me
6. I frequently change my plans and find that sticking to a schedule is boring
7. I think it's easier to draw a map than tell someone how to get somewhere
8. To find a lost item, I try to picture it in my head where I last saw it
9. I frequently let my emotions guide me
10. I learn math with ease
11. I'd read the directions before assembling something

12. People tell me I am always late getting places
13. People have told me that I'm psychic
14. I need to set goals for myself to keep me on track
15. When somebody asks me a question, I turn my head to the left
16. If I have a tough decision to make, I write down the pros and the cons
17. I'd probably make a good detective
18. I learn music with ease
19. To solve a problem, I think of similar problems I have solved in the past
20. I use a lot of gestures
21. If someone asks me a question, I turn my head to the right
22. I believe there are two ways to look at almost everything
23. I have the ability to tell if people are lying or guilty of something, just by looking at them
24. I keep a "to do" list
25. I am able to thoroughly explain my opinions in words
26. In a debate, I am objective and look at the facts before forming an opinion
27. I've considered becoming a poet, a politician, an architect, or a dancer
28. I always lose track of time
29. When trying to remember a name I forgot, I'd recite the alphabet until I remembered it
30. I like to draw
31. When I'm confused, I usually go with my gut instinct
32. I have considered becoming a lawyer, journalist, or doctor

Compare your answers with the key, and find out what kind of brain you have.

Right Brain

Right brain characteristics differentiates a person so drastically that they appear different than the left brain user. Right brain characteristics are different than those of the left brain. Until recently, left handed individuals were considered inferior to the right handed people. This was so because they think and act differently when compared to the right handed people.

The situation has changed as people compare less these days, and it does not matter whether one is right-handed or left-handed. Now, it is known that the left handed individuals use their right brain as their prominent brain

When a person is Right Brain Dominant, they are thought of as the dreamers, the artists, and musicians of the world. Just because they are not as good with numbers and remembering facts does not mean that they are "dumber" than a left brain person. They just have their strength in different areas. They do have similar characteristics and they tend to hold similar occupations.

The right brain characteristics are different than that of left, because it specializes in visual face recognition, spatial aptitude, music and insight. The following is a list of right brain characteristics

- ★ Musical skills acquired by you or a left handed person is one of the right brain characteristics.
- ★ One of the important right brain characteristics is to identify patterns in the information it is receiving and drawing conclusions based on them, even before they are complete. Is it intuition? Yes. This makes the left handed individuals intuitive. They are always a step ahead of the right handed individuals, being forewarned by their right brain.
- ★ Coming to a conclusion based on the feeling and visual perception is also a right brain characteristics.
- ★ When it comes to learning, left handed individuals do it in visual and audio images. To remember facts they need to remember an image. This poses a great problem for them especially while memorizing.
- ★ In school they are considered as slow learners or lacking enough brain power
- ★ While solving problems from mathematics, right brain characteristics enables them to arrive at the answer without going through the drudgery of following it step by step. They present the solution in the same way.
- ★ The words they hear get associated with the images. The word, "Lion", could may them see the sequence of images from the movie "Lion King" or it may also take them to a hunting lodge they might have visited or to Jungle trip. Isn't this, in short-terms, daydreaming or imagination. This is also a typical right brain characteristics.
- ★ Routine bores them and you should not expect them to follow rules that are meaningless to them.
- ★ Is it easy to understand these individuals. No! They are often misunderstood. These left handed individuals get into trouble because of the right side of the brain. Characteristic that is most typical in a right brain user is that they think or shift from one thought to another so fast that they say something that they don't intend to.
- ★ You could find right brain users as entrepreneurs, musicians, politicians, artists, craftsmen, athletes and naturally scientists etc.

Left Brain

Left brain or the left hemisphere of the brain is associated with some key functions. It has been observed that both the right and the left brain adopt different approaches for problem solving and decision making

When a person develops a dominance toward one side of their brain, they tend to have certain characteristics and areas of interest in common. The left side of the brain is often thought of as the logical, thinking side. Also, people of left brain dominance tend to choose similar occupations.

Our left brain is the center for reading, writing, speech, language and memory. It is the analytical part of our brain that helps us to think logically and rationally. A few of the most interesting left brain characteristics are

- ★ Left brain processes information linearly and sequentially. In other words, it takes each part or piece of information and processes them linearly and sequentially in a systematic manner, in order to solve a problem or come to a conclusion. The ability to process information sequentially or in series, makes the left brained people good list makers and planners.
- ★ The left brain functions logically, i.e. its manner of processing information is logical. This enables the left brained people to make decision based on logic or established facts and detailed analysis of information, rather than emotion and intuition. Such people usually complete tasks methodically in a well planned manner.
- ★ As left brained people rely on established facts and information for decision making, sometimes, they can become skeptical towards anything new, be it a new idea, innovation or a work schedule.
- ★ Left brain can process symbols, like letters, words and mathematical notations in a better way. As left brain is the center for memorization, left brained people can have an excellent ability to memorize things.
- ★ Left brain is good at responding to verbal instructions. Left brain is the region for language and has centers for speech and hearing. So, left brained people are usually good at expressing themselves in words, and so, like to talk and write.
- ★ Left brain processes information based on reality, rather than unrealistic imaginations. Basically, this part of the brain deals with the things and situations as they are in reality, and hence, makes decisions or solves problems accordingly.
- ★ When it comes to the environment, left brain tries to adjust to it and not change it, as left brain usually follows the established rules. In the absence of rules, they tend to make their own set of rules to follow.

Here are some occupations that are USUALLY fulfilled by a left-brained person. (There are always exceptions)

- | | |
|-----------------|-------------------------------|
| ★ Lab scientist | ★ Mathematician |
| ★ Banker | ★ Bacteriologist |
| ★ Judge | ★ Librarian |
| ★ Lawyer | ★ Skating judge, skiing judge |



So, our left brain is the part that enables us to adopt a realistic and logical approach to problem solving, based on established facts and information. Left brain characteristics such as, logical thinking, enables us to solve problem or draw conclusion rationally and analytically, rather than relying on sheer intuition. However, this does not mean that left brain or left brained people are superior to right brain and right brained people. In reality, both these sides of the brain complement each other, and we simply cannot do without one or the other. While left brain makes us adopt a realistic approach towards a problem, our right brain is the center of creativity and emotions. It is the right brain that makes us think in a different way to develop new ideas or to innovate. So, for the development of a balanced personality, both the sides of brain are equally important. This is the reason why educational curriculum needs to give equal importance to the left and right brained skills and talents, to ensure better coordination between these two parts of the brain.

The keys of the Brain Test....

1.L	9.R	17.L	25.L
2.L	10.L	18.R	26.L
3.L	11.L	19.R	27.R
4.R	12.R	20.R	28.R
5.L	13.R	21.L	29.L
6.R	14.L	22.R	30.R
7.R	15.R	23.R	31.R
8.L	16.L	24.L	32.L

Now you can find out, which brain dominate you.....

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Avoidance of risk management failure

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Management Studies (FM)

Introduction

The failure of financial institutions to manage risk and the role this has played in creating today's economic crises has created awareness of the need for a new risk-management approach. This may well become the new Holy Grail of financial economics. There are two essential constituents: first, developing a more diverse mindset regarding financial risk; and second, applying more powerful techniques to capture financial reality than risk managers have used in the past.

Methods of risk management

A new method for risk management does not mean that all elements of the present system must be replaced or that all the discredited financial instruments they spawned should be discontinued. Discrimination is needed: Many existing techniques have validity, but only in certain market conditions; and innovative financial products can contribute to wealth creation, but only if they are used judiciously.

A new approach must start by understanding the reasons for the failure of risk-management systems. Why did risk models grossly understate risks? Why did managements fail to understand this? And why did regulators fail to provide effective checks and balances against the banks' risk-management mistakes?

Financial risks were understated partly because the world economy enjoyed a long period of moderate growth and low financial volatility and this "great moderation" was wrongly assumed to be a permanent benefit of prudent central banking.

But there was a more fundamental error. Risk-management models used in banks were generally based on the simplified assumption that markets fluctuated randomly following a "normal" statistical distribution. This implied very low probabilities of extreme losses, ignoring financial history. Even complex models used to price more esoteric products such as credit derivatives were based on the same weak foundations for example, using simulations based on random numbers, which in turn assumed a normal distribution.

Approaches of risk management

Many of these simplistic models grew out of Modern Portfolio Theory (MPT), which was developed half a century ago and proved highly seductive due to its simplicity and ease of computation. While MPT was useful in stable markets, it failed in extreme market conditions. More advanced techniques were developed to

anticipate successions of extreme events, but these were largely ignored. Even hedge funds and investment banks that used sophisticated techniques for their trading strategies still relied on “normal” distributions for their risk management reports. This produced over-optimistic risk-return profiles and may have contributed to the excessive leverage employed.

Risk managers proved as inadequate as their models for reasons familiar from behavioral economics: emphasis was placed on precise-sounding numbers from quantitative models, while non-quantitative judgments based on experience were ignored. And although risk models produced useful numbers, managements often failed to interpret these objectively, instead applying wishful thinking. For example, extreme events such as the 1987 stock market crash, or the Long-Term Capital Management collapse in 1998, which clearly invalidated the assumptions of conventional risk models but these were either disregarded or rationalized later as “exogenous shocks”.

Finally, there was the failure of external regulators and rating agencies to monitor the banks' risk-controls. Despite deficiencies in bank management, some of the problems could have been averted with stronger checks and balances from the regulatory bodies charged to assess risk. But rating agencies undervalued risk when assessing new products. And regulators ignored the dangers of macroeconomic contagion, as well as failing to apply any independent checks to the risk models used by banks.

One driving force behind these policy errors was competition between governments to attract financial businesses with “light-touch” regulations. Another was excessive faith among regulators in investment bankers' skills. Risk-management methods developed long ago by investment banks, for example the normally distributed Value at Risk (VAR) models, were treated by regulators as a “gold standard” long after sophisticated financial institutions had recognized their limitations and moved on.

Reforms in risk management

What reforms in risk management are needed to overcome these limitations? The key is to combine quantitative statistical methods with qualitative, or judgmental, assessments and then to use a multi-prong strategy, involving a wide variety of methodologically independent approaches, to reach comprehensive conclusions about financial risk. When several approaches highlight similar risks, these can be flagged. Because financial uncertainty evolves in many unexpected ways, no single model will work all the time and new approaches will be required.

A good guiding principle is a “none and all” mindset. This means that no approach is ever used exclusively and all approaches are respected for what they may contribute. A simple macroeconomic example might be the ratio of debt to GDP. The growth of this ratio to historic highs in many countries was not on its own a conclusive reason to tighten regulation, but simply ignoring this warning signal violated the rule that “all” models should be considered in judging financial risks. Such qualitative

judgments may create “soft” risk management boundaries, but nonetheless are important in detecting the irrational and subjective elements in market behavior. To avoid future disasters, regulators and managers must use such “soft” qualitative approaches alongside “hard” statistical tools.

Equally urgently, the financial world must embrace new mathematical techniques that capture market reality better than standard models.

One such approach, developed at Imperial College by Nicos Christofides, uses techniques from control engineering, including neural networks and dynamic programming to produce mathematically complex but highly intuitive results. This approach is visualized through a State Transition Graph (STG) a path of possible future price movements with probabilities assigned to each outcome. An STG can be developed for any combination of traded assets and based on long periods of historical data, including several market dislocations. STGs produce probability distributions of future price moves, which, in contrast to standard models, do not assume continuous or “normally” distributed market movements.

By mixing continuous market behavior with discontinuous market disruptions, STG models can produce realistic probabilities of large “shocks”. They allow illiquidity risks to be considered and produce natural clusters of volatile periods. They reflect precisely the high-risk conditions that can arise in turbulent markets, but which standard models ignore. The success of STG models has been demonstrated by their performance in the credit crunch, as well as in retrospective testing on the 1987 stock market, with the statistical analysis restricted to data before each event.

The STG is only one of several innovative approaches developed in recent years by academics and sophisticated financial institutions, but largely disregarded by bank managements and regulators. Instead, traditional risk-management models have continued to be employed, even though they are known not to work. To avoid a recurrence of the present crisis, this narrow-minded attitude must change. Risk management must be reformed not by seeking a new “right” answer to replace discredited VAR models, but by creating a broader mindset what we call the “none and all” approach.

Conclusion

No risk model should be relied on completely and all evidence should be taken into account. Without such an inclusive approach, even the most powerful models will fail us, at least at certain times. But with a more comprehensive understanding of risk, involving both advanced quantitative models and “soft” qualitative judgments, the chances of avoiding future financial catastrophes could be much improved.

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✍ *Shahid Chaudhri and Richard Griffiths are founding partners of Innovation4Now, a risk-management consultancy*

Human Resource Issues Affecting Mergers And Acquisitions From Succeeding

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2006/BAAd/38

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Management studies (HRM)

Introduction

The term mergers and acquisitions (abbreviated M&A) denotes to the aspect of corporate strategy, corporate finance, and management dealing with the buying, selling and combining of different organizations that can aid, finance, or help a growing organization in a given industry grow rapidly without having to create another business entity.

There is an unprecedented growth in the number of mergers and acquisitions. With such a whooping number of mergers and acquisitions taking place every year, some concerns of employees/human also rise apparently. Because Human Resource issues are the most neglected issues as financial considerations are given more importance.

When a merger is announced, employees of the company become worried about issues like job security, role conflicts, interpersonal conflicts, cultural adaptations, etc. such factors have the power to make or break the merger or acquisition. It is thought that many overseas mergers are unsuccessful because of people centric issues as the management fails to deal with them appropriately. It becomes the duty of HR personnel of the organization to take care of such issues before and after the mergers or acquisitions take place.

The success of mergers and acquisitions always depends on the how well the employee-related issues are handled after the merger takes place. There are also some human resource concerns that have to be dealt with before the merger or acquisition actually takes place.

Employee-related issues that create greatest challenge to the success of a merger and acquisition deal contain the following.

- *Dovetailing employees*

The uncertainties of merger and acquisitions change the focus of the employees from productive work to issues related layoffs, interpersonal conflicts, career growth with the Acquirer Company, compensation, etc. moreover, workers are concerned with how well they will go with new colleagues. The mergers occupy downsizing, hence the first thing that comes to the minds of workers is related to their job security. Mergers also lead to changes in the well defined career paths of employees, as defined by the acquired company. Due to this reasons, employees find themselves in completely different situations with changes in job profiles and work teams. This might have a negative impact on the performance of the employees.

- ***Differences in organizational structure***

Another problem is the difference between the organizational structures of the organization. Since the organizational structures are different, differences in compensation packages and designations may happen. The organization has to maintain employees at equal levels. Unable to do so, workers may feel dissatisfied.

- ***Employee communication***

Anxiety will prevail among the employees whenever there is news of any merger in a company. This atmosphere of apprehensions can lead to companywide rumors. The employees will lose trust in their organization and tend to become demotivated. To free employees from such fears, proper communications need to take place between the management and employees. The management must instill a sense of security among employees. Attrition: most mergers and acquisition bring with them downsizing, reallocation of work, change in work profiles, changes in career paths, etc. moreover apprehensions about the new organization also create anxiety among employees. If they fail to adapt to the new culture they will face high levels of stress and thus end up leaving the companies.

- ***Cultural integration***

An organization's culture denotes its managerial style, structure and organizational practices. Each organization has its own set of values which might conflict with those of the acquired organization. The employees might not be able to accommodate themselves in a new culture and thus might lead to cultural shock. Inability to adapt to a new culture may increase stress levels among employees and result in lower job performance. The need therefore will be to follow a structured approach in dealing with cultural differences.

The road to merger success

Acquirers may seek to satisfy merger goals in financial services by providing a wider range of products and services to customers, widening geographic reach and achieving greater economies of scale. This entails channeling the skills and enthusiasm of workers, merging the intellectual capital of both companies and streamlining the way in which the new business runs so that it may rapidly defeat hurdles and take advantage of synergies and reduce unit costs.

In sort, success depends on aligning the employees, organizational and cultural assets of the new organization. Once a deal is sealed, none is more important to a successful outcome than effectively managing these "soft" issues.

In the heart of a merger or an organization, financial services executives naturally may focus on financial due diligence, risk assessments, analyst and investor relations, and the ways in which the new organization may create shareholder value. But the hurdles to success may relate directly to such people issues as workforce management and cultural integration. Finessing these soft issues may be the hard part of integration and have the strongest influence on a deal's long-term success.

A survey of more than 500 senior HR executives from large organizations involved in mergers, acquisitions or joint ventures sought to discover the major obstacles to merger and acquisition success. The top seven obstacles all related, directly or indirectly, to employee issues. Even the No.1- hurdle the inability of the combined organization to sustain financial performance- will translate into a how respondents dealt with these obstacles find out a major difference between companies that achieved their merger and acquisition goals and those that had not clearly, organizations that focus on these issues stand a better chance of success.

The four stages of a merger or an acquisition

Most mergers and acquisitions include a four-stage process:

- **Pre-deal**

Based on its growth strategy, the acquirer may search for an appropriate target or partner, assesses potential targets and develop a plan for implementing the deal.

- **Due diligence**

After making the offer, the acquirer will ensure that the deal is strategically and economically sound and have a high likelihood of success. Thorough, detailed execution of this stage is particularly critical for financial services organizations.

- **Integration planning**

The acquirer will create a comprehensive plan for integrating the two companies. This stage occur within the first 100 days of the decision to merge and may begin during due diligence if both parties believe the deal may go forward (pending regulatory approvals)

- **Implementation**

The final phase builds on all the planning that has gone before. Implementation can take months or even years to finish, depending on the complexity of the deal and the size of merging organizations.

We have read about the four stages of a merger or a acquisition. Now, let's discuss about managing the people aspects of a merger.

Managing the people aspects of a merger

If one thinks that human resources is the unit best equipped to help the new organization manage the employee related issues of a merger, the next step is to look at how HR will function during a merger or an acquisition. In accordance with the survey of human resource professionals, HR usually didn't get involved in the merger process until after the pre-deal and due diligence stages, although successful organizations tended to have HR involved much earlier than did ineffective organizations.

What role must HR play in the merger stages?

- **Pre-deal.** Other than defining the financial and business aspects of a good merger candidate, HR may help define the cultural aspects. Will the acquirer be looking for a company that has a compatible culture? Or one that will be more

entrepreneurial? Will lines of business that are to be combined have compatible success requirements (e.g., aggressive marketing versus careful risk selections)? Do particular combinations include required overall investment and risk management capabilities? What type of organization will have the best distribution systems?

- **Due diligence.** Once a partner has been identified, HR may aid assess its culture. Do the organizations vary significantly in management style? Will there potential HR financial issues (e.g. an underfunded pension plan or post retirement benefits) be? How confident will management of capturing the specific synergies of the deal be?
- **Integration planning.** HR is likely to be the most capable party to understand and carry out such integration-planning activities as developing employee communication strategies, programs to keep key talent and organizational and staffing plans. Another critical HR role -helping employees cope with change -has far-reaching consequences, including maintaining productivity, stemming the loss of key talent and smoothing the integration of two cultures. Change could be mainly difficult for employees involved in a merger or an acquisition, especially those who work for the target. Unanswered questions about job security, relocation and new reporting relationships -even changes in benefit programs -spawn rumors, anxiety, resentment and the loss of top talent, who may most easily find jobs elsewhere. All this will lead to lower productivity and diminution of an organization's intangible assets. In the growing world of global financial services mergers, these issues will take on heightened importance.

Practical case: kids corner and Rani

Rani who was in her early forties was quite puzzled with what is happening with her job. As she was listening to a lecture on employee issues in mergers and acquisitions, she could not just let herself free from the experiences she was having for the last 8 months. Rani is working as a principal in a nursery school which takes care of about 200 students. She had eight teachers working under her and other four office staffs. The events unfolded as follows. Thevi group was interested in taking over “kids corner” which was the nursery managed by Rani. Although Rani was not a partner in “kids corner”, she was given a lot of freedom and authority in managing the nursery school.

As a principle she was vested with the duty of taking any decision which affected the school. The partners of “Kids Corner” were running the school as a service to the society. The incomes which were collected as fees from the kids were used to finance the salary and other running expenses of the nursery school.

As the professor explained how some of the major mergers had turned out to be acquisitions with the bigger and stronger company trying to take full control, Rani was worried about her destiny in the organization. Rani initiated the process of merging kids corner with Thevi group. Thevi group managed many educational institutions from high schools to engineering colleges and medical colleges. However Thevi group did not have professionally managed preschool in their portfolio. The inclusion

of kids corner could help then to get a good group of students in the entry level classes of their high school too. Rani also thought this as an opportunity to grow and increase the visibility of kids corner. Rani represented kids corner in all the major negotiations with the Thevi group. She was impressed with the way that Thevi group discussed various issues with her. Thevi group has also guaranteed her the post principle once the group takes over the kids corner. The parents of the kids had also been involved in the takeover negotiations. The Thevi group and the parents were of the opinion that since Rani managed the institute till now, she knows best to do it further.

The ownership of kids corner was taken over by the Thevi group. However things have changed a lot since then. Many ambiguities crept in regarding the face of kids corner. Rani was sidelined in some of the major decisions which were taken regarding the running of kids corner. Some of the teachers left the school feeling uncomfortable with the new management and their style of functioning. The way the new management dealt with Rani also changed a lot. A new person was selected as the manager of kids corner. He took some of the major decisions regarding the operations of the organization, which Rani was unaware of.

Rani thought that there is a major dent in the freedom she had in managing the organization. She was further surprised when the new management announced her that the salary she is receiving now is too high for the organization to afford. They have wanted the salary to be cut to almost half. With this Rani thought that she was cheated by the Thevi group. Rani is on leave for almost two week and has discussed this issue with her colleagues and family. Rani was in a complete dilemma and has now started thinking of the options she had before her. After the session, Rani had a chat with the professor and narrated the experience she is undergoing. Rani brought out the options before her whether to continue with "kids corner", join another organization which may give a comparable salary and job profile or fight it out with the new management.

In the case of Rani, we could see how the confusion after merger affects the professional life. If organizations of large size merge, the differences that can exist in practices, the mystery about the future, feeling of distrust and rumors will be creating havoc in the life of workers. The consequence as we have seen in the case may be employees leaving the organization or drop in productivity due to apathy towards work and the management. It is vital to understand a merger can be the case of managing a number of employees like Rani and this must be a well planned process.

Role of HR in making merger and acquisition victory

The success of a merger and acquisition depends on how well an organization deals with issues related to its Human resources and cultural integration. The HR department of a company acts as a strategic partner. So formulating strategies while ignoring the employees can be critical for the company. The role of HR becomes strategic when it takes decision about what kind of people, capability and commitment

the organization would want after the deal. To efficiently manage this phase many organizations undertake feasibility studies based on which it decides what part of the workforce is to be retained. The HR may help employees in the following ways:

- HR helps in managing interpersonal conflicts and makes employees best team players. It also assists them in dealing with cultural differences. Clear communication content and channels are customized to address cultural differences.
- HR also deals effectively and efficiently with the integration issue. Effective employee communication plays a key role here. Doubts about job security, relocation, changes in benefit programs and new reporting relationships are cleared by the HR only. Keeping a check on rumors, anxiety, resentment and the loss of top talent, will have also to be dealt with.

The merger and acquisition phase is very sensitive for workers as they feel insecure about their future in the traditional times. HR in such a circumstance makes people retain their trust in the organization. The HR has to keep the confidence of employees and assure them job security. So far we have discussed many things. We will move to conclusion.

Conclusion

We have assessed the most important employment and labor issues that take place in connection with merger and acquisition. Obviously, there is a high level of complexity to the employment and labor relation issues raised. The level of complexity depends on the nature of the business, the number of employees involved and the jurisdiction of the business. For that reason, the parties to a business transaction should have a clear vision as to how employment and labor issues are to be addressed in the course of the completion of the transaction and in going forward. Despite the careful consideration that has to be given by the parties, workers, and the trade unions representing their interests, should have some say in how these matters are to be addressed.

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White collar crimes

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2006/BAd/087

Final year

Management studies (HRM)

Introduction

White collar crimes can generally be regarded as criminal activity involving money or property. They are commonly referred to as white collar crimes based on the identity of the offender who is someone that occupies a white-collar job position, and therefore the offence in turn involves money or property associated with that position. These crimes are also known as paper crimes because the evidence is often based on paper or electronic records.

A white collar-crime is a fraud committed by a dishonest and clever person without disturbing established procedures and control frame work of an institution and it is a hot topic in the corporate world. Certain employees or related parties irrespective of their grades misappropriate enormous amounts from companies and many international corporate giants have collapsed due to these white-collar crimes.

An intelligent criminal minded person is capable of identifying the inherent limitations in business process, ignorance and linearity of process owners and explores possibilities for white-collar crimes. Generally these culprits deliver greater results than others, blessed and trusted by senior management, and maintain excellent customer relationships. Therefore, they are powerful personalities and emerge as informal leaders in organizations.

Today the definition of white-collar crime may also refer to the socio-economic status of the person committing the crime. A person from the middle or upper classes commits a white-collar crime simply because of his origin. However, if the crime is violent nature, it still likely not considered a white-collar crime.

Types of crimes

There are two main types of crimes, namely, white-collar crimes and blue collar crimes. Within in the field of criminology, white-collar crime has been defined by Edwin Sutherland (1939) as 'a crime committed by a person of respectability and high social status in the course of his occupation'. Sutherland was a proponent of Symbolic Interactionism, and believed that criminal behavior was learned from interpersonal interactions.

White-collar crime, therefore, overlaps with corporate crime because the opportunity for fraud, bribery, insider trading, embezzlement, computer crime, copyright infringement, money laundering, theft and forgery is more available to white-collar employees.

Thus the types of crime committed are a function of what is available to the potential offender, those employed in relatively unskilled environments and living in inner-city areas have fewer, 'situations' to exploit than those who work in 'situations' where large financial transactions occur and live in areas where there is relative prosperity.

Crimes such as arson, burglary, theft, assault, rape and vandalism, which are often blamed on psychological, associational, and structural factors, are identified as blue-collar crimes. The media and general public are more informative on blue-collar crimes but white-collar crimes are not discussed in detail due to many reasons such as, loss of corporate reputation, public confidence, market share, and powerful personalities. A blue-collar crime tend to be more obvious and thus attracts more active police attention and in contrast white-collar crime identification of victim is less obvious and the issue of reporting is complicated by a culture of commercial confidentiality to protect shareholder value. It is estimated that a great deal of white-collar crime is undetected or if detected, it is not reported.

Organizational factors lead to frauds

- Ability to get around internal controls
- Inability to judge performance
- Failure to detect prior frauds
- Lack of access to information
- Ignorance, apathy, incapacity
- Lack of audit trail
- Management not caring about honesty
- Inadequate pay
- Low loyalty
- Crisis management
- Poor promotions opportunities
- Lack of recognition
- Hostile work environment

Penalties associated with white-collar crimes

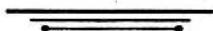
The most common penalty associated with most white-collar crime is restitution, the return of the money or property to the damaged parties. In addition to the return of the actual money or property damages, the court can impose interest, fines or penalty assessment fees. This can result in high restitution penalties that can literally create a life-long financial burden for the defendants in these cases. Even the accusation of a crime, regardless of the evidence, can do substantial harm to one's professional reputation and future employment.

Conclusion

White-collar crimes are common in any society but due to its high risk nature they are not discussed in open forms. Greed, charismatic leadership at lower grades and lack of control awareness are identified as contributory factors on white-collar crimes. Careful recruitment of staff, culture of integrity, regular internal auditing transactions, independent audits and top level management commitment to fraud prevention can reduce the level of white-collar crimes in organizations.

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- ☞ Winners don't do different things, They do things differently.
- Shiv Khera
- ☞ Great minds have purposes, others have Wishes.
- Washington Irving
- ☞ Ambition has no rest.
- Bulwer Lyton
- ☞ The success of tomorrow depends on the work of today.

Banker To The Poor

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2006/BAD/112

Second Year

Management Studies



Professor Muhammed Yunus got the Nobel prize in 2006. He established the Grameen bank in Bangladesh in 1983. His objective was to help poor people escape from poverty, by providing loans on term. He tried to eradicate poverty through micro lending.

Prof. Yunus born in 1940 at the seaport city of Chittagong, studied at Dhaka University in Bangladesh. Then, received his PhD in Economics at Vanderbilt University in 1969 and the following year become an Assistant prof. in economics at Middle Tennessee state University. Yunus was head of the economics department at Chittagong University From 1993-1995. He was a member of International Advisory Group for the 4th world conference on women and he has served on the global commission of women's health, the Advisory Council for Sustainable Economic Development & the UN Expert Group on women & finance. Yunus has got numerous international awards for his ideas. Our country also provided Humanitarian award in 1993. He is a member of the board of UN foundation. The important messages from his Nobel lecture, Dec 2006 are spreading here.

Poverty is the threat to peace

Now, world's income distribution gives a very telling story. 94% of the world income goes to 40% of the population. While 60% of the people live on 6% of world's income. Half of the world population lives on 2\$ a day. Over one billion people live on less than 1\$ a day. This is no formula for peace.

The new millennium began with a great global dream. World leaders gathered at the UN in 2000 & adopted among others, a historic goal to reduce poverty by half by 2015. Never in human history had such a bold goal been adopted by the entire world in one voice, one that specified time and size. But, then came Iraq war and Afghanistan war, suddenly the world became derailed from the pursuit of this dream. The attention of world leaders shifting from the war on poverty to the war on terrorism.

Mr. Yunus believed that putting resources into improving the lives of the poor is the better strategy than spending on guns. Peace should be understood in a human way. Peace is threatened by unjust economic, social & political order, absence of democracy, environmental degradation & absence of human rights. The frustrations, enmity & anger generated by poverty, cannot sustain peace in any society. For building stable peace, we must find ways to provide opportunities for people to live decent lives.

Grameen bank

In 1974, Prof. Yunus couldn't turn away from poverty, because poverty all around him. He felt it difficult to teach elegant theories of economics in the University, in the backdrop of a terrible starvation in Bangladesh. He felt the emptiness of those theories in the face of crushing, hunger & poverty. He wanted to do something immediate to help people around him.

In that time he was shocked to discover a woman in village borrowing less than a dollar from the money lender, on the condition that he would have the exclusive right to buy all, she produces at the price he decides.

Prof. Yunus selected 42 victims who borrowed total amount 27\$, from his own pocket. This small action got him further involved in it. He tried to persuade the bank located in the campus to lend money. But that didn't work. The bank said that poor were not credit worthy. After Yunus offered to become a guarantor for the loans. But, the poor paid back their loans on time, every time. Although he was difficult to expand this program through existing bank.

Finally, he decided to create a separate bank for the poor in 1983. That was called Grameen bank or Village bank. Today, Grameen bank models are operating in more than 100 countries worldwide. The bank gives loan nearly 7.0 million poor people, 97% of whom are women, in 73000 villages in Bangladesh. The Grameen gives co-existent free income generating, housing, student & micro-enterprises loans to poor families & offers attractive savings, pension funds & insurance product for its' members.

Housing loan had been used to construct 640,000 houses. The bank has given out loan totaling amount 6.0 billion \$. The repayment rate is 99% & bank routinely makes profit. According to the internal survey of Grameen bank, 58% of the borrowers have crossed the poverty line.

Grameen bank encouraged the women, who are the borrowers of the bank send to school their children. Bank introduced scholarship for talented students. Now, Grameen gives 30,000 scholarship every year. Also, provides students loan to complete higher education. There are 14000 over students on loans. Thus, bank want to make a break in the historical continuation of poverty.

In 2003, the Grameen bank started an exclusive program focusing on the beggars. None of the Grameen rules apply to them. Loan interest free, they can pay whatever amount they wish. Whenever the bank gave them an idea to carry small merchandise items, when they went for begging. The idea worked. There are 85000 beggars in the program. About 5000 of them already stopped begging completely.

Typical loan is 12\$. Bank encourage and support every intervention to help the poor flight out of poverty.

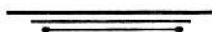
Prof. Yunus saw an opportunity for the poor people to change their lives, if the information and communication technology could be brought to meet their needs. So bank created a mobile phone company, Grameen phone. They gave loans from bank to poor women to buy mobile phones to sell phone service in the village. There are over 300,000 telephone ladies providing services in all villages. Grameen phone company owned by Telenor of Norway and Grameen telecom of Bangladesh & it is the largest mobile phone in Bangladesh. After some days, Grameen phone will become another example of a big enterprise owned by the poor.

Since, the Nobel prize was announced Prof. Yunus received endless messages from around the world. All borrowers of Grameen were celebrating that day as the greatest day of their lives.

Mr. Yunus firmly believes that, we can create a poverty-free world, if we collectively believe in it. In a poverty-free world, our child would be able to see poverty in the poverty museums.

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Personality Development

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2006/BAAd/022

Final year

Management studies (HRM)

Introduction

Personal and personality development are very important factors for every one success. So everyone should have entire personality, if not everyone need to develop their personality. This article clearly tells about as follows.

- ❖ Personality
- ❖ Personality development
- ❖ Components of Personal development
- ❖ How to develop the personality (some tips for personality development)

Personality

It is the totality of a person's quality, both desirable and undesirable as revealed in response to the various situations presented to you in life. Your personality is the total Impact you make on other people.

positive impression about self with the targeted group, or in general; and more pertinent aspect of such personality is to maintain and prove in a long run.

Ten Important Points for an Ultimate Personality:

- Appearance.
- Intelligence.
- Smartness.
- Trustworthy, High integrity and Responsible.
- Knowledge, in depth.
- Management.
- Efficiency.

Personality Development

Personality, as defined by Pervin (1993), represents those characteristics of a person that account for consistent patterns of behavior. This is a very concise human specific definition. To apply the notion of personality to artificial agents, Moffat adopted Pervin's definition as follows: *Personality is consistent reactive bias within the fringe of functionality* (Moffat 1997). Personality has close relationship with emotion because, as Frijda emphasizes, emotion can be seen as changes in activation of behavioral dispositions caused by relevant stimulus events (Frijda 1987). Here

emotion is almost equivalent to the emotional response discussed above. Moffat defines each of emotion, sentiment, mood, and personality with respect to focus and duration. In this definition, emotion is a focused and short term response while personality is a generous but long term response. A significant function of emotion is action readiness by which we can prepare body conditions form some predicted danger. In a dangerous situation, it is very useful to respond quickly. "It is better to have treated a stick as a snake than not to have responded to a possible snake"

Components of Personality Development

There are immense possibilities within you to develop your personality with strong character.

Be polite and speak sweetly: Sweetly spoken words have their own advantage and it is a major component in developing our personality. Society gives respect to a person who has control over his speech and everybody wants to converse with a person who is sweet spoken.

Believe in healthy competition: To achieve success it is necessary that all the energies of body, mind and wealth are utilized in one direction only.. When all energies of mind and soul are concentrated for a particular work then all sources become available for completion of that particular work.

The importance of positive attitude: Positive attitude is of great importance in our personality. Many people, inspired of having sufficient talent and qualification, do not progress and succeed in life because of their narrow outlook.

Anger and irritation are your enemies: To be angry is part of human nature. Probably there is no man in this world who has never been angry for some or the other reason. But some people are such who become temperamentally angry. People who get angry and irritated habitually do not realize that this habit of theirs will be a hindrance in path of their personality development.

Develop your creative power: Our creative streak and positive propensity can pay us dividends. One who is engaged in constructive activity of one or the other kind is always happy. All men should channelize their energies in creative work. Be it agriculture, physical labor, daily wage, craftsmanship, office work, domestic chores or social work. Breach in creativity is a breach in peace and happiness.

Know the value of time: Every moment of our life is a golden moment. The door of progress and development remain open for the person who knows to utilize and make best use of these moments. He not only pushes away all the failures and gets victory over all setbacks and obstacle but also becomes very popular in society due to his punctual behavior.

Tips for personality development

These tips are easy to grasp as well as very effective and powerful apply them in your everyday life.

1. **Self-confidence-** Self-confidence is a great mantra for a powerful personality.
2. **Organize your mind-** Organizing the mind means taking the charge of your thoughts, emotions and imagination and controlling the reactions, being systematic in every field of life.
3. **Try to like other people-** If you want that other people should give you attention and appreciate you, try to give attention to other people also.
4. **Feel good about your accomplishments and analyze your mistakes-** Analyze your mistakes and learn a lesson from them and never ever compare yourself with anybody else as everybody commits some mistakes in life and no one is perfect on this earth.
5. **Sense of humor-** Sense of humor is also an important component of a pleasing personality. Maintain good sense of humor and learn to laugh at yourself also. But sense of humor does not mean laughing when something wrong happens with other person.
6. **Positive thinking and positive doing-** Avoid negative attitude towards life as positive thinking is the key to success in any field of life..
7. **Control your fear and worries-** Conquer your fears and worries, stress and anxiety. When these thoughts come in your mind, instead of wasting your time in thinking what will happen to you in future, think of new ideas and solutions and keep yourself as busy as you can
8. **Concentrate your goals-** Be focused and concentrate on your goals. Avoid all the distractions and give put your entire attention to one goal.
9. **Relaxation-** Don't be a workaholic as all work and no play makes jack a dull boy. Keep some time for relaxation and recreational activity. Listen to music, enjoy nature or practice breathing techniques for relaxation

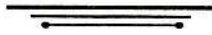
Benefits of personality development

- ❖ Constructive thinking.
- ❖ Creative thinking.
- ❖ Expecting success.
- ❖ Seeing opportunities.
- ❖ Being inspired.
- ❖ Choosing happiness.
- ❖ Looking for solutions.
- ❖ Positive thinking.

- ❖ Not giving up.
- ❖ Motivation to accomplish your goals.
- ❖ Looking at failure and problems as blessings in disguise.
- ❖ Believing in yourself and in your abilities.
- ❖ Displaying self-esteem and confidence

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☞ Do you love life? Then do not squander time,
for that is the stuff life is made of.

-Benjamin Franklin

☞ Waste of time is the most extravagant and costly
of all expenses.

-Theophrastus

☞ Ideas are capital that bears interest only in the hands of talents.

- Antoine Rivaroli

Benchmarking Human Resource Strategies

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2006/BAd/058

Final year
Management studies (HRM)

Profile

Benchmarking as an indicator to hit the business world in a various ways, the idea of comparison one organization with another basis of predetermined standards. It has significant impact on diversity of committed workforce & managing them to become productivity personnel. They are the heart of organization to formulate human resource strategies which focus on ultimate human resource practices in work settings at strategic level. The strategic framework for human resource determines whether the expectations are deviated should attains reliable measurement. Moreover benchmarking has emerged as a major instrument that organizational human resource activities are associated with a standard & make fit them. By the way of measurement of process by supporting modern techniques for quality, productivity & efficient committed workforce. The way of approaches develop by human resource strategies to undertaken appraisal system. It should be facilitate for evaluation, feedback & review of talent management functions to focus on supportive of corporate aims & measurable outcomes. It tends to be productive & constructive human resource to gain sustainable competitive advantage.

Benchmarking

Benchmarking is the process through which a company measures its product, service & practices against its competitors or those compared recognized as leader in its industry. Benchmarking is one of manager's best tool for determining whether the company is performing particular functions & activities efficiently, whether its internal activities & business process need improvement. The idea behind benchmarking is to measure internal process against external standard. It is a way of learning which companies are best at performing certain activities & functions which imitating that better skill improving on their techniques. It focus on company to company comparison of how well basic function & process are performed. It enable managers to determine what the best practice is to prioritize opportunities for improvement to enhance performance related organizational expectations.

Human resource managers face no greater challenge than that of strategic management. It is challenging because it is far more than simply setting goals & organisation's strategic direction depends upon a variety of considerations. "Strategy" refers to top management's plan to attain outcomes consistent with organisation's

mission & goals. From its point of view which consist the following,

- 1.Strategy formulation
2. Strategy implementation
- 3.Strategy control

Even benchmarking is measuring a complex organization through a dynamic, rapidly changing environment requires the best of judgement.

Aims of Benchmarking

The goal of benchmarking is to identify the weaknesses within organization & improve upon them with the ideas of becoming “best of the best” The process helps managers to find gaps in performance & turn them into opportunities for improvement. Benchmarking enable companies to identify most successful strategies used by other companies of comparable size, type, regional location & adopt relevant measures to make their own program more efficient. Most companies apply benchmarking as part of broad strategic process. As critical success factors are the issues that company must address for success over long term in order to gain competitive advantage & focus on inefficiencies & potential areas for improvement.

Human Resource Strategy in practice

The idea of human resource strategy as know where you are hoping to go. The aspects of behavior refers to corporate behavior that is how the organization will deal with any particular circumstances that arise. The ideas to operational, tactical & how is managed on a day to day basis. All policy must be linked together to form a coherent framework to be achieved in full over a period of time. Related to this, all policy & individual actions must be mutually supportive with an emphasis on the avoidance of conflicting tensions. The policy must link through to business results where priorities are set, key problems identified & plans established to meet them. The delivery of results where the detailed management of day to day practices comes in with decisions being measured against policy to minimize conflict between the actions take place & the policy itself. It is essential that the strategy has within a facility for evaluation & feedback so that problems can be debated & performance improved. These key elements of criteria against which they are measured.

Benchmarking for Human Resource Strategy

In benchmarking terms, this concentration on detail is necessary because benchmarking compares discrete items. Consider as an example, the position with employee benefits. A map can be constructed of each individual practice that takes place in the organization that affects benefits. Each one of the organizations(Ex:death & injury, absence, sickness & pregnancy benefits) is then measured against its cost (can be afford what we have or do we need to reduce cost) & against the strategic framework to determine whether the item meets or enhances the vision or its effect negative.

This is the approach to follow when benchmarking human resource strategies. Reward strategies should include discussions about incremental progression & gradings. Broad banding for example, is a popular way of introducing performance measurement into reward systems.

Organisational relationships, benchmarking will identify some organization that transfer human resource operations to line managers. It is possible to keep the "dotted line" relationship & it may be helpful for a while. The dotted line is supposed to represent not quite direct managerial control but the possibility of exerting some sort of formal influence.

There is of course no dividing line between vision, strategy, policy & day to day decisions. They all essential without them all don't have a strategy. Most organization will find that benchmarking requires them to look at questions of reward because organization that perform well almost universally have successful way of linking reward to performance.

Human Resource and Benchmarking measurement

In these ways, it is possible to benchmark human resource strategy. This will result in an opportunity to identify problem areas where activities conflict with policy or areas where policy doesn't exist at all. This is why human resource must stake its claim to be the leader in human resource strategy & why it is probably important to pass to line managers as many of the operational & process- supporting tasks as possible. Measurement is crucial to organizational performance & managers understand the limitations of a purely numerical approach.

The "balanced scorecard" type of approach provides the sort of measurement system that seeks to embrace all facets of the organisation's objectives (Kaplan & Norton 1993) The scorecard includes customers, financial measures, innovation & employee issues. If tested more & internalized within the performance & measurement process, there is hope that human resource values & beliefs can be turned into coherent strategic human resource framework that organizations need; a framework that embraces hard measures such as financial control budgets, earning per share & return on investment along with innovation, learning & the creation of a healthy organization. This sort of benchmarked analysis can be undertaken for all aspects of human resource work & used to develop a human resource strategy.

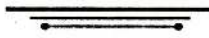
Conclusion

It is suggesting an involvement in benchmarking that goes beyond the confines of the human resource department & affects those matters that are seen as purely business, but nevertheless have a significant impact on people. To summarize why do you need a strategy? It is necessary to make the organization a pleasant, trust worthy & business results oriented place to work. Without a strategy decisions will

change randomly, depending on who made them & how they felt at the time. An human resource strategy is not just writing out a lot of fine sounding words on a piece of papers. Of course that is important, but it must go beyond that & into affecting each decision made on a day to day basis.

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☞ It is better to teach a man fishing than to feed him a fish.

- Anon

☞ It is not wide reading but useful reading that tends to Excellence.

-Aristippus

☞ No one has ever become great by another's exertions.

- Keats

Re-engineering Government

Ms. Suganja.S

2006/BAAd/092

Final year

Management studies (HRM)

Profile

This programme pursues major and sustainable improvements in the Government of Sri Lanka's (GOSL) efficiency, transparency, effectiveness, and quality of services. For this purpose, it will reinforce and expand fundamental governance and public management reforms as a complement and enabler of required solutions.

Michael Hammer, the management expert who heads the re-engineering movement, defines re-engineering as "the fundamental rethinking and radical re-design of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed." When it applies to government.

The public administrators would have their own definition to suit the activities of the government, thus the definition was recast by the National Academy of Public Administration(NAPA) two years later.

"Government business process re-engineering is a radical improvement approach that critically examines, rethinks, and redesigns mission product and service processes with in a political environment, in achieves dramatic mission performance gains from multiple customer and stakeholder perspectives. It is the key part of process management approach for optimal performance that continually evaluates, adjusts or removes processes."

The programme will do so by re-engineering public sector work processes through the strategic use of information and communication technology (ICT) and by implementing novel ICT-enabled administrative policies such as:

- (a) A client rather than organizational design of work.
- (b) Government accountability for service level standards to its clients.
- (c) Electronic sharing of data across agencies.
- (d) Always-on, user-friendly, distance-neutral information and service facilities to citizens ad businesses.
- (e) Transparency in government operations.

Vision

The Government of Sri Lanka has developed the following vision for leveraging Information and Communication Technology (ICT) for the development of the government sector.

“To adopt ICT in all its aspects to make government more efficient and effective, improve access to government services, and create a more citizen centric government”

Strategies

- ❖ Creation of the enabling environment in government for a successful e-Governance programme.
- ❖ Collaborate with the administrative reforms regime and bring about a new governance framework that is enabled by ICT.
- ❖ Ensure public service personnel are imparted with appropriate ICT skills required for an efficient and effective e-Government.
- ❖ Ensure that the stock of ICT equipment required for an efficient and effective e-government programme is upgrade.
- ❖ Interconnect government agencies to achieve a higher level of productivity through improved interaction.
- ❖ Making public services “truly citizen centric”: ensuring geographically non-discriminate delivery.

Objectives

This is to serve as a set of policies and procedures for the government sector in using ICTs to achieve overall development within organizations and in delivery of government services. It will assist in benchmarking each organization's activities against the Policy, which will enable organizations to identify the areas which need attention and where rectification needs to be carried out. It will also ensure consistency in ICT activities and practices. The Policy articulates the minimum requirements expected of government organizations, and government organizations could add on to this and create their own organizational ICT policies and procedures, within this Policy framework. Thus, the Policy is mandatory for providing a unified approach in implementing e-government services and achieving the following;

- ❖ Improved efficiency and effectiveness of government organizations in Sri Lanka thereby making each government organization's budget go further.
- ❖ Ease and accessibility of government information and services for citizens, and other government organizations.
- ❖ Promote good governance.
- ❖ Develop ICT competence among government employees.
- ❖ Manage ICT resources in sustainable manner.

Under e-Sri Lanka initiative focus groups have been created for each major cluster of activities to provide advice on planning, goals and objectives, and implementation strategies. Focus groups are made up of representatives of government, the private sector, professional associations, societies, and other institutions relevant to the nature of each specific cluster of activities.

Benefits of implementing e-Government Services

The government organizations should accept the following factors, which are intrinsic to e-Government, as key principles on which ICT solutions will be implemented. These issues are addressed in the body of the Policy and some issues are addressed in the government Information Security Policy, but are emphasized below.

Accessibility: Providing information and citizen services over the web and ICT channels will make them available to a larger section of general public. Therefore all possible measures should be taken to make the services accessible to the public without discriminating on ethnicity, language, religion, gender, for differently-abled persons, or based on geographical locations, time, or on economic levels. It is essential that all citizens including differently-abled persons should be taken into account while devising e-government solutions.

Transparency: ICT based solutions should improve the transparency by allowing the public to monitor the mandate of the organization, functionality, decision making processes, the progress of a process at different stages and clearly informing them of the type and the quality of the services they obtain. The e-government models should always encourage transparency within government.

Efficacy: It is important that the services provided by Government organizations using ICTs, meet and exceed the expectation of the citizens. The efficacy at which the services offered should be a key factor that determines the quality of the services provided through using ICTs.

Efficiency: Services should be available to the public within the minimum possible time. A concept popular in e-government a solution is “same day service”; where a service requested by a citizen in the morning should be made available to him/her before the end of the same day. Although it is difficult to expect this level of delivery from every service from the inception, all government organizations are expected to provide citizen services efficiently so that the public is not made to wait for the services requested.

Citizen centric: In providing information and services, government organizations should establish a citizen centric approach instead of a traditional organization centric approach. In order to do so, government organizations should reengineer their processes to convert the government organizations to “one stop shops” thus making their services citizen-friendly. Citizens should be able to then obtain services through submitting minimum necessary supporting documents and visiting a minimum number of organizations.

Interoperability: Government organizations should ensure when implementing ICT programmes that these are interoperable - enabling electronic data sharing and data exchange between different systems - throughout all government organizations, and also with the industry and other key sectors.

Confidentiality, integrity and availability: All government organizations should preserve the confidentiality, integrity and availability of the information within their purview. This entails that citizens should have the assurance that government information is shared only among authorized persons or organizations, that the information is authentic and complete and can be relied on for the purpose for which it is needed, and also that it is accessible when needed by those who need it. This area is further addressed in the government Information Security Policy.

Accountability: Government organizations should be accountable towards the citizens and for the services provided, so as to foster confidence in citizens in the use of such services, and in interacting with government organizations.

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☞ The ink of the scholar is more sacred than the
blood of the martyr.

-Muhammad (Founder of Islam)

☞ Be bold and mighty forces will come to your aid

-Basil King

☞ You will never find time for anything .
If you want time you must make it.

Skills Development -Soft Skills and Hard Skills

Mr. S. Sutharsan

2006/BAd/099

Final year

Management studies (FM)

Profile

As we are looking for a job, it is necessary to have a combined skills of both soft skills and hard skills to be in a best job with good remuneration. It is so difficult to catch and retain in a good job without combined of soft skills and hard skills. Now days worldwide educational institution have taken step to include soft skills development program with their course and also business organizations also spend more money to enhance of their employees soft skills.

Soft Skills

Tobin says *"Soft skills are the traits and abilities of attitude and behavior rather than of knowledge or technical aptitude"*

Soft skills are the skills and abilities that are essential to communicate with superiors, peers, subordinates, clients and vendors. These are the skills related to both verbal and non verbal language for effective and efficient communication. Soft skills constitute communication skills and various others skills such as interpersonal, team building, time management, leadership, decision making, problem solving, negotiation skills to name a few. Communication skill is the heart of soft skill. Soft skills are also known as people skills, life skills, interpersonal skills, employability skills and domain skills. The soft skills are referred with different names across the world.

Importance of Soft Skills:

"The way we communicate with others and with ourselves ultimately determines the quality of our lives." Anthony Robbins

- 01) Soft skills are important to everybody. These bring out multiple benefits such as enhancing self-confidence and self-esteem among the individuals. These equip certain traits and attributes among the individuals leading to personal, professional and social survival and success. For the students passing out from university, these skills would help them getting employment as the corporate insist on plug and play recruits. For the working professionals, these equip the tools and techniques to handle difficult people. In addition, these promote advancement in career. For the organizations, these skills help staying ahead of their competitors.

- 02) Most of the conflicts in organizations arise due to improper communication either by the sender or receiver or by both. Soft skills minimize misunderstandings in communication and eliminate conflicts resulting into better productivity and performance. These skills promote fraternity and good will among the individuals.
- 03) Soft skills are essential for the success of any organization especially those who deal with their clients directly. Service sectors such as IT, Banking, Retail, Hospitality, Tourism etc., provide soft skills training to their employees to reap several benefits.

Soft Skills Vs Hard Skills:

A few people confuse soft skills as softness and hard skills as hardness while it is not so in real sense. "hard skills" are technical or administrative procedures related to an organization's core business. By contrast, "soft skills" (also called "people skills") are typically hard to observe, quantify and measure.

"Hard skills" refer to specific skills that are used on specific jobs. For example, being able to back a semi-trailer up to a loading dock without hitting anything or anybody is a "hard skill" that is necessary to be a truck driver. Reporting to work on time, being able to take direction, and having enough initiative to be productive are "soft skills." It is noticed that how these skills are important to truck drivers. Employers seek these skills in everyone they hire.

Soft skills are the skills, attributes and traits related to personality, attitude and behavior pertain to non-domain skills. As already stated, soft skills constitutes collection of several skills. In contrast, hard skills are the core skills that are essential to execute job related tasks. These are also known as technical skills, core skills and domain skills.

The soft skills are transferable skills necessary in every domain while hard skills are confined to particular domain. Hard skills stress on 'what you say' not 'how you say'. In contrast, soft skills emphasize on 'how you say' not 'what you say'. For instance, 'don't smoke' depicts hard skill. On the other hand, 'thanks for not smoking' demonstrates soft skill. Succinctly, soft skills are the polite and pleasing presentation of your hard skills.

Employability Skills:

Kanter defines, "Employability is the new security, if individuals have their job come to an end, they would be able to find employment elsewhere."

It is essential to know what unemployability is before explaining employability. Unemployability is all about possessing requisite educational eligibility but lacking suitability and capability to perform the tasks at the workplace despite availability of employment opportunities. It is different from unemployment where there is educational eligibility, suitability and capability but there is dearth of employment opportunities.

In certain parts of the world students possess educational qualifications to be short listed for interview but fail to get employment as they don't demonstrate the requisite skills and attitude expected by the potential recruiters which are nothing but soft skills. Although students are good at their hard skills they fail to grab the employment opportunities due to dearth of soft skills. Soft skills promote employability skills. As a result, soft skills are referred as employability skills. The HR practitioners stand by the slogan of 'Recruit for Attitude, Train for Skill' during the employment interview thereby further strengthening that soft skills are employability skills.

In Australia, employability skills are defined as "the skills required gaining employment or establish an enterprise, but also to progress within an enterprise or expand employment capability, so as to achieve one's potential and contribute successfully to an enterprise's strategic directions." The eight employability skills are initiative and enterprise, learning, self-management, communication, teamwork, problem solving, planning and organizing and technology.

Whether Hard Skills or Soft Skills are the Employability Skills ?

"Soft skills give us the tools with which to take stock of our situation, take control of our development, and take responsibility for our future." - Tobin

we think hard skills like technical competence, domain knowledge, knowledge and qualifications as employability skills. In fact, hard skills help you to pass out with degree but it is the soft skills such as interpersonal skills, communication skills, social grace, etiquette, team building and leadership skills that provide employment. In brief, hard skills get you qualification while soft skills get you employment. Hard skills take you up to interview but it is the soft skills that get you employment. Thus we can call these soft skills as employability skills, not hard skills.

Things are changing rapidly due to globalization. The domain skills are fast getting defunct. It appears that ultimately what would survive in the long run are the soft skills which seem to be permanent. It is also possible that the so called soft skills may become hard skills over a period of time.





Academic Examples:

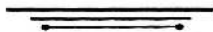
Let us take Robert Katz's concept academically. A faculty member in any educational institution initially need to be good at more of hard skills and less of soft skills, after reaching to the position of Senior faculty, s/he need to possess both soft and hard skills equally as s/he has to teach and manage the department. When s/he reaches to the post of Dean/Head of the institution there is more emphasis on soft skills and less on hard skills as s/he teaches less and manages more.

Conclusion:

There is a saying in business world; "People rise because of their hard skills and fall because of (the lack of) soft skills". Soft skills are going to play a crucial role not only to get employment opportunities for the students but also to ensure professional survival and success for the employees in organizations. The higher the position you reach in organization higher the ratio of soft skills needed to excel as a leader. Possessing qualifications is a hard skill and acquiring competencies is a soft skill. Your hard skill can take you up to the employment interview. But it is the soft skill that can get you employment opportunity. Therefore, we can conclude that it is not the hard skills but the soft skills which are known as employability skills. However, it is essential to blend your both hard and soft skills not only to get employment but also to ensure fast track career growth within the organization.

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Employer Brand

A Powerful weapon in the War for Talent

Ms. Arani. U

2006/BAd/005

Final year

Management studies (HRM)

Introduction

"Brand" is a very common term used in Product market. Although firms commonly focus their branding efforts toward developing product and corporate brands, branding can also be used in the area of human resource management. The application of branding principles to human resource management has been termed "employer branding". This term describes how an organization markets what it has to offer to potential and existing employees. Marketers have developed techniques to attract customers, communicate with them effectively and maintain their loyalty to a consumer brand. Employer branding involves applying a similar approach to people management. In the context of employer branding, "customers" are defined as the potential and existing employees. This article is about what is employer branding, its origin and adaptation, defining employer brand and best practices for it.

Origin and adoption of the employer brand concept

We can explain the **Employer Brand** as a set of attributes and qualities often intangible - that makes an organization distinctive, promises a particular kind of employment experience, and appeals to those people who will thrive and perform best in its culture.

Employer branding- being one of the recent and effective human resource practices- has gained a great stand in the market among the respective organizations as well as leaves an impact on the candidates. It is a way of understanding a particular firm and then elaborating it by putting an influential picture in front of the job seekers. In the current era, an efficient employer brand is necessary for gaining a competitive edge over others. This very new concept articulates a company's value proposition by giving a brief of its work culture, processes, professional outlook and employer-employee associations, presenting a new face of the organization. Increasingly, firms are using employer brand not only to attract new recruits but to retain the current high performing employees by assuring that employees are engaged in the culture and the strategy of the firm. It's about the people in your organization and creating the kind of authentic relationship with your employees that spawns loyalty to propel your business forward in an increasingly competitive (recruiting and retention) environment.

“Employer brand” has its origin in two distinct schools of thought- **recruitment** and **occupational psychology**. At present HR professionals are confronting the big challenges of attracting and retaining talented employees. It is known as **“War for Talent”**. In this war, HR professionals should be equipped with one of most important weapon in the recruitment armory branding- in order to attract talented people. Organizations can differentiate themselves from competitors with a distinct employer brand and consequently enhance their position when competing for skilled employees, in a tight labor market. Further more engaging those talented people in a psychological bond with the organization will pursue them to stay there for long.

Psychological Bond-Experience of Dah Sing Bank of China!

Dah Sing -a small local Bank in China-, conducted a research few years back to find out why most people joined this bank after working for multi national companies. It revealed that they joined and remained in this bank not for cash, but for challenge and opportunity. The research also revealed that employees were attracted to Dah Sing because of the promise of opportunities for growth. Unlike in a larger company, says Chan, in which jobs are subdivided and employees work within small, specialized areas, Dah Sing's flat organizational structure provides employees with the opportunity to manage entire projects and develop their skill sets quickly.

The term 'employer brand' was first publicly introduced to a management audience in 1990 by Simon Barrow (chairman of People in Business). He and Tim Ambler (Senior Fellow of London Business School) defined that term in an article published by them in the Journal of Brand Management in December 1996. By 2001, of 138 leading companies surveyed by the Conference Board in North America, 40% claimed to be actively engaged in some form of employer branding activity. In 2003, an employer brand survey conducted by “The Economist” among a global panel of readers, revealed a 61% level of awareness of the term 'employer brand' among HR professionals and 41% among non-HR professionals. The first book on the subject was published in 2005, and the second in 2006. In 2008, Jackie Orme, the Director General of the UK Chartered Institute of Personnel Directors confirmed the growing status of the discipline in her opening address to the CIPD annual conference, with the observation that: **“When I started out in the profession, nobody talked about employer branding. Now it's absolutely integral to business strategy - resonating well beyond the doors of the HR department”**. Similar recognition of the growing importance of employer brand thinking and practice has also been recently in evidence in the USA, Australasia, Asia, and Europe, with the publication of numerous books on the subject. Internet searches using Google and Yahoo! each yield over 3,000 hits for the term “employer branding”. According to a new survey from People in Business, conducted among 104 national and international companies to evaluate

current standards of employer brand practice, leading employer brand projects has increased nearly threefold (from 10% to 28%) in the past four years.

Defining "Employer Brand"

In the first academic paper published (1996) in this topic, Simon Barrow and Tim Ambler defined the employer brand as: **the package of functional, economic and psychological benefits provided by employment, and identified with the employing company.**

Chan, Head of the Human Resources Division of Dah Sing Bank(China) defined it as **"what your company stands for: its unique value proposition to potential and existing employees."**

According to him Employer brand is,

1. First and foremost about developing a strong and distinctive identity recognizable to the public. Chan provides the example of the Ritz Carlton; their identity, in the simplest terms, is "ladies and gentlemen serving ladies and gentlemen."
2. Secondly, employer brand is about fitness. "It is about hiring the fittest candidate," says Chan, "not necessarily the brightest." Hiring candidates that fit with the organization's culture and share the company's values ultimately limits time-wasting internal fighting.
3. Thirdly, employer brand is about choice. "People have the choice to join the company," says Chan, "and once they join, they have other choices: whether to stay, grow and contribute to the organization." Building a strong employer brand helps to ensure that employees will make the right choices when the time comes.
4. Finally, employer brand secures a better return on investment. When undertaken correctly, insists Chan, employer brand will improve a company's bottom line. Employees who have a stronger sense of belonging to the company perform better and are less likely to leave. Moreover, a strong employer brand will also attract the right talent to the company.

Minchington (2006) defines your employer brand as "the image of your organization as a 'great place to work' in the mind of current employees and key stakeholders in the external market (active and passive candidates, clients, customers and other key stakeholders). The art and science of employer branding is therefore concerned with the attraction, engagement and retention initiatives targeted at enhancing your company's employer brand".

Whether clearly defined or not, your company has an employer brand. It includes the promise your company makes to its employees and prospects about tangibles like salary, benefits, development, and advancement opportunities, as well as intangibles such as culture, values and management style. An employer brand that is easily identified and consistently re-enforced through leadership behavior and

ongoing communications will position your company as a preferred employer. This will build loyalty and enhance productivity, helping to create a more sustainable future for your organization

The employer branding initiatives adopted by the US Army! Since the early 1970s, the US Army had been known for its recruitment efforts that aimed to encourage people to take up a career with it. Experts felt that it was one of the first organizations to practice employer branding more than a decade before the term 'employer brand' was coined. However, recruiting for the US Army became a challenge with the country engaged in wars in Afghanistan and Iraq. Moreover, the recruiters also had to overcome certain misperceptions held by young Americans about considering a career in the US Army. This the US Army did by taking various initiatives that included recruitment advertising campaigns such as the 'Army Strong' campaign and the 'Officer ship' campaign that strove to showcase the benefits of a career with the Army.

Employer Branding Best Practices

I. Establish a real-time career development for employees

Today real-time career development can be facilitated with some imagination, technology devices, innovation and focus. Take an hour to speak with your employees and assist them to develop a real-time career development plan. This may include coaching them to develop a plan that tracks their career development interests, current job function responsibilities and personal development interests (if it's just work related people will switch off, many employees want a blended life so if you mix it up a little you will keep it interesting).

II. Have that meeting with HR, Marketing, Communications and IT

It's no longer efficient or effective to develop and implement an employer brand strategy solely with HR resources and budget. Your employer brand is interconnected with your corporate and consumer brand and the total portfolio needs to be considered if you really want to build an adaptable and agile employer brand. Think about how your organization would react if faced with the situation BP found itself in when one of its wells starting leaking oil into the Gulf of Mexico earlier this year. Is the level of communication and connectedness between those managing your corporate, consumer and employer brand high enough to react quickly and effectively to structural changes (e.g. announcement of company layoffs), market changes (e.g. the GFC) or in times of crisis (e.g. social media sabotage).

In 2011 schedule a two hour meeting with leaders from HR, Marketing, Communications and IT and have a discussion around these agenda items it will start the conversation and provide for some good discussion on where to go next.

III. Assess your employer branding performance against best practice

Take a quick assessment to see how your employer branding initiatives measure up against best practice companies. Answer yes or no to each question and then total your score and rate it to find out whether you are in a very early stages or you have made a start or you just need some fine tuning or you are up there with the best,

IV. Review and update your employer value proposition (EVP) communication assets

When was the last time you review your EVP communication assets, how long ago were they developed? Make it a project to review all your internal and external EVP communication tools and ask the related questions. Based on the outcomes of your review schedule a project in 2011 to update your communication assets across key offline and online touch points. For a best practice case study, see how effective Starbucks is across its online platforms including face book, twitter and You Tube

V. Learn from best practice employer brand companies

Study and learn from companies who are leading the way in employer branding. Don't just study companies in your own industry - you'll find companies outside your industry a great source of innovation for employer branding best practice; e.g. Companies in the oil and gas industry, Companies in the banking and finance industry

VI. Assess the employee life cycle

Employees at your company will transition through different stages of the employee's life cycle depending on factors such as age, education, experience, living arrangements, marital status, etc. It is important to understand how important these 'moments of truths' are to employees and to realize which ones if not handled well, can be deal breakers and result in employees seeking another place to work whilst being unconsciously unproductive in their current role. It is important to make adjustments based on observation and feedback from employees.

VII. Develop social media capabilities and appoint some social media Rock stars to engage with your community real-time

If you haven't already started, 2011 is the year to train employees in how to use and leverage social media to support branding efforts. It won't happen just because your company has a face book page or twitter profile; employees need to be trained across the company to ensure your initiatives are aligned with your brand strategy.

VIII. Write a book.

Write a book about your employment practices and use it as an EVP communications tool for all stakeholders. In 2008, HR Manager of Essar, a multinational conglomerate corporation in the sectors of steel, energy, power, communications, shipping ports and logistics as well as construction headquartered at Mumbai, India, wrote about the mentoring practices at Essar. Over a 12 month period the HR Manager had compiled a book on the company's mentoring practices and

included insights from leaders and employees across the organization. Whilst the publication took a while to write, it will provide a lifetime of value for Essar. It has also been an excellent tool to build internal engagement as employees were involved in the development of the product and distribution of it on its release. So find a topic, write about it and share it with stakeholders.

IX. Connect your employees on the inside

How often do we see the 'wheel being re-invented inside organizations because there is no way to track what has been developed previously and if it has, it's usually outdated or too hard to find. IBM have had some great success in this area by establishing an internal social networking tool, 'Beehive' which has allowed employees across the world to make new connections, share knowledge and capabilities and to advance their career. Connected employees will lead to higher levels of communication and trust between employees across the enterprise and is becoming more important in today's increasingly dispersed workforces.

X. Leaders - slow down and coach, mentor and share your knowledge and experiences with middle managers to enrich your talent pipelines, increase trust and developed capabilities

Too many of today's leaders are too busy to spend quality time coaching and mentoring or even just communicating with team members due to shorter deadlines, increasing workloads and longer working hours. Before they know it, they're burnt out, fail to take holidays and disconnect from the very people who can assist them, their staff. This leads to higher levels of disengagement which is an all too common output in organizations around the world today.

XI. Build employer brand awareness, knowledge, skills and capabilities

Most of time employees don't buy into your vision to develop and implement an employer brand strategy because they lack the skills and capabilities to do so. Employer branding is an emerging field in many economies so take the time to build awareness, knowledge, skill and capabilities.

Conclusion

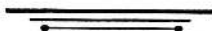
Employer branding is a relatively new approach toward recruiting and retaining the best possible human talent within an employment environment that is becoming increasingly competitive. Employer branding has the potential to be a valuable concept for both managers and scholars. Managers can use employer branding as an umbrella under which they can channel different employee recruitment and retention activities into a coordinated human resource strategy. Integrating recruitment, staffing, training and development and career management activities under one umbrella will have a substantially different effect than each of the processes would have alone.

The value of the employer branding concept for management scholars parallels the value it has for managers. Management scholars can use employer branding to integrate many different but related constructs that have been discussed in the recruiting, selection, and retention literatures under one umbrella. The employer branding concept can be especially valuable in the search for an organizing framework for strategic human resource management.

But it has limitations too. As many commentators have pointed out, it is very difficult to change an organization's culture. As Amazon's founder, Jeff Bezos asserts: 'One of things you find in companies is that once a culture is formed it takes nuclear weaponry to change it'. You cannot assert your way to a new culture, no more can you assert your way to a strong brand, it needs to be consistently and continuously shaped and managed.

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Anger Management

Mr. T. Anujan

2006/BAEd/003

Final year

Management studies (FM)

Introduction

Anger is a normal, Powerful emotion that is experienced by everyone. It is not something you outgrow. Anger is not the same as aggression, which is a behavior rather a feeling. It results may be positive or negative. However, in many situations anger that leads to us bad behavior. So anger should be managed. Therefore, this article includes the various aspects about the anger management. Anger management can help to reduce the anger & stress and to avoid the conflict with others. Anger is manageable with practice.

Definition

Anger is a completely natural and instinctive emotion. In fact, it can be a cause for concern if a person does not experience any tinge of anger, especially when that person is subject to great duress or provocation. Angry feelings may be triggered by a person, object, incident, event or even memory. Reactions may vary from mild annoyance to aggression. However, anger has the capacity to make us say things we do not mean or do things we would not do under normal circumstances. The issue does not lie with having angry feelings but how we express it.

Types of Anger :

Anger from mortification: These people have an underprivileged self-esteem, which they mask by rebuking and dishonoring others.

Atrocious Anger: These people feel insecure, unreasonably vulnerable by others, and anger is an avenue of self-defense. They imagine that others are angry instead of recognizing their own wrath.

Expectation Anger: These people have a negative outlook and have unrealistic expectations of themselves and from others. Their root of anger is not accepting people as they are.

Forestalling Anger: These people are terrified of their own anger, or the anger of others. They are fearful of losing control and feel protected in peaceful situations.

Revulsion Anger: These people have an unresolved sentiment of anger, which causes resentment and they become hostile towards those they cannot forgive.

Impulsive Anger: These people feel loss of control and hence they are aggressive, go like a bullet, and can be a threat to themselves and others. Their actions are impulsive, for which they are later repentant.

Premeditated Anger: These people contemplate their anger, they like controlling others, and they get what they want by intimidating or overpowering others.

Principled Anger: These people are fanatics, self-opinionated and uncompromising. They do not comprehend other people and get heated when others not pass their expectations.

Obsessed Anger: These people get psychologically thrilled and find pleasure from their strong feelings of anger. They get angry frequently even at insignificant trifles, which tarnishes their relationships.

Underhanded Anger: These people by no means expose their anger. Their anger is exhibited in devious ways like disregarding things and others, frustrating others, mislaying their own requirements.

Causes of Anger:

- ♦ Fear, anxiety, depression.
- ♦ Feelings of hurt, disrespect, humiliation, embarrassment, dissatisfaction, jealousy, and sadness.
- ♦ Unable to forgive and forget.
- ♦ Lack of appreciation, feelings of rejection.
- ♦ Lack of control or controlling nature.
- ♦ Unfriendly, violent parents or other family members.
- ♦ Physical or sexual abuse.
- ♦ Substance abuse.
- ♦ Media violence.

Symptoms of Anger:

- **BODY SIGNALS**
 - ♦ Muscle tension in neck, shoulders, jaw, stomach or chest
 - ♦ Increased heart rate
 - ♦ Increased sweating
 - ♦ Shaking
 - ♦ Clenching fists
 - ♦ Grinding teeth
 - ♦ Hot face
 - ♦ Shoulders raising
- **THOUGHT SIGNALS**
 - ♦ Changes to your thoughts
 - ♦ Jumbled thoughts
 - ♦ Irrational thinking
 - ♦ Thoughts racing
 - ♦ Over generalizing
 - ♦ Jumping to conclusions

Self care measures for Anger:

- Learn to recognize as well as acknowledge your anger and identify the cause of it.
- Identify the situations that provoke you.
- Take the help of a close family member or friend and communicate your anger emotions with them.
- Exercise regularly and practice deep breathing exercises, meditation, and yoga.
- Develop hobbies like listening to music, reading books, painting, writing, etc.
- Reduce the intensity of your anger with a solitary period of silence and rest when you recognize the signs of anger.
- During an outburst analyze your alternatives for behaving and envision how you may react. Be aware that you are accountable for your anger and actions.
- Release all shame and guilt and replace your negative behaviors with more positive actions.
- Develop a sense of wittiness.
- Avoid alcohol, drugs and any other addictives.
- Focus on responsibilities one at a time and proceed towards larger objective when you are ready.
- Take your time fixing your problems
- Put into practice what you moralize to your children.
- Always remember one thing that you cannot control the behavior of others and pardoning is not overlooking, it is recalling and letting go.

Anger management

Anger management is a procedure of acquiring the skills to recognize signs that you are becoming angry, and taking action to deal with the situation in a positive way. In no way does anger management mean holding the anger in or trying to keep from feeling anger. Anger is a normal human emotion, a healthy one when it is expressed appropriately.

Here are six good “common sense” suggestions for avoiding feeling angry and stressed at work.

1. **Take care** of your physical health and psychological health and exercise every day. When you are in poor health or overtired it is much easier to become angry and stressed. For physical health do exercise and eat healthy food and for psychological health, get enough sleep and find some hobbies which you enjoy doing.
2. **Make a personal plan** of how you will react to situations that might make you feel angry and stressed. For example, counting to ten slowly and quietly in your mind. Many people use this method to allow them to “**think and calm down**”.
3. **Have a close friend** that you trust and can ask them for advice. Talk to them and tell them how you feel, let them advise you. This is called “ventilating your feelings”. If we feel angry and stressed we might not “think clearly” and struggle to find a way to fix the problem and at such times advice is very useful.

4. **Think the situation through** so that you can see the consequences of losing your temper at work. You might lose your job or seem foolish to people watching. When angry and stressed you might say something which you later regret saying.

5. **Find something to distract** you from whatever, or whoever is annoying and stressing you or make an excuse to go outside of the office, find a private place and "calm down". This methods allows you to remove yourself from the situation which is causing anger and stress.

6. **Make a written list** of the issues that can or might annoy and stress you. Then brainstorm solutions and write down the advantages and disadvantages of all the options. Writing out problems can help you to see where you can and cannot take positive anger and stress control action.

Why managing anger is important

There are health benefits in acquiring constructive ways to manage anger. As anger causes the heart beat to race and blood pressure to rise, a prolonged angry state has undesirable consequences. A person's character can be developed by possessing effective anger management skills. He or she tends to be less emotional during duress and are more focused in problem-solving. Consequently, the person enjoys better quality of social relationships.

Ways to manage anger

- Identify and be aware of the things or situations that could easily trigger your anger and develop coping skills to manage them. If avoiding them is not possible, reframing your thinking and attitude towards them may help. Recognize that you cannot always avoid or change the things or the people that enrage you, but you can learn to control your reactions.
- Develop the ability to express anger constructively by acquiring better communication skills through courses, training or self-improvement resources. Bottling up frustration is as destructive as letting it all out. The key is to express oneself in a way that communicates one's feelings clearly without appearing as combative or defensive.
- Deep breathing, muscle relaxation and mental relaxation are helpful in managing negative emotions.
- Engage in positive self-talk under stressful conditions. Tell yourself to stay calm, relax, and breathe easy or give yourself a pat on the back for staying cool. This is effective in preventing the anger from escalating. Using humour appropriately to defuse a tense situation is another way to gain a positive perspective of the issue.
- Walk away from potentially explosive encounters if tension is building up and staying calm and relaxed does not help. Remind yourself that lashing out in anger has great negative consequences on your physical or emotional health.

- Seeking professional counselling for uncontrolled anger is preferred over talking to family or friends. Trained mental health professionals are better equipped to help identify areas of concern and develop anger management strategies.
- Learning to manage stress will help to reduce our frustration. Having a proper diet, getting sufficient sleep and doing physical exercises help keep stress at bay.

Conclusion

Anger management can help to reduce the risk of feeling angry & stressed in the workplace. To feel free of anger & stress at work we need to avoid feeling frustrated & accept difficult people & situations that are out of our control. Sometimes work colleagues might be rude, offensive, annoying and insulting. Sometimes office equipment will break down at the exact moment that you need to use it.

Anger management helps you identify what triggers your emotions, and how to respond so that things work in your favor, instead of against you. We all feel angry sometimes and may say or do things we regret. This is a normal part of life, and may not necessarily mean you need anger management help. If your anger is having a detrimental effect on relationships, is making you unhappy, or is leading to violent or dangerous behavior, you probably need help.

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Currency War

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2006/BAd/060

Final year

Management studies (HRM)

Introduction

At present world is facing many problems. One of the biggest recent problems is currency war, that countries are doing a war through their currencies as a weapon. Currency war is the exchange rate tensions between the United States and China and also there is an uncertainty in the global economic system. We are now in mildest in currency war.

Currency War

A new 'currency war' has broken out. Unless quickly it resolve, it can have a severe effect on the global economic system. The past few month have seen the emergence of global currency confusion, currency war is a new threat to economic recovery from global economic crisis that world faced last few year. In fact, the situation is being expressed by the media and also some political leaders as a "currency war" with between countries. So the currency war means that some major countries are taking action to lower the value of their currencies in order to gain an international trade advantage.

If the value of a country's currency lower than the prices of its exports are cheaper when purchased by other countries, and therefore the demand for the exports increase. On the other hand, the prices of imports will become higher in the country, so this situation will discourage local people from buying the imported goods. The result is that the export of country will increase and at the same time imports of country will decrease. Because of the lower value of a currency, the particular country will enable to increase the local production and improve the position of the balance of trade. The problem is that other countries that suffer from this action may also lower the value of their currencies, or try to block or reduce the cheaper imports through higher tariffs or band the imports from the countries that keep their currency value at lower. So this situation leads to competitive devaluation as it occurred in the 1930s. This condition will contribute to a reduction of world trade and a recession in global economy.

Issues

The present situation is more complex and leads to at least three interrelated issues. First, the United States of America (USA) is accusing China that it keeping its 'Yuan' (currency of China) at an artificially low level, and faces huge trade deficit with China. USA Congress required to the government to impose extra tariffs on imported

Chinese products .At the same time China claims that such a action would be against the World Trade Organization's (WTO) rules and regulation and says that a sudden change in valuation of 'Yuan' would affect its export industries and would it not solve the problem of the USA trade deficit. Japan, whose Yen has valued sharply against the Dollar, intervened on the currency market on 15th September 2010 by selling 2 trillion Yen in order to drive its value down and then Japan criticized South Korea for taking the same intervention measure to control the valuation of the 'Won'(south Korea's currency).

Second, there are clear signs that the USA is preparing to lower the value of its dollar, through a new round of "**quantitative easing**", in which the Federal Reserve will spend probably hundreds of billions of dollars to buy up government bonds and other debts. This will increase liquidity in the market, which would reduce long term interest rates and thus contribute to a recovery. But this would also have two other effects.

- ❖ It would weaken the USA dollar further (thus opening the USA to the accusation that it is also engaging in competitive depreciation).
- ❖ And the new liquidity would also add to a surge in capital flowing out of the USA (where returns to investment are very low) to developing countries.

In the past, such surges of hot money would have been welcomed by the recipient countries. But many developing countries have now learnt, through the hard way, that sudden and large capital inflows can lead to serious problems, such as:

- The capital inflow will lead to excess money in the country which is receiving it, thus it will increase the pressure on consumer prices, while rise sing in the cost of living, other property and the stock market. This situation will be causing a lot of damage sooner or later.
- The large inflow of foreign funds 'hot money' will build up pressures for the recipient country's currency to rise it's currency value against other currencies significantly. It will discourage its export and encourage its import.

Financial authorities worldwide would have to intervene in the currency market by buying up the excess level of foreign funds (which is known as "**sterilization**") and this will build up foreign reserves of that particular country and allow the currency to adapt this situation and have to face an adverse effect on the country's exports.

- ❖ Experience shows that the sudden capital inflows can also turn into equally sudden capital outflows when global conditions change. This can cause economic confusion of receiving country, including sharp currency depreciation, foreign loan problems and balance-of-payments difficulties.

- ❖ At the last International Monetary Fund (IMF) annual meeting in Washington, there was a conflict between the United States, which accused China. China intervenes in its currency valuation and deliberate its Yuan and not allowing it to appreciate more. At the same time China, which of views of accused the USA that it is planning quantitative easing and increasing liquidity to deliberately devalue its currency.

Meanwhile, among the such serious problem, some analysts and newspapers have recognized this situation which will help to the developing countries by large inflows of capital coming from the developed countries in search of higher yield. It required the developing countries to "pay close attention" and to consider "capital controls" to slow inflow's to face the problems by huge inflows of capital from developed countries.

- Some developing countries have introduced capital control to slow down the huge inflows of foreign capital.
- The Institute of International Finance estimated that a huge US\$825 billion would flow to developing countries last year, an increase of 42 percent over previous year.
- Brazil has doubled the tax on foreigners buying local bonds, while Thailand recently imposed a 15percent withholding tax on interest and capital gains earned by foreign investors on Thai bonds. South Korea has warned of new limits in future, while banks are being asked not to lend in foreign currency.

Conclusion

Finally, there are fears that if the currency confusion or currency war is not solved soon, the world faces the threat of trade protectionism, whether it takes the old form of an extra duty, or a new form of competitive currency depreciation. Moreover, the quantitative easing that the USA is now planning to make worse the speculative flows of funds in search of profits, and this can be destabilizing to the recipient countries and the global economy overall.

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Supply Chain Management

Mr. A. Tekanthan

2006/BAd/016

Final year

Management studies (FM)

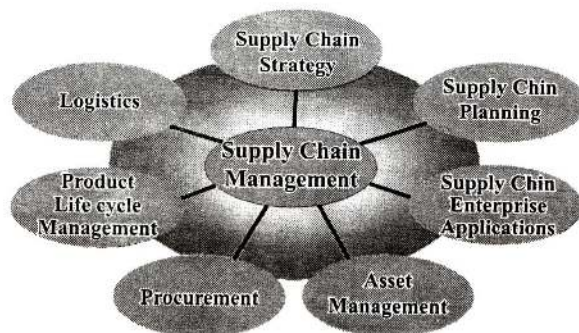
Introduction

Supply Chain Management is the design, planning, execution, control and monitoring of supply chain activities from the raw material to final product to the end consumer. Supply chain management ensures the movement of right product with a smarter, faster and efficient way to the right customer and the right time, place and price. The main objective of supply chain management is to create net value, building a competitive environment and synchronizing supply with demand. Under the supply chain management, one has to focus on distribution network, distribution strategy, information and inventory management. It should manage or consider following things such as distribution network configuration, distribution, trade off in logical activities inventory management and cash flow. The purpose of supply chain management is to improve trust Collaboration among Supply chain partners thus Improving inventory visibility and the Velocity of inventory movement. Supply Chain activities can be grouped into Strategic, tactical and operational levels.

Network of Supply Chain Management

Management of network of interconnected business involved in the ultimate provision of product and service packages required by end of customers (Harland, 1996). Supply chain management spans all movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption (Supply Chain). Supply chain management is the systemic, strategic coordination of the traditional business functions within a particular company and across business with in supply chain, for the purposes of improving the long-term performance of individual companies and other organizations. thus, According to the APICS Dictionary when it defines supply Chain Management as the "design, planning, execution, control and monitoring of supply chain activities with the objective of greeting net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demands and measuring performance globally".

Supply chain software provides numerous advantages to organizations, empowering them to improve operations from end-to-end. Read on to learn more about the key benefits of today's supply chain software packages.



The Key Supply Chain Processes

- ❖ Customer relationship management
- ❖ Customer Service management
- ❖ Demand management
- ❖ Order fulfillment
- ❖ Manufacturing follow management
- ❖ Supplier relationship management
- ❖ Product development and commercialization
- ❖ Returns Management
- ❖ Critical supply business process
- ❖ Customer service management
- ❖ Procurement
- ❖ Product development and commercialization
- ❖ Manufacturing flow management / support
- ❖ Physical Distribution
- ❖ Outsourcing/ Partnerships
- ❖ Performance Measurement

Four Key Benefits of Supply Chain Management Software

A supply chain software can offer tremendous value to any company that relies on the smooth planning and execution of related operations to achieve long-term profitability and maintain a solid competitive edge. That's why more and more organizations are purchasing and implementing supply chain applications.

Improve Supply Chain Network

Supply chain softwares provide complete, 360 degree visibility across the entire supply chain network something that cannot be easily achieved with disjointed manual processes. With supply chain, users can monitor the status of all activities across all suppliers, production plants, storage facilities, and distribution centers. This enables more effective tracking and management of all related processes, from the ordering and acquisition of raw materials, through manufacturing and shipping of finished goods to customers or retail outlets. So the status of mission-critical activities can be tracked at all times, and potential inefficiencies or problems can be identified and corrected immediately,

before they become unmanageable

Minimize Delays.

Many supply chains particularly those that haven't been enhanced with a supply chain application are plagued by delays that can result in poor relationships and lost business. Late shipments from vendors, slow downs on production lines, and logistical errors in distribution channels are all common issues that can negatively impact a company's ability to satisfy customer demand for its products.

With supply chain software, all activities can be seamlessly coordinated and executed from start to finish, ensuring much higher levels of on-time delivery across the board.

Enhance Collaboration

Imagine having the ability to know exactly what your suppliers and distributors are doing at all times and vice versa.

Supply chain softwares make that possible, bridging the gap between disparate business softwares at remote locations to dramatically improve collaboration among supply chain partners. With supply chain softwares, all participants can dynamically share vital information such as demand trend reports, forecasts, inventory levels, order statuses, and transportation plans in real-time. This type of instantaneous, unhindered communication and data-sharing will help keep all key stakeholders informed, so supply chain processes can run as flawlessly as possible.

Reduce Costs

A supply chain software can help to reduce overhead expenses in a variety of ways. For example, it can:

- ❖ Improve inventory management, facilitating the successful implementation of just-in-time stock models, and eliminating the strain on real estate and financial resources caused by the need to store excess components and finished goods
- ❖ Enable more effective demand planning, so production output levels can be set to most effectively address customer requirements without the shortages that result in lost sales, or the waste that drains budgets
- ❖ Improve relationships with vendors and distributors, so purchasing and logistics professionals can identify cost-cutting opportunities such as volume discounts.

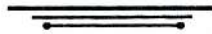
conclusion

Supply chain management is a cross function approach including managing the movement of raw materials into an organization, certain aspects of the international processing of materials in to finish goods out of the organization and toward the end consumer. The effect is to increase the number of organizations involved in satisfying customer demand while reducing management control and

more supply chain partners led to creation of supply chain management concepts.

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- ☞ The great pleasure in life is doing what people say you cannot do.
- W.Bagehot
- ☞ Many receive advice, only the wise profit by it.
- syrus
- ☞ Victory belongs to the most persevering .
- Napoleon
- ☞ The success of tomorrow depends on the work of today.

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We express our grateful thanks to our Vice
chancellor, Dean, Heads of Departments, and
Senior Treasurer for the valuable contribution in
making this magazine management Focus
Volume 13

We thank our Senior Treasurer and Lecturers for
their whole hearted support and valuable
guidance.

We Specially thank Our Head of Department and
Lecturers Who have given Valuable articles.

We thank our students for their contributions, by
means of articles.

We are very thankful to our sponsors who
have provided the much needed fund

Our sincere thanks to Jeyasri printers who have
completed this magazine with in the stimulated
time period.

Our sincere thanks belong to final year student
Pirathap for his cover design.

We thank every body attached with us during
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