

“Creating a Harmonious Relationship Between the Employer and the Employee...”

Vol.7&8

NEWSLETTER

December 2007

The FCCISL and George Steuarts Enter Into a MOU to Launch Academy for Professional Studies...



Recording yet another landmark achievement in December by the HRD & Industrial Relations Division, the FCCISL has entered into a formal agreement with George Stewart Educational Services Ltd. (GSES), a member of George Stewart and Co. Ltd., one of the oldest and most respected private sector organisations in the country, to conduct internationally recognized professional courses beginning with CIMA.

Courses will commence in January 2008, at the GSES state-of-the-art business school in Mt. Lavinia and delivered by a highly acclaimed lecture panel, among the best in the country. While market rates will be applied for corporate clients, a substantial discount for course fees will be extended to school leavers and deserving individuals on a case by case basis.

The FCCISL has already signed a MOU with the Chartered Institute of Management Accountants (CIMA) and received listed college status. It is intended to expand the scope of the school into campus status and diversify programmes conducted at GSES to regional chambers under the Industrial Relations Forum (IRF) objectives, considering the fact that most aspiring youth in the remote areas face severe odds to pursue professional courses.

With the existing close links, CIMA in association with the FCCISL will facilitate professional and short courses for upliftment under the regional diversification initiative.

It is appropriate here also to mention in appreciation of the IRF, the Ministry of Labour and the German Technical Cooperation (GTZ) will be supporting Advisory and Labour related services on Industrial Relations related issues. Regional chambers in Puttalam, Nuwara Eliya and Moneragala have already been established and

Inside...

- ↳ Employee Relations & Internal Communication, 2-3
- ↳ Importance of University Interaction with the IRF, 4-5
- ↳ HRD & IR Events, 6-7
- ↳ Abans and the Employee-Employer Relationship, 8-9
- ↳ Do We Pay People Right?., 10-11
- ↳ Questions & Answers, 12
- ↳ A Great Place To Work - A Model, 13
- ↳ Skills Development, A National Need, 13
- ↳ FCCISL Diary, 14
- ↳ Test Your Knowledge on the Payment of Gratuity Act, 15
- ↳ Communique, 16

will link with relevant offices of the Ministry of Labour, which has a network of 50 Labour Department branches spanning the country. This valuable exercise will be progressively and swiftly expanded over 2008.

Regional Business Development programmes for SMEs will soon take the centre stage when one of the leading private sector financial institutions in collaboration with CIMA, Ministry of Labour and the FCCISL, will offer venture capital with minimum or no collateral, which is a rare prospect in the country.

The Ministry has also established 300 'Job Clubs' focused on matching employment for social upliftment. The Public is not aware of the tremendous services offered by the Job Clubs when they bring together the Industries and the unemployed persons through Job Fairs which results in employment generation often within 48 hours of the Fair.

The winning team in this laudable effort, which is effectively addressing National issues in its own way, is represented by Mr. Nihal Rangala, Director HRD & Industrial Relations, FCCISL, Ms. Nilu Rajapakse, Deputy Director HRD & IR, FCCISL, the Chairman & Board of Directors of George Stewart and Co. Ltd., Mr. D. L. Kumaradasa, Additional Secretary (Employment Creation), Ministry of Labour Relations and Manpower and Mr. Aruna Alwis, Director Operations of CIMA.

Employee Relations & Internal Communication

By Jayadeva de Silva
M.SC, MBIM, FIPM, FITD



At the Seasons Inn ...

Bala is waiting in her supervisor's office. She has come to talk with Manoj about a problem concerning next week's staff schedule. Just after Bala arrives, Manoj receives a phone call. He has an angry exchange with the caller, slams down the receiver, and storms out of the office, muttering to Bala, "wait here!"

"What a rotten time to have to bring this up," Bala sighs. "He's in a lousy mood."

When Manoj returns, it's clear he's still angry. He throws his clipboard on his desk and does not look at Bala, but asks rudely, "What do you want?"

As Manoj shuffles through some papers on his desk, Bala says, "Several weeks ago, I asked for next Saturday off for my sister's wedding, Sir. I just looked at next week's schedule and I'm working on Saturday."

Manoj stops his paper search, glares at Bala, and shouts,

"you said you needed the third Saturday off, and I gave it to you. The third Saturday of the month is the 20th."

"I meant the third Saturday from when we were talking. I need the 13th off," Bala sighs. "This is terrible. Can we do something about it?"

Manoj leans back, covers his eyes with his hands, and replies sarcastically, "No problem, Bala. I'll be happy to rearrange the schedule to suit your family's needs."

What do you think?

Respond to each statement below by checking the appropriate box.

- | | | |
|----------------------------------|-----------------------------------|---|
| True
<input type="checkbox"/> | False
<input type="checkbox"/> | 1. We communicate only when we want to communicate. |
| <input type="checkbox"/> | <input type="checkbox"/> | 2. Words mean the same thing to both speaker and listener. |
| <input type="checkbox"/> | <input type="checkbox"/> | 3. We communicate chiefly with words. |
| <input type="checkbox"/> | <input type="checkbox"/> | 4. We believe what a person says, not how he or she says it. |
| <input type="checkbox"/> | <input type="checkbox"/> | 5. Communication is a one – way flow of information from the speaker to the listener. |

Communication plays an important role in Employee relations in any organization. Now let us analyze the above case and discover several myths about communication. Myths of communication are common misunderstandings about communication. When people believe these myths, they make mistakes in communication.

1. We communicate only when we want to communicate. FALSE

We communicate all day, every day, often without realizing

it. As long as people can observe or hear us, they're getting information from and forming opinions about us.

2. Words mean the same thing to both speaker and listener. FALSE

When Bala said she needed the third Saturday off, she thought she was being clear. Manoj thought he clearly understood. However, both of them attached entirely different meanings to the same set of words. Words hold different meanings for different people based on their experiences, perception, and interpretations.

3. We communicate chiefly with words. FALSE

Manoj communicated a great deal without using only words. He argued, slammed the phone, stormed out, muttered, threw the clipboard, glared, shouted, and replied sarcastically. And Bala clearly got his messages! In reality, we communicate most of our messages nonverbally. We use our tone of voice, facial expressions, eye contact, gestures, and the way we sit or walk to communicate what we are feeling and to support the words we speak.

4. We believe what a person says, not how he or she says it. FALSE

When Manoj leaned back, covered his eyes with his hands, and replied sarcastically, "No problem, Bala. I'll be happy to

rearrange the schedule to suit your family's needs," do you think Bala really believed it would be no problem and that Manoj would be happy to do it? It's not likely. She believed Manoj's tone of voice and what she saw, not the words he spoke. When a person's verbal message and nonverbal message don't match, the listener will believe the nonverbal message.

5. Communication is a one – way flow of information from the speaker to the listener. FALSE

During their meeting, both Bala and Manoj spoke, listened, and responded to what the other has to say. Some people believe that communication is a speaker talking at a listener rather than with a listener. In reality, effective communication takes place when both individuals participate actively. They do this when the listener gives the speaker feedback. Feedback is a listener's reaction to the speaker's verbal and nonverbal communication. Feedback can be verbal, such as "I don't understand what you mean," or it can be nonverbal, such as scowling or shaking your head.

ROADBLOCKS TO EFFECTIVE COMMUNICATION

Communication should be a simple, clear process in which each person honestly tries to understand what the other is saying and feeling. Unfortunately, in practice, we make communication much more difficult. We set up roadblocks that interfere with the true communication message and cause misunderstanding. While there are many roadblocks to effective communication, we'll look at five that cause special problems for supervisors.

1. Unfair Comparison

It's a mistake for us to compare one employee with another. Whenever possible, evaluate each employee by how well he or she matches up to the standards for the job. This is especially important in coaching and evaluating employees.

2. Just – Like – Me

We tend to like those individuals who behave or think as we do, or who have similar backgrounds and characteristics. This may lead us to favour these people and to disregard those who are different from us. Be very careful to avoid this type of

comparison when interviewing applicants or conducting employee evaluations.

3. Stereotypes

Stereotyping occurs when we form general opinions about certain groups, and then apply these opinions to every person in that group. As a result, when we meet a member of that group we form a hasty, incorrect first impression. Don't think that all people who belong to a group are the same. Everyone is an individual,



and we should not assign a behavior characteristic to a person until we see him or her use that behavior. This is important when interviewing, coaching, evaluating, and disciplining employees.

4. Good Day / Bad Day Effect

We all have good days and bad days. Some supervisors allow their feelings to affect communication with their employees. If they're having a bad day, they're more critical of their employees. If they're having a good day, they're less strict about employees' work. We must work to evaluate performance consistently. This is especially important when coaching, evaluating, and disciplining employees.

5. Halo or Pitchfork Effect

We practice the halo effect when we favor a person because he or she has a quality we find attractive or valuable. In the process, we may overlook some negative behaviour on the part of the person. The pitchfork effect occurs when we dislike someone because they have a quality we don't value. Try to avoid this all – or – nothing thinking, especially when you're training employees or evaluating them.

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*...Each
Day
A
Life...*

*I count each day a little life,
With birth and death complete;
I cloister it from care and strife
And keep it sane and sweet.*

*With eager eyes I greet the morn,
Exultant as a boy,
Knowing that I am newly born
To wonder and to joy.*

*And when the sunset splendours wane
And ripe for rest am I,
Knowing that I will live again,
Exultantly I die.*

*O that all Life were but a Day
Sunny and sweet and sane!
And that at Even I might say:
"I sleep to wake again."*

*- Robert Service (1874-1958),
poet and writer*

IMPORTANCE OF UNIVERSITY INTERACTION WITH THE IRF

*By Prof. Ananda Jayawardane
Dean, Faculty of Engineering, University of Moratuwa*

Keynote Address at Industrial Relations Forum
8th August 2007

First of all, I would like to thank Mr. Nihal Rangala for his keen interest in getting university representation to your forum and inviting me to deliver the Keynote address at the 3rd meeting of the general body of the Industrial Relations Forum of the FCCISL. I am very pleased to share my thoughts on industry-university interaction with a very distinguished audience representing the whole cross section of our industry and all the stake holders – policy makers, law makers, regulators, advisors, practitioners and teachers.

It was not so long ago, perhaps less than 10 years ago that we identified the importance of university-industry interaction. There was a time that universities and the industry worked independently and criticised each other for their roles in human resources development. Industry constantly complained on the universities' lack of understanding of the industry requirements in terms of the knowledge, skills and attitudes of passing out graduates making them a misfit to industry needs. On the other hand, universities complained that the industry does not understand the capabilities of graduates and does not provide the necessary support to meet their expectations. Although this situation is vastly improved due to various initiatives by some industry sectors, chambers such as this and some universities, there exists still a gap between the quality of university graduates and the industry expectations.

I have no doubt that you all in the audience have very clearly identified the need for effective university-industry interaction. With all the experience that I have I firmly believe, university-industry interaction that we experience today fall significantly short of my expectations. I do not like to consider the universities and industry as two different entities when it comes to development of human resources or creating wealth for the nation. Both stakeholders should act as one whole team working together, sharing resources, recognising expertise and exploiting opportunities for mutual benefit and benefit to the nation.

The Industry Relations Forum is a launching pad and a breeding ground for vibrant university-industry partnership. Let us now see the possible areas of collaboration and the mechanisms we can use for reaping maximum benefits. We will start with the four objectives of IRF: capacity building, awareness creation, consultancy services and advocacy services and the related functions as identified in the previous presentation.

Capacity Building

With a high calibre pool of HR experts together with expertise of the Labour Department facilitated by FCCISL, the IRF is undoubtedly a huge resource base for capacity building of any



organisation in HR aspects. The need for capacity building in the university sector is amply evident by the following situations that we often experience in the universities:

- Closure of universities due to employer / employee conflicts bringing all the academic activities to a stand still.
- Long standing court cases due to human rights violations by employers, violations of bonds and agreements, duties and obligations by employees.
- Unpleasant relationships between the university authorities, employees, trade unions and students due to lack of awareness of the duties and obligations, lack of communication between parties and poor interpersonal relationships.

The universities will be extremely happy to obtain the services of IRF for capacity building in these areas through respective staff development centres. These programmes benefit not only administrators and non academics but also academic staff enabling them to effectively disseminate those to students, multiplying their benefits.

CHANGING STUDENT ATTITUDES AND SOFT SKILL DEVELOPMENT

Another aspect which has become a real headache to university authorities in almost all universities is the student problems and social disharmony arising out of hard lined student attitudes deep-rooted due to various reasons. These student agitations very often lead to clashes between student groups or with the university authorities, resulting in total university closures. Even today, several universities and the faculties are closed due to this problem. Inculcating social harmony attributes and building correct attitudes have become a real challenge for the universities. This is where the support of all human resource experts can be very effectively utilised. One mechanism possible is introduction of student mentoring either as a curricula activity or extra curricula activity. This was introduced by Dr. Keerthisena in the Colombo University and is very effectively implemented at the University of Moratuwa.

All second year students have to undergo a mentoring programme during a semester and a term specifically designed for soft skill development and building team skills, leadership and positive attitudes. The program consists of common lectures and discussions on various aspects and visits to mentors in groups of 5-10 students over a period of 13 weeks covering areas such as breaking ice, psychological readiness,

organisational behaviour, communication skills, presentation skills, teamwork, leadership, organisational structure, career search skills and personal grooming. This program is a huge success at Moratuwa and commended by quality assurance reviewers and international accreditation teams. Commencing at the Civil Engineering Department in 2003, it has now been embraced by almost all departments in the Faculty of Engineering and some departments in other faculties.

I am very happy to note that some of our distinguished mentors who are mainly human resources experts and annual sponsors of this mentoring programme are in the audience. I see a huge opportunity for IRF to extend this service to all universities. Here again I appeal to the industry not to consider this as a liability but to consider this as your duty and an investment in advance to have well balanced, highly capable, value added employees to be recruited to your own organisations.

Contributing to Teaching

Even highly technological degrees such as engineering are now deviating to some extent from hard core engineering to include essential management and soft skill development so that graduates are almost ready for fully fledged employment on graduation. These subjects are best taught with the assistance of practicing professionals sharing their real life experiences, to be very effective. This is therefore another area where universities would be delighted to obtain services of practitioners as visiting lecturers both for undergraduate and post-graduate education.

Research Studies on Employment and Industrial Relations

University-industry partnerships should be mutually beneficial to be sustainable. This is where expertise available in the universities can be effectively utilised to undertake research in various areas needed to fulfil the four objectives of IRF such as employment and industrial relations, man power planning, motivation, conflict resolution and policy formulation. Research already carried out and findings available can be readily accessed by the industry for appropriate application or for further research. Areas needing addressing can be communicated to universities for further research or can be implemented as joint research projects. This way knowledge generation and effective application can be further enhanced.

Other Areas for Collaboration and Existing Good Practices to be Enhanced

Although the main focus of the IRF is on HR aspects, it is necessary that we look at related areas in order to address quality and productivity improvement in enterprises, which also is a function identified by the IRF. Given below are some of the areas already having some collaboration and perhaps have great potential for growth.

1. Department Industry Consultative Boards (DICB), Faculty Industry Consultative Boards (FICB) and University Industry Consultative Boards (UICB) with 50/50 academia/industry participation have been established at University of Moratuwa as a mechanism for mutual benefit. DICB, FICB and UICB meetings are held quarterly, bi-annually and

annually respectively in order to quickly obtain industry feed back on the responsiveness of our courses, revisions needed, visiting lecturers, training opportunities for both students and staff, research needs and so forth. These meetings are regularly monitored at the Faculty level for enhanced effectiveness.

2. Establishment of industry sponsored labs for research and development. University of Moratuwa has several successful labs such as Dialog-UOM mobile telecommunications laboratory, Zone24x7 laboratory for emerging technologies – agreement signed this morning. Negotiations are in progress to establish two more labs in the areas of Apparel and textiles, and Food processing.
3. Establishment of endowed research chairs in specialised areas to carry out research and development by academic staff.
4. In addition to regular UG and PG academic programs, offering of customized or general continuing professional development programs such as short courses to meet industry needs, Moratuwa University has two outreaching mechanisms, University Industry Interaction Cell (UIC) operating within the university regulations and Uni Consultancy Services (UNIC) a limited liability association considered as the commercial arm of the University.
5. Conduct joint research projects to address specific issues in the industry either as undergraduate, post-graduate and sponsored projects by appropriate mechanisms.
6. Providing attractive employment opportunities for university academics to work in the industry for a period of one year to obtain necessary industry exposure to be value added lecturers.
7. Making use of other specialised units such as the Engineering Design Centre at University of Moratuwa to obtain specific product development services by the industry.
8. IRF collaborating with the universities in capacity building in large, medium and small enterprises in HR, quality and productivity enhancement aspects.
9. IRF acting as a facilitator for transfer of technology developed by the universities to industry, specifically small and medium enterprises.
10. Providing placements for undergraduates to obtain a well planned and supervised industrial training which may be a part and parcel of degree requirements.
11. Providing awards and bursaries for needy students as part of the corporate social responsibility of the organisations.

Concluding Remarks

The opportunities available for university-industry interaction for mutual benefit are vast and wide ranging. Although there is increased attention to this aspect both by the universities and the industry, there are plenty of opportunities untapped or needs wide application. In order to reap maximum benefit from these exercises it is necessary that both parties deviate from criticising each other for not doing their job properly but to converge our minds to address the issues collectively with the objective of long term vision of enhancing efficiency, productivity and competitiveness of our organisations and institutions. I consider IRF is a launching pad and a breeding ground for this initiative. □

HRD & IR EVENTS..

IRF General Body Meeting # 2

26th April 2007, Hilton Colombo Residence



(L-R Seated) Ms. Nilu Rajapakse - Deputy Director HRD & IR, FCCISL, Mr. Kingsley Bernard - Director Corporate Planning, Daya Group Ltd., Ms. Uta Borges - Programme Coordinator, GTZ, Mr. Nihal Rangala - Director HRD & IR, FCCISL, Mr. Priyal de Silva - Senior manager Employee Development, Union Assurance Ltd., Ms. Samantha Bandula, Group HR Manager, DIMO. **(L-R Standing)** Mr. Mangala de Silva - Assistant Manager HRD, Colombo Dockyard Ltd., Ms. Sudanthi Suppiah - Executive Secretary, FCCISL, Mr. Chandana Jayawardena - Senior Manager, Ceylinco Development Bank, Mr. Claude Perera - Head of HRM, Commercial Bank, Mr. V.M. Karunaratne - OSH Consultant (former Chief Factories Inspector, Dept. of Labour), Mr. Faiz Omar - Manager Compliance and Health and Safety, MAS Intimates (Pvt) Ltd., Mr. D.W. Subasinghe - Secretary General, Ceylon Federation of Trade Unions, Ms. Hiranthi Kariyawasam - HR Development Executive - Lankem Ceylon Ltd, Mr. Chatura Wijesuriya, General manager HR, Ceylon Biscuits Ltd., Mr. Mervyn Rodrigo - General manager (HR) Jinasena Ltd., Mr. Manjula Valentine, Senior Executive - HR, T&S Buttons, Mr. Brian de Silva, Mr. Aruna Fernando, President CIMA., Mr. Priyantha Wijeratne - Manager Talent Engagement & Development - T & S Buttons (Brandix Group).

The second General Body of the Industrial Relations Forum (IRF) was attended by twenty two members. Two deputy chairmen were selected namely Mr. Kingsley Bernard, Director Corporate Planning and Business Development - Daya Group Ltd and Mr. Priyal De Silva Senior Manager Employee Development - Union Assurance Ltd. Initial discussion of the National Industrial Relations convention took place. Four sub committees were formed to address the key objectives of the IRF; Capacity Building, Advisory Services, Consultancy Services and Advocacy services.

ATI Seminar

11th July 2007, Apprentice Training Institute, Katubedda, Moratuwa



A one day seminar was conducted by the Institute of Business and Industrial Studies (IBIS) at the Apprentice Training Institute (ATI) where industrialists were informed of the various programmes conducted by the ATI. The seminar ended with a guided

tour to show the equipment and the training facilities available and proved to be a very effective way of disseminating information on the technical and vocational education services available at ATI. Around 50 industrialists participated at this event. IBIS is supported by the Sri Lankan - German Development Cooperation through the GTZ-assisted programme Capacity Building for Competitiveness and Qualified Employment (CBCQE).

IRF General Body Meeting # 3

8th August 2007, Hilton Colombo Residence

Twenty four new members were welcomed at the third General Body Meeting of the Industrial Relations Forum (IRF). Special tribute was made to the IRF Patron Ms. Uta Borges, Programme Manager, GTZ, who, as Mr.



Samantha Abeywickrama put it, had brought real meaning to the Industrial Relations Forum of the FCCISL. The Deputy Chairmen of the IRF then took the lead in discussing the objectives and theme of the National IR Convention. Three sub committees on Publicity, Logistics and Programme were set up for the event. Forty eight members of the General Body participated.



Standing (L-R) L.A. Pradeep, Information Officer, FCCISL, Mr. Jayadeva de Silva - Management Consultant, Humantalests Ltd., Mr. Shiran Weerakone - Manager HRM & Development, Dialog Telekom Ltd, Mr. Chandana Jayawardena - Senior Manager, Ceylinco Development Bank, Mr. Chandrasiri Hewapattini - Head of Human Resources, Nations Trust Bank Ltd, Mr. Priyantha Wijeratne - Manager Talent Engagement & Development, T & S Buttons (Brandix Group), Mr. Manjula Valentine - Senior Executive HR & Admin, T & S Buttons (Brandix Group), Mr. Marcus Liyanage - Personnel Manager, Associated Motorways Ltd., Mr. Sujith Jayasekera - Group Human Resource Manager (Works HR), Brandix Apparels (Pvt) Ltd., Mr. Bandula Ratnayake - Director Studies - IPM, Mr. Ishan Dantalarayana - Director HR, Asia Head of HR CCT BU, Virtusa Inc., Dr. Travis Perera - Senior Consultant, Postgraduate Institute of Management (PIM), Mr. Rohan Dassanayake - Deputy Head of HR Development, Peoples Bank, Mr. Gunasiri Weerakoon - Senior Labour Consultant, Mr. P. S. M. Gunaratne - Dean, Faculty of Management & Finance - University of Colombo, Mr. Samantha Abeywickrama - Chairman IRF / Secretary General, FCCISL, Mr. B. A. Warnakulasuriya - General Manager, Administration, ACL Cables Ltd, Mr. Nihal Rangala - Director HRD & IR, FCCISL, Prof. Ananda Jayawardena - Dean, Faculty of Engineering, University of Moratuwa, Dr. K. Keendra - Senior Lecturer, University of Colombo, Mr. P. T. K. Ramakrishna - Group HR & Administration, Sea Consortium Lanka (Pvt) Ltd, Dr. Suren Peter - Head, Department of Industrial Management, University of Kelaniya, Mr. Gamini de Alwis - Senior Lecturer, Faculty of Management & Finance, Mr. Geoff Garnier - Head of Personnel Dept, Abans Group of Companies, Dr. N. J. Nawaratne - Head Dept., of HRM, Faculty of Management & Finance, Mr. Priyal De Silva - Senior Manager Employee Development, Union Assurance Ltd, Mr. Ruwan Kodikara - Human Resource Manager, Abans, Mr. Shan Heenkenda - Group Relationship Mgr, IR & Employee Relations, DFCC Bank, Mr. Benedict Ulluwishewa - Vice President, Organization of Professional Associations (OPA), Mr. Kingsley Bernard - Director Corporate Planning and Business Development, Daya Group Ltd. **Seated (L-R)** Miss. Sudanthi Suppiah - Executive Secretary, HRD & IR, FCCISL, Mrs. Nilu Rajapakse - Deputy Director HRD & IR, FCCISL, Mrs. Gaya Hapuarachchi - Senior Specialist VT, Advisor, GTZ, Ms. Hiranthi Kariyawasam - HR Development Executive, Lankem Ceylon Ltd, Mrs. Uta Borges - Programme Coordinator, GTZ, Ms. Pushpika Gunatilleke - National HR Manager, DHL Keells (Pvt) Ltd, Dr. (Mrs.) Dhammika Abeyasinghe - Senior Lecturer, Dept., of Industrial Management, University of Kelaniya, Dr. Vathsala Wickramasinghe - Senior Lecturer, University of Moratuwa, Dr. Padma Ratnayake - Executive Director, South Asia Partnership (SAPSri), Ms. Shyamali Subasinghe - Secretary, FCCISL.

IBIS Stall at the SME 2007 Machinery Exhibition

2-4th November, BMICH



The IBIS took part in SME 2007 in the training related 'Entrepreneurship and Vocational Education Pavilion' and featured six of its technical training partners namely Ceylon German technical Training Institute (CGTTI), Apprentice Training Institute (ATI), National Engineering Research &

Development Centre (NERD), Diesel and Motor Engineering Company Ltd., Jinasena Ltd. and Nikini Automation (Pvt) Ltd. There were many public inquiries and the stall was a great success.

FCCISL enters into partnership with CIMA Sri Lanka

20th July 2007



The Federation of Chambers of Commerce and Industry of Sri Lanka in a landmark effort signed a Memorandum of Understanding with the Chartered Institute of Management Accountants, Sri Lanka Branch (CIMA) to conduct CIMA programmes

and seminars etc in the provinces, at a time the private sector is tasked to move to provinces to reduce poverty and to boost the economy are faced with difficulties due to lack of adequate infrastructure facilities.

Speaking at the signing of the MOU which took place at JAIC Hilton last week, Mr. Nawaz Rajabdeen, President, FCCISL said that the FCCISL was entering into a partnership with CIMA - a highly respected professional body locally and internationally, in a bid to uplift the educational and professional standards of the small and medium enterprises, specially in the provinces, through the FCCISL branch network which is spread all over the country.

He said that FCCISL would be able to offer the rural youth educational and professional competence through the combined efforts with CIMA. Equipped with 53 regional Chambers affiliated to FCCISL has already established 10 business schools in some of the provinces. The target group includes school leavers, children of

the regional entrepreneurs, and entrepreneurs themselves so that the knowledge in business professionalism of the regions could be augmented. This uphill task has been ventured upon as this would be an essential component to facilitate the private sector to move to rural Sri Lanka.

Mr. Aruna Fernando, President, CIMA Sri Lanka Branch said that the MOU would facilitate FCCISL to work towards new and common goals and to take CIMA qualifications to the regions. They would launch joint training programmes with the aim of developing business in the regions which would mainly focus on the SME sector.

CIMA is well established in Sri Lanka with 11,000 students and 1,800 members but Mr. Fernando said that they are mainly confined to Colombo, Western Province and Kandy. He said that when businesses move to provinces there would be lucrative jobs in them and these qualified rural youth could avail of those opportunities. He said that in a constantly changing world and CIMA would also change accordingly and would offer special courses of training and launch seminars and workshops to suit the prevailing circumstances.

Mr. Samantha Abeywickrama, Secretary General, FCCISL said that they have pioneered in facilitating business education directly to the business community. Now qualifications such as CIMA would be reaching the provinces. These programmes would also be open to the employees of business establishments. He said that the FCCISL would carry out educational and professional programmes as a national priority.

Mr. Bradley Emerson, Divisional CEO, CIMA also spoke.

The Importance of Modern Technology Training in Productivity Enhancement

5th September 2007, Hilton Colombo Residence



A workshop was held on the on Importance of Modern Technology Training in Productivity Enhancement by the Institute of Business and Industrial Studies (IBIS) of the FCCISL in cooperation with the GTZ-CBCQE.

Mr. Nihal Rangala, Director, HRD and IR, FCCISL explaining the purpose of the workshop said that for the first time in the history of Sri Lanka, a very successful Technical Training Integration Initiative was launched where the State and Private sector integration is involved.



On behalf of the IBIS Core Group Mr. Nawaz Rajabdeen, President, FCCISL paid tribute to Mr. Franz Porcscha, Senior Advisor, GTZ the Patron of IBIS who has been instrumental in the establishment of IBIS and continues to be committed to its success.

Prof J. A. K. S. Jayasinghe, Professor, Department of Electronics and Telecommunications Engineering, University of Moratuwa made the keynote address on "Importance of Modern Technology Training in Productivity Enhancement". He defined productivity as the amount of output created per unit input used, as in the case of labour productivity is measured as output per worker or output per labour-hour. He said that productivity can be improved by achieving more output of the same input; achieving the same output from less input; achieving much more output for slightly more input; getting slightly less output for much less input. The line of attack he said would be to; improve the basic process by research and

development (long term); improve and provide new plant, equipment, and machinery (long term); simplify product and reduce variety (medium term); improve existing methods and procedures (short term); improve the planning of work and the use of manpower (short term); increase the overall effectiveness of employees (short term) and use advanced Technologies for Productivity Enhancement. Automation by robotics and IT also could improve the productivity. Prof Jayasinghe pointed out the importance of developing new products and processes, improve/simplify products and processes, develop new tools, develop new materials and develop new machinery.

Dr. Travis Perera, Senior Consultant, Postgraduate Institute of Management (PIM) made a special address on "Developing Human Resources in the Technological Sector".

Ms Nilu Rajapakse, Deputy Director HRD I IR, FCCISL giving details of the Institute of Business and Industrial Studies said that the main objectives of setting up the IBIS has been to assist in the modernization of the industrial sector in Sri Lanka, through training and further training of industrial staff, in selected modern technologies and is supported by the Sri Lankan - German Development Cooperation through the GTZ-assisted Programme Capacity Building for Competitiveness and Qualified Employment (CBCQE)

While the composition of IBIS includes; HRD and IR and Secretariat of FCCISL, German Technical Cooperation, Small and Medium Enterprise Developers (SMED), FCCISL; Institution of Engineers of Sri Lanka, University of Moratuwa, University of Colombo, Open University, and many other key stakeholders in the Technical and Vocational Training sector The Ceylon German Technical Training Institute (CGTTI), National Engineering Research and Development (NERD) Centre, Apprentice Training Institute (ATI), Diesel and Motor Engineering Co Ltd (DIM)), Jinasena Ltd., Colombo Dockyard Ltd., Nikini Automation Systems (Pvt) Ltd., were some of the IBIS Partners that made presentations at the workshop. The invitees consisted of all the key stakeholders in Vocational and Technical Training, from both the State and Private Sectors.

Abans and the Employee-Employer Relationship

By: *Avon Dissanayake*
& Jerastin Dubashi

Employees as Internal Customers

With over 200 showrooms and 400 dealers throughout the country, Abans' customer base stretches far and wide across Sri Lanka, and now across the world with the introduction of the online shopping portal, www.buyabans.com. However, our most important customers remain, not the person that visits our showroom to purchase a television or refrigerator, but the 6,987 employees that make the Abans Group function, develop and prosper.

It has long been Abans' credo to retain our customers for life, that is including our internal customers, namely our employees, as well as our external customers. With this in mind, we attempt to develop every aspect of our relationship with both sets of "customers".

Providing for Customers

Developing our relationship with our external customers involves providing the right range of products, at the right place, at the right price and at the right time as well as continuous advertising campaigns and sales staff training. But, developing our relationship with our employees involves providing them with an environment that is healthy, safe and one which allows them to continuously learn and grow. State-of-the-art workstations, air-conditioned offices, sanitary facilities, piped music, a fast-food outlet and a cafeteria, high-technology infrastructure and frequent employee discounts on Abans products are some of the facilities and perks provided to Abans employees. Comprehensive medical insurance for employees and their families extend the Abans' span of care.

Providing an environment conducive to the growth and development of our employees involves a keen focus on skills and knowledge training. Staff are exposed to technical skill areas of training such as Electronics, Operational procedure, 5S, Supply Chain Management, and most importantly, the Abans standards and value systems. Soft skills training enable our employees to obtain and develop skills that will ensure they add value to everything they do at home and at the workplace. The list of Soft Skills training programs on offer is endless, including programs such as Communication Skills, Time Management, Teamwork development (outbound training), Planning and Negotiation skills, Coaching and Counseling etc.

Training programs are conducted by leading trainers and training institutions, with professional certification on offer for participants. Individual Career Development Plans (CDPs) ensure that Abans has clear succession planning and also, career development for young professionals with high aspirations.



The E-Learning hub, is a new addition to our training media, comprising of a large number of articles from leading publications, product presentations, and skills development material. Staff members are also able to assess IT, and English skill levels by taking on-line examinations offered via e-learning. Not only does this method provide timely and uniform information updates to our employees in geographically dispersed locations, but, it also helps consolidate on-the-job training received during the day as employees are allowed to access the E-learning hub even when they are at home.

We have had such success in this area, that not only do top and mid-level employees benefit from this training, but our support network employees do as well. Employees that have started out at Abans as labourers have gone on to become drivers, store assistants and storekeepers through internal and external training. Clerical staff have ascended to the posts of Zone and Regional Managers and are each handling sometimes more than 20 showrooms under their purview.

Customer Feedback

Another important aspect of developing relationships with customers is asking for feedback and using this to improve and extend current levels of service. We apply this to our relationships with our employees through the use of an "open door" policy. Any employee, throughout the entire company, is free to address, in person or otherwise, any other person in the company, be it at a higher or lower level. This is such that even the elevator operator can speak to the Managing Director directly. Suggestions and ideas from employees are treated with respect and are implemented as much as possible.

Rewarding Customers

Maintaining customer relationships also involves rewarding customers for their continued support and feedback. As mentioned previously in this article, rewarding able employees through promotions and extensions of responsibilities is an important part of maintaining employer-employee relations, and showcases an employer's appreciation of their employees' contributions. Similarly, Heads of Departments are actively encouraged to guide and assess employees on an individual and collective basis,

so as to reward them for their efforts during the annual "Quest for Excellence" Abans Employee Awards Ceremony. Achievements in work related areas, innovation, commitment and personal development are all recognized.

Customers and Society as a Whole

Abans also endeavours to be a responsible company, that not only sets an example in the business sector, but also in society in general; thereby, encouraging our employees and customers to become more aware of Sri Lanka's social issues. Our Corporate Social Responsibility Initiative focuses on Education, particularly in the areas of women's empowerment. In an effort to start "at home," Abans incepted the campaign through a series of International Computer Driving License (ICDL) scholarships offered to the children of our employees. Abans continues to support this endeavour through participation at Education Fairs, and donations and technical demonstrations at schools, colleges



and universities throughout Sri Lanka.

Abans continues to operate on the simple logic, that if our employees are happy, are customers will be happy, too. Our 38 years of renowned service in Sri Lanka is testament to the success of this practice.

MEMBERS of the GENERAL BODY INDUSTRIAL RELATIONS FORUM (IRF) OF THE FCCISL

Chairman

Mr. Samantha Abeywickrama – Secretary General, FCCISL

Deputy Chairmen

Mr. Kingsley Bernard, Director Corporate Planning and Business Development, Daya Group Ltd.

Mr. Priyalal de Silva, Senior Manager Employee Development, Union Assurance Ltd.

FCCISL

Mr. Nihal Rangala – Director HRD & IR

Mrs. Nilu Rajapakse – Deputy Director HRD & IR

Ministry of Labour

Mr. Norfan Fernando, Consultant, Ministry of Labour

Mr. D. L. Kumaradasa, Additional Secretary - Employment Creation and Promotion Division, Ministry of Labour

Mr. D. M. S. Dissanayake, Commissioner Industrial Relations, Department of Labour

Mr. Herath Yapa, Commissioner of Labour - Workers Education Division, Department of Labour

Mr. G. S. Pathirana, Deputy Commissioner of Labour, Labour Standards Division, Department of Labour

Mr. D. L. A. Peiris, Factory Inspecting Engineer - Industrial Safety Division, Department of Labour

Mrs. H. M. D. N. K. Wataliyadda, Assistant

Commissioner of Labour - Social Dialog Unit, Department of Labour

Mrs. Chandani Amaraturunge, Commissioner of Labour - Women and Children Affairs Division, Department of Labour

Associations / Institutions

Ms. Uta Borges, Programme Coordinator, German Technical Cooperation (GTZ)

Mr. D.W. Subasinghe, Secretary General, Ceylon Federation of Trade Unions.

Mrs. Ramya Weerakoon, Chairperson, Women's Chamber of Industry & Commerce.

Mrs. Tine Staeremose, Country Director, International Labour Organisation (ILO), Sri Lanka Offices

Mr. Aruna Fernando, President, CIMA Sri Lanka Division.

Ms. Clare Cochrane, Director Business Development, CIMA Sri Lanka Division.

Mr. Aruna Alwis, Director Operations, CIMA Sri Lanka Division.

Ms. Ranjani Goonatilleke, Director General, Institute of Bankers of Sri Lanka (IBSL).

Dr. Padma Ratnayake, Executive Director, South Asia Partnership (SAPSRI).

Consultants

Mr. Gunasiri Weerakoon, Senior Labour Consultant.

Mr. V. M. Karunaratne, Consultant, Occupational Safety, Health and Industrial Engineering, Former Chief Factories Inspector, Dept. of Labour.

Mr. Bandula Ratnayake, Director Studies, Institute of Personnel Management

Mr. Jayadeva de Silva, Management Consultant

Industry

Mr. Claude Perera, Head of Human Resource Management, Commercial Bank.

Mr. Nilush Cooray, Head of HR, Retail Sector, John Keells Holdings.

Mrs. Deshika Fernando, Group Head of HR, Hirdaramani Group.

Mr. Claude Baldsing, Human Resources Manager, Lankem Ceylon Limited.

Ms. Hiranthi Kariyawasam, HR Development Executive, Lankem Ceylon Limited.

Mr. Nilantha Jayasinghe, Employees Relative Manager, Ceylon Cold Stores.

Mr. Chandrasiri Hewapattini, Head of Human Resources, Nationtrust Bank Ltd.

Mr. Brian de Silva, Personnel Manager / Labour Consultant, Nisol Diamonds (Pvt) Ltd

Mr. Mangala de Silva, Assistant Manager - HRD, Colombo Dockyard Ltd.

Mr. S.N.S. Semasinghe, Training Engineer, Colombo Dockyard Ltd.

Mr. Nigel Forbes, Chief People Officer, Brandix Lanka Limited.

Mr. Priyantha Wijeratne, Manager Talent Engagement & Development, Brandix Lanka Limited.

Mr. Manjula Valentine, Senior Executive – HR & Admin, T & S Buttons (Brandix Group).

Mr. Sujith Jayasekara, Group Human Resources Manager, Brandix Apparels (Pvt) Ltd.

Mr. Ranjeeva Kulatunga, Head - Human Resources Management and Development, Dialog Telekom Ltd.

Mr. Shiran Weerakone, Manager Human Resources Management & Development (Operations), Dialog Telekom Ltd.

Mr. Shan Heenkenda, Group Relationship Manager, Employee Relations & IR, DFCC Bank

Mr. Marcus Liyanage, Personnel Manager, Associated Motorways Ltd.

Mr. Harin Malwatte, HRD Manager, MJF Group

Mrs. Seema Nicholas, HR Manager, George Steuarts.

Mr. Rohan Pandithakorralage, Director HRD, Aitken Spence Group.

Mr. Bennett Patternott, General Manager Human Resources, Carson Cumberbatch and Company Ltd.

Mrs. Shanaz Preena, Director HR, MAS Intimate (Pvt) Ltd.

Mr. Faiz Omar, Manager Compliance and Health and Safety, MAS Intimates (Pvt) Ltd.

Mr. Kushal Wijewickrama, Deputy HR Manager Training & Development, Unichela (Pvt) Ltd.

Mr. Priyantha Serasinghe, Head of Human Resources, Maharaja Organisation Ltd.

Brig. (Retd) Rohan Jayasinghe, General Manager-HRM, Maharaja Organisation Ltd.

Mr. Isuru Tillekewardena, Group Human Resources Director, Hemas Holdings Ltd.

Mr. Chatura Wijesuriya, General Manager – HR, Ceylon Biscuits Limited.

Mr. Keerthi Alwis, General Manager – HR, Lanka Bell

(Private) Limited.

Mr. Mervyn Rodrigo, General Manager (HR), Jinasena Ltd.

Mr. Chandana Jayawardena, Senior Manager, Ceylinco Development Bank.

Ms. Samantha Bandula, Group HR Manager, Diesel & Motor Engineering Company Ltd.

Mr. Naomai Basnayake, Director Human Resources and Admin, Paxar Lanka (Pvt) Ltd.

Mr. Rohan Dassanayake, Deputy Head of Human Resource Development, Peoples Bank

Ms. Samantha Gunasekera, Head of Human Resources, Millennium Information Technologies Ltd.

Ms. Clair Cochrane, Director of Business Development, CIMA Sri Lanka Division.

Mr. P.T.K Ramakrishna, Group HR & Admin Manager, Sea Consortium Lanka (Pvt) Ltd.

Ms. Manisha Dias, Director Legal & Corporate Affairs, Emerchemie NB (Ceylon) Ltd.

Ms. Ishara Ranatunge, HR Coordinator, Emerchemie NB (Ceylon) Ltd.

Ms. Pushpika Gunatilleke, National HR Manager, DHL Keells (Pvt.) Ltd.

Mr. Surenn de Chikera, HR Manager, Nestlé Lanka Ltd.

Mr. B.A. Warnakulasuriya, General Manager - Admin., ACL Cables Ltd.

Mr. Jayendra de Silva, HR Manager, Hayleys Limited.

Mr. Ishan Dantanarayana, Director-HR, Asia Head of HR, CCT BU, Virtusa Inc.,

Ms. Gaya Hapuarachchi, VT Advisor, German Technical Cooperation (GTZ).

Ms. Jerastin Dubash, Management Executive, Abans Group of Companies.

Mr. Geoff Garnier, Head of Personnel Department, Abans Group of Companies.

Mr. Ruwan Kodikara, Personnel Manager, Abans Group of Companies.

Mr. Sarathchandra Puwakbandawe, Training Manager, Diesel & Motor Engineering Company Ltd,

Academia

Prof. P.S.M. Gunaratne, Dean, Faculty of Management & Finance, University of Colombo.

Dr. N. J. Navaratne, Dept. of HRM, Faculty of Management & Finance, University of Colombo.

Mr. Gamini de Alwis, Senior Lecturer, Faculty of Management & Finance, University of Colombo.

Prof. Ananda Jayawardena, Dean, Faculty of Engineering, University of Moratuwa.

Dr. Vathsala Wickramasinghe, Senior Lecturer, Department of Management of Technology, University of Moratuwa.

Dr. Travis Perera, Senior Consultant, Postgraduate Institute of Management (PIM).

Dr. Suren Peter, Head, Department of Industrial Management, University of Kelaniya.

Dr. Dhammika Abeysinghe, Senior Lecturer, Department of Industrial Management.

DO WE PAY PEOPLE RIGHT?

By C. Hewapattini,
Head of Human Resources,
Nations Trust Bank

The pressure on organizations to add value, achieve sustained competitive advantage and respond and adapt quickly and flexibly to new challenges and opportunities are relentless. The quality of the human and intellectual capital possessed by organizations is seen generally as the key factor in differentiating them from their rivals and achieving superior results.

Organizations have increasingly begun to realize that in order to maximize the return on their compensation investment without sacrificing the ability to compete for talent or risking the engagement levels of their employees, they must create a compensation strategy that fully supports their organizational business strategy and offer competitive remuneration.

The pay arrangements in Sri Lanka, particularly under Collective Agreements, grant across the board increases and as a result there is slight differentiation between high and low performers. Such pay arrangements are primarily used to adjust the overall salary structure for changes in the labour market and for increases in inflation. The trade unions often resist any form of differentiation of pay awards, justifiably so in many instances, due to the inherent difficulties in objectively measuring performance of employees that leads to serious morale issues in the organization. Therefore, if any pay arrangement is to be meaningful, a robust performance management system is a *sine qua non*.

An organization's reward system is a powerful force, not only because it motivates improvement but also it sends a powerful message about what is important to the business. Unfortunately traditional pay systems do not communicate business priorities and do not reinforce the behaviours that are important to the success of the business. Traditional pay practices are primarily seniority based and as a result many people achieve greater pay levels towards the latter part of their career without a corresponding increase in their contribution. This invariably leads to a situation where compensation levels are fixed at a higher level relative to competition, while high, fixed pay levels may be a serious issue when an organization does not perform well or when new competitors with lower pay levels enter the market. Base pay recognizes and rewards the individual ongoing value but beyond that, base pay has limited value as a motivational tool.

Variable Pay

To meet these challenges, organizations are rapidly adopting alternative reward systems. Among these, variable pay is probably the most broadly applicable and meets many of the current system needs.

Variable pay serves three important purposes. It;

1. aligns the pay system with the business and human resources strategies,
2. recognizes individual / team contribution to the organization,
3. makes compensation at least partly contingent upon the performance of the organization.

Traditionally, 'Pay' was viewed as a hygiene factor in an organization as it is meant to address 'internal equity' and 'external equity', rather than using 'Pay' as an integrating mechanism to achieve the overarching business objectives. Successful organizations today use compensation to communicate and reward strategic business goals.

The compensation package is traditionally composed of the following:-

- Fixed Base Pay
- Fixed Bonuses
- A series of fringe benefits linked to grades

Needless to say that such pay arrangements impose a huge financial burden on companies, as they are fixed and have no relation whatsoever to the organizational performance. Sadly, this has created an 'entitlement mentality' among employees.

The obvious response to this predicament is Variable Pay. When pay is in part variable with the performance of the business, compensation costs flex and adjust to the company's competitive and financial circumstances.

Types of Variable Pay

A variable pay arrangement may be divided into three categories:-

1. Cash Profit Sharing – This is based on some measure of profits or profitability. Organizations operate such schemes on operating profits, return on assets, return on investments, etc.
2. Gain Sharing – Pay-out represents a share of the financial gains associated with improvements in organizational performance measures such as costs, productivity, materials or supplies utilization, quality, timeliness, environmental compliance, customer satisfaction, etc.
3. Goal Sharing – Those systems in which a pre-determined amount is paid for the achievement of group or organizational goals.

Findings of the Compensation & Benefits (C&B) Survey 2006

A Compensation & Benefits Survey conducted among leading private banks and FMCGs in Sri Lanka in 2006 reveal that it is now common for variable compensation to comprise a substantial package of an employee's total remuneration. At senior executive level, the variable pay accounts for about 23 – 25% of the total remuneration so that strong leverage between performance and pay is really possible. In developed countries, the variable pay may account for about 40% of the executive pay structure. If a variable pay arrangement is to be meaningful, it must be genuinely at risk and vary substantially in accordance with wide variations in performance. Employees need to be aware that there will be no incentive in a poor performance year, which according to studies may occur at least once in five to six years.

Long Term Variable Pay

The need for long term focus argues for people in key roles adding value on a sustained basis. Also, individuals and teams of colleagues often have the responsibility for achieving business results that take longer than a year to accomplish. Therefore, long term variable pay design can make it attractive for a workforce to concentrate on achieving important goals in the future. Peter Block says "There is no question that economic ownership facilitates emotional ownership." In Sri Lanka, a large number of companies have successfully introduced stock options which have enabled them to retain talent that is scarce in the market place. Stock option is the right granted by a company to



purchase or exercise a specified number of common stock shares at a prescribed price (the grant or strike price) over a specified period of time (exercise period). Typically, the individual must meet a prescribed period of time (vesting period) before exercising stock options. Stock options result in a workforce of owner workers. Southwest Airlines made note of this by implying that customers are better cared for by owners than non-owners.

In some countries, it has become the norm for stock options to have stringent performance hurdles as an additional condition for vesting. One such condition is that 'company's total shareholder return (TSR) over the vesting period must exceed the overall return of an index of peer companies.' In other words, the company must out-perform

investment alternatives available to shareholders, in order for their long term executive incentives to be worth anything.

Conclusions

Base pay recognizes the ongoing value of employees. However, variable pay is the most important positive total pay communication tool of all. Variable pay arrangements can bring positive messages of win-win and sharing in company success. Also, variable pay arrangements place a part of employees' compensation at risk and this helps immensely in creating a strong performance culture in an organization.

FOUR CONSECUTIVE SEMINARS ON THE NEW COMPANIES ACT 2007

The Policy Support & Economics Affairs Unit of the FCCISL conducted four consecutive seminars on the new Companies Act during June, July, August & September 2007.

They were held in Colombo, Kurunegala, Kandy and Gampaha respectively. This was perhaps the first occasion that a trade promotion body conducted four repeated seminars on one topic in different parts of the country.

The topic of the seminar was of special significance to the business community

The new Companies Act which virtually replaces the archaic company law was landmark legislation which it is hoped will spur private sector economic activity, in a better organized form throughout the country. More company formation is the ultimate aim.

The new act in keeping with modern corporate legislation prevalent in many parts of the world is designed to promote inter-alia easier registration of business enterprises, facilitate smoother conduct of a company's affairs, provide transparency to the operations of a company, ensure invest-or returns in an equitable manner and also clearly spells out the responsibilities of the Directors of a company. The Act is also unambiguous in a host of other areas of corporate governance.

The first Seminar of this series was addressed by leading corporate lawyers a majority of whom were members of the Council that was responsible for the creation of the act. Also included in the two panels were Chartered Accountants and other key corporate personnel.

The first Seminar attracted over 100 participants. The Colombo seminar was followed by another in a key provincial town – Kurunegala.

Our focus was Kurunegala since it has perhaps more than any other town in the country expanded in terms of private sector driven



The Registrar of Companies Mr. D.K. Hettiarachchi addressing the participants, while Mr. J Savanadasa, Senior Consultant, Economics Affairs, FCCISL and Mr. Vipula Silva - Deputy General Manager, Ceylinco Lexcon Services (Pvt) Ltd looks on.



(L-R) Mr. Lasantha Hettiarachchi, Attorney-at-law, Mr. Jayantha Wijemanne, Vice president, DFCC, Mr. Aritha Wickramanayake, Attorney-at-law, Nithya Partners, Mr. Nihal Jayawardena, Attorney-at-law, Mr. Jagath Savanadasa, Senior Consultant, Economics Affairs, FCCISL, Mr. Ananda Wehalla, FCA, Mr. Preethi Jayawardena, FCA., Managing Director, Chemanex Ltd & Mr. S. Balachandra, Director, Millers Ltd.

economic growth, during the last decade.

The Kurunegala seminar attracted participation from 60 leading members of the business community in the Wayamba Province in addition to lawyers, bankers and accountants based in this vibrant regional business centre.

Significantly the Registrar General of Companies Mr. D. K. Hettiarachchi, who, was a member of the Council which drafted the New Companies Act and played, an important role in its formulation, was on hand in Kurunegala to lead the seminar and the discussion. He was ably assisted by Mr. Vipula Silva Attorney-at-law from the corporate giant Ceylinco Group.

The seminar held in Kandy in the Central Province on 27th August at The Women's Chamber of Small Industries and Commerce was the third that dealt with the new Companies Act.

The Kandy attendees too gained an invaluable in-sight into the Act, once again through the expertise of the Registrar General of Companies and supported by Vipula Silva.

The final seminar in this uncommon endeavour on the part of the Federation was held in Gampaha yet another town which too has witnessed substantial private sector expansion in recent years. The Federation has established a Gampaha District Chamber of Commerce & Industries and the Seminar was conducted in the elegant new offices of this chamber last September. The main speaker again was the Registrar General of companies.

Mr. Jagath Savanadasa, Senior Consultant Economic Affairs who also overlooks the policy support sphere of the Federation presided over the four seminars.

Questions

and

Answers



*Bandula P. Ratnayake
Labour Consultant
(Former President of the Institute
of Personnel Management)*

How can a Dismissal be Justified before a Labour Tribunal and other Courts?

The employer is entitled to dismiss an employee on disciplinary grounds as far as it is justifiable. The employee can challenge an unfair dismissal before a Labour Tribunal within three months from the date of termination. The Labour Tribunal is empowered to make a just and equitable order giving a relief to the employee including re-instatement with back wages if it finds the dismissal unjust and unfair. Following facts should be considered before dismissing an employee for misconduct.

- The employer should have sufficient evidence to establish fairness of his decision before a third party (i.e. Labour Tribunal). The decision should be lawful as well as reasonable, acceptable to a Labour Tribunal.
- The punishment of dismissal should not be out of proportion to the offence.
- (i.e. for a minor offence a dismissal will be a too severe punishment and a Labour Tribunal may alter the order made by the employer).
- The gravity of the offence justifying dismissal depends on the position the employee held at the time of committing the offence.
- The employer should always act in good faith and not in a discriminatory manner. If he has acted in bad faith, taking other interests into consideration, the Labour Tribunal may make a different decision.
- The past record of the employee can be considered as a fact justifying dismissal. For an example an employee having an unsatisfactory past record of poor attendance can be dismissed for a subsequent act of poor attendance by an employer considering his past record.
- Commission of a single act of misconduct by an employee during his two years service is to be taken as more serious compared to similar single act of misconduct committed by another employee during his 20 years of service.

How is the EPF Contributions calculated?

Every employee is a covered employment must pay 8% and the employer 12% of the TOTAL EARNING for the month to the fund.

Total Earnings have been defined as follows:

- Wages /Salary
- Cost of living allowance, Special living allowance and other similar allowances. (E.g: Budgetary relief allowance of Rs.1000/=)
- Payments in respect of holidays. This includes payment made in respects of weekly, public and annual holidays.
- Fees
- Commissions paid to employee.
- The cash value of any cooked or uncooked food provided by the employer to employees in prescribed employments and any such commodity used in preparation or composition of any food as is so provided. The Commissioner of Labour is

empowered to revise the assessment of the value of the food, where such assessment is low and his decision is final.

- Meal allowance
- Production Incentive / Piece rate earnings
- Overtime, NRCLG, Gratuity, Bonus, Travelling, entertainment, attendance, Rent, Service charges not included.

When can one withdraw the EPF ?

A person is entitled to be paid the amount lying in the fund under one of the following circumstances:

- After a member, being a male attains the age of fifty –five years or being a female attains the age of fifty years.
- After a member being a female ceases to be employed in consequence of marriage.
- After such member ceases to be employed by reason of total incapacity for work.
- Before the date such person leaves Sri Lanka with the intention of not returning to Sri Lanka.
- Where a member takes up a pensionable appointment in the public service or in Local Government Service.

Where a person is dead the benefits shall be paid to the nominee on a formal request.

Please send your questions to irf@fccisl.lk, or mail to: The Editor, IRF Newsletter, Level 3, No.53, Vauxhall Lane, Colombo 02.

Humour

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www.glasbergen.com



"I'm here to talk to you about outsourcing.
I have 15,000 friends who are willing to
work for fish and blankets!"

Wise Quotes

"Sometimes your best investments are the ones you don't make."

Donald Trump 1946-, American Businessman

"The pretension is nothing; the performance every thing. A good apple is better than an insipid peach."

Leigh Hunt 1784-1859, English poet and essayist

"Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat."

Sun Tzu c. 490 BC, Chinese military strategist

A GREAT PLACE TO WORK - A MODEL

*Nigel Forbes
Dilhanie Silva
Priyantha Wijeratne
Brandix Lanka Ltd.*



The foundation of every great workplace is the trust between the employees and the management. In a great workplace, trust manifests itself in every relationship. Managers believe that employees want to be productive and encourage them to participate in the business. Employees are enthusiastic and passionate about their work and the company's mission. In a high trust environment, people co-operate and collaborate, leading to positive workplace interactions, higher profits, and greater productivity.

Brandix views all its Associates as valuable members of the organization. We at Brandix continually strive to attract the right people, develop them and retain the finest. In order to do so, we adopt a very effective Rewards and Recognition scheme. This reward system recognizes both sources of motivation. Despite the fact that

financial rewards are important, we constantly keep in mind that other factors also motivate employees and influence their performance. To ensure that the reward system is effective and motivates the desired behaviors, our rewards are always based on or linked to performance.

With the objective of recognizing and awarding the best employees, Brandix celebrated an Awards Ceremony on the 3rd of August at BMICH, namely the "Brandix Nite" which honoured 50 of the Brandix's best employees, for their achievements and commitment to values as well as tangible contributions to the growth of business. All these initiatives are purpose driven and supports the business.

The various HR initiatives has brought together the expertise, methodological rigor, and proprietary tools which turned our workplace environment into a powerful source of competitive strength - while creating collaborative, successful relationships among people at all levels.

We at Brandix is embodied in the framework of the Great Place to Work model - a place where employees

**"trust the people they work for,
have pride in what they do,
and enjoy the people they work with"**

SKILLS DEVELOPMENT, A NATIONAL NEED

*By George Perera
English Trained (1st Class), B.A.(Sri Lanka)
M.Sc. (Aston U.K.), F.I.T.D. (SL)
Senior Consultant in ELLT*

As a developing country moving towards achieving economic stability, Sri Lanka needs to pay full attention to the development of skills that are required for the development of the economy of the country. The need of the hour is sustainable development in the agricultural sector, industrial sector and the service sector. All these sectors require trained manpower for the purpose of enhancing the economic development of the country in a productive manner. Those who can make this valuable contribution to the economy are professionals, skilled workers and semi skilled workers. The efficient services of these three manpower categories are an absolute necessity for the development and progress of this country. Economic development and employable skills are two factors that go hand in hand for the purpose of achieving development targets.

One of the most effective ways of acquiring employable skills is by skills training either on the basis of institutional training or by on the job training. Both these methods, if performed properly, can provide many advantages for gainful employment. This highlights the importance of a person's desire to work efficiently in any kind of job whether blue collar or white collar. It was Thomas Alva Edison who once said "The success of life depends on a person's desire to work". This emphasizes the value of acquiring the

required skills to perform successfully in any kind of work that a person is required to accomplish.

A large number of young people in our country are craving to find employment. These include O/L and A/L qualified young people and also university graduates. These numbers become bigger as years pass by. This is one side of the coin. The other side of the coin is the number of employment opportunities that are regularly advertised in the newspapers, especially the Sunday newspapers. This confirms the fact that there are employment opportunities in this country. The important factor that needs consideration is that these employment opportunities require people with employable skills which are relevant to those particular jobs, so that such people are able to contribute their best towards the productivity of those institutions. This re-emphasises the need for employable skills for gainful employment.

However the biggest obstacle we experience for training in skills is the problem of attitudes among our youth. Development of positive attitudes is an essential requirement for the progress and development of any individual and that contributes to the betterment of the society as a whole. The primary, secondary and tertiary education systems in operation in our country have an important and essential role to play in this regard. The mass media too can make a useful contribution to achieve this goal. The chambers are already contributing in different ways by conducting professional development programmes. The FCCISL can be considered as a prime example in this national service. Such programmes will contribute to the development of employable skills so that the followers of such programmes will be able to find gainful employment and better employment and contribute their best to the development of the country.

FCCISL Diary

FCCISL Back to Business wins World Award

World Chambers Federation Award,
4 – 6 July in Istanbul, Turkey



Mr. Nawaz Rajabdeen, President, FCCISL holding the award at the ceremony.

The 10th BPI Forum

20th September 2007, Hilton Colombo Residence
"Maintaining the Balance of Peace Building and Economic Growth ; The DLF Standpoint. Guest Speaker : Mr. Vasudeva Nanayakkara, Secretary, Democratic Left Front.

"Foreign Employment, Skills Migration & Competitiveness of Sri Lanka Economy"

November 16, 2007, Ceylon Continental



Guest Speaker Hon. Keheliya Rambukwella, Minister of Foreign Employment Promotion & Welfare speaking at the Forum.

The 11th BPI Forum

18th October 2007, Hilton Colombo Residence



Guest Speaker Hon. Dr. Keheliya Rambukwella speaking at the forum.

SME 2007 Mechinary Exhibition & Fair

2-4th November 2007, BMICH



The Chief Guests Hon. Kumar Welgama and Hon. with Mr. Nawaz Rajabdeen, President, FCCISL and Mr. Samantha Abeywickrama, Secretary General, FCCISL. SME 2007 was organized by the Small and Medium Enterprise Developers (SMED) of the FCCISL

Handwerk Center Kaluthara to offer broader range of training courses

Construct 2007 of NCSL and SME 2007 Machinery , Exhibition of FCCISL, November 2007



Training courses taking place at the Handwerk Centre leading to qualifications according the national NVQ standards, the center now offers a fast track solution for experienced workers as well as a broad range of short, intensive and weekend courses.

The 12th BPI Forum

15th November 2007, Hilton Colombo Residence



Guest Speaker Hon. D.E.W. Gunasekera, General Secretary, Sri Lanka Communist Part (SLCP) and Minister of Constitutional Affairs & National Integration.

FCCISL lead a trade delegation to sign a MoU with Iran Chambers

27th November 2007, Teheran

A well balanced Sri Lankan Trade Delegation led by Mr. Nawaz Rajabdeen, President, FCCISL visited Iran to sign a MoU with The Iran Chamber Commerce, Industry & Mines. The delegation comprised of top businessmen representing the sectors of Rubber and Rubber based products, Gem & Jewellery, Infrastructure Development, Coir & Coir based products, Manufacturing of Vehicle Accessories, Civil Construction, Tea & Spices and Travel & Tourism etc.

Entrepreneur of the Year 2006

National Awards

30th November 2007, BMICH



Winner of the Platinum Award, "SRI LANKAN ENTREPRENEUR OF THE YEAR 2006", Mr. W. K. H. Wegapitiya - Chairman, Laughs Holdings Ltd. being congratulated by His Excellency Tore Hatterem, Ambassador of Norway and Mr. Nawaz Rajabdeen - President of the FCCISL.



(L-R) Mr. Samantha Abeywickrama - Secretary General FCCISL, Mr. Tissa Jayaweera, Senior Vice President, FCCISL, Dr. Ravi Liyanage - Chairman, Raigam Ltd., Platinum Award Winner Mr. W. K. H. Wegapitiya - Chairman, Laughs Holdings Ltd., His Excellency Tore Hatterem, Ambassador of Norway and Mr. Nawaz Rajabdeen - President, FCCISL, Mr. Samantha Abeywickrama - Secretary General, FCCISL, Mr. Kosala Wickramanayake - Senior Vice President, FCCISL, Mr. Hasitha Abeywardana - Director Sales & Marketing, Suntlet.

Norway and Mr. Nawaz Rajabdeen - President, FCCISL, Mr. Samantha Abeywickrama - Secretary General, FCCISL, Mr. Kosala Wickramanayake - Senior Vice President, FCCISL, Mr. Hasitha Abeywardana - Director Sales & Marketing, Suntlet.



National Gold Winner, Mr. S. Kumarasinghe - Chairman/ Managing Director, Multichemi Group, Hokandara, with His Excellency Tore Hatterem, Ambassador of Norway, Mr. Nawaz Rajabdeen - President FCCISL and Mr. Samantha Abeywickrama - Secretary General, FCCISL.



Test your knowledge on the Payment of Gratuity Act

*Courtesy :
Understanding Labour Law (2002)
Planning Research and Development Division
Ministry of Labour Relations and Manpower*

1. When is the date of operation of the Payment of Gratuity Act?

Answer : Generally, this Law has come into operation with effect from 31.03.1983. However, Part I of the Act comes into operation with retrospective effect, i.e. 26.08.1972 in respect of the employees of estates vested with the Land Reform Commission.

2. What are the qualifications to receive a gratuity?

Answer : Completion of five years' service.

3. Do all the employees of five years service become entitled to a gratuity ?

Answer : No, there should be 15 employees in service in an establishment on any day during the period of proceeding 12 months.

4. Is there any procedure made available for an employee of an establishment with less than 15 employees to receive a gratuity?

Answer : Available. He or she shall seek relief from the Labour Tribunal.

5. Under what circumstances could gratuity be obtained?

Answer : In the event of the termination of employment he /she is entitled to receive a gratuity; in the case of his death, the legal heirs are entitled to the gratuity.

6. Is there a specific method for computation of gratuity?

Answer : Yes, half month's salary for each year of service based on the last drawn monthly salary. In the case of daily paid employee, at the rate of 14 days' salary for each year of service.

7. Is there a specific period of time for the payment of gratuity?

Answer : Yes. Payment shall be made within a period of 30 days from the date of termination of employment of the workman or the death of the workman.

8. Is there a relief measure to be made available for an employee in case of delaying payment beyond the due date?

Answer : A penalty (surcharge) will be imposed in respect of the period of delay. The surcharge ranges from 10% to 30%. The surcharge will also be paid to the respective employee.

9. How does the workman seek relief in the event of default of payment of gratuity?

Answer : He shall complain to the Commissioner of Labour. The Commissioner may investigate into the matter and inform the employer to effect payments. If there is no

response, legal action would be instituted to recover the dues.

10. What is meant by the last drawn salary or wage?

Answer: The basic or consolidated wage or salary, cost of living allowance, special living allowance or other similar allowances and piece rate payments.

11. Are Public Corporation employees entitled to receive gratuity?

Answer : Yes

12. In case of Local Government employees?

Answer : No

13. What about the employees of Government owned business undertakings?

Answer : No

14. In case of Co-operative employees?

Answer : No

15. In view of above, are all the employees of the Public sector and Corporations entitled to receive gratuity?

Answer : Yes. However, the employees who become entitled to have a more attractive package in terms of any Collective Agreement or any award of an arbitrator are not covered under this Act.

16. Are the employees who have eligibility to Employees' Provident Fund, become entitled to gratuity?

Answer : Yes. However, an employee who is eligible to a pension under any non contributory pension scheme does not qualify for gratuity under this Law.

17. Has the employer the right to deduct a portion of gratuity payable to the workman?

Answer : No, in the event of termination of employment for fraud, misappropriation of funds, causing damage as referred to in Section 13 of the Act, the extent of such damage or loss can be recovered from his gratuity.

18. Are there special provisions for payment of gratuity in the event of privatisation of a Public Corporation?

Answer : Yes, gratuity can be made either by cash or by Central Bank's bonds.

19. How long will it take for a bond to be converted into cash?

Answer : Maximum period of time is 10 years. Monies can be obtained at the date of leaving from service or the date of selling the company's shares to the General Public, whichever is the earlier.

Communiqué

Ongoing Certificate Courses

Upcoming Seminars

Second Series of Certificate Courses for 2007



The Export Import Documentation Course in progress

Practical English

A participant friendly Course for front-line staff (Receptionists, Counter Staff, Junior Level Secretaries and others) wanting to improve their spoken and written English skills and manage stage fright.

Duration Tuesdays 9.15 a.m. to 12.45 p.m. (14 weeks)
 Fees Rs. 7,000/= + 15% VAT
 Commenced 20th Nov 2007

Export / Import Documentation – Banking and Customs

An advanced Programme for Middle and Senior Management Personnel and Entrepreneurs.

Duration Wednesdays 1.30 p.m. to 4.45 p.m. (10 weeks)
 Fees Rs. 10,000/= + 15% VAT
 Commenced 21st Nov 2007

Business English

Specially designed for most working persons who possess a working knowledge of English, and those pursuing or aspiring to pursue professional tertiary level Programmes

Duration Fridays 9.15 a.m. to 12.45 p.m. (14 weeks)
 Fees Rs. 7,500/= + 15% VAT
 Commenced 23rd Nov 2007

Labour Related Manuals

- ව්‍යාපාරිකයින් සඳහා මූලික කමිකරු නීති අත්පොත - **Rs. 200/-**
- Manual on Employee Misconduct & Disciplinary Action (English) - **Rs. 200/-**
- නිවාඩු විවේක දිනයන් හා අනිකාල - **Rs. 200/-**
- සේවක විෂමචාරය හා විනය ක්‍රියාමාර්ග - **Rs. 200/-**
- Industrial Safety and Health (English) - **Rs. 300**



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 Ministry of Labour Relations and Manpower
 The National Journal of Labour Affairs

For inquiries or registration in future programmes please contact Tharanga, Sudanthi or Shyamali on
Tel. : 2303350/1, 2304253/4,
Email : irf@fccisl.lk, hrd@fccisl.lk,
Fax : 4627559 / 2304255.
Please fax or e-mail a Registration Form which will be supplied on request. Registration will be on a "first come" basis.

Seminar Series 1 - 2008 Labour Laws and Industrial Relations

The Federation of Chambers of Commerce & Industry of Sri Lanka (FCCISL) in association with George Steuarts Educational Services (PVT) Ltd. (GSES) is pleased to announce the commencement of Seminar Series 1 – 2008 on Labour Laws and Industrial Relations as detailed below.

- Shop & Office Employees Act and Wages Board Ordinance***
Thursday, 7th February - 9.00 a.m. to 1.00 p.m.
- Laws Related to Recruitment***
Tuesday, 12th February - 9.00 a.m. to 1.00 p.m.
- EPF/ETF & Gratuity***
Thursday, 14th February - 9.00 a.m. to 1.00 p.m.
- Employee Discipline & Employee Misconduct ***
Tuesday, 26th February - 9.00 a.m. to 1.00 p.m.
- Employment of Women and Children***
Thursday, 28th February - 9.00 a.m. to 1.00 p.m.
- Leadership & Motivation**
Friday, 29th February - 9.00 a.m. to 1.00 p.m.
- Disciplinary Inquiry Procedures**
Tuesday, 11th March - 9.00 a.m. to 1.00 p.m.
- Termination of Employment Disciplinary & Non-Disciplinary***
Thursday, 13th March - 9.00 a.m. to 1.00 p.m.
- Time Management**
Tuesday, 25th March - 9.00 a.m. to 1.00 p.m.
- Leadership and Teamwork**
Thursday, 27th March - 9.00 a.m. to 1.00 p.m.

Resource Persons

- | | |
|--------------------------|---|
| Mr. M.S.N. Fernando | Consultant, Ministry of Labour |
| Mr. Bandula Ratnayake | BA (Cey), FIPM, Labour Consultant |
| Mr. D.M.S. Dissanayake | Commissioner of Industrial Relations, Ministry of Labour |
| Mr. Jayadeva de Silva | M.Sc., MBIM, FIPM, FITD, Principal Consultant, Humantalents |
| Mrs. Pearl Weerasinghe | Commissioner of Labour, Women and Children's Affairs |
| Mr. Sarath Ranaweera | Former Commissioner of Labour, Labour Consultant |
| Mr. Nishantha Kamaladasa | B.Sc. (Eng) MBA, MIE, C Eng., Management Consultant |

Fee Rs. 2,500 + 15% VAT per seminar
Medium English
Venue The modern, state of the art
 George Steuarts Educational Institute (GSEI)
 No.7F, Post Masters Place,
 Templers Road, Mount Lavinia

A discount of 25% will be extended to participants who register for 4 Programmes or more, and a Certificate in "The Essentials of Labour Laws" as indicated (*) will be issued to participants who follow 6 Programmes pertaining to Labour Laws.

Participant profile

HR Managers and Executives, Entrepreneurs, and those wanting to acquire a comprehensive coverage and interpretation of Labour Laws and key components in Industrial Relations.