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COVID-19 a strategic window of opportunity for Sri Lanka: Prof Nalin Abeysekera

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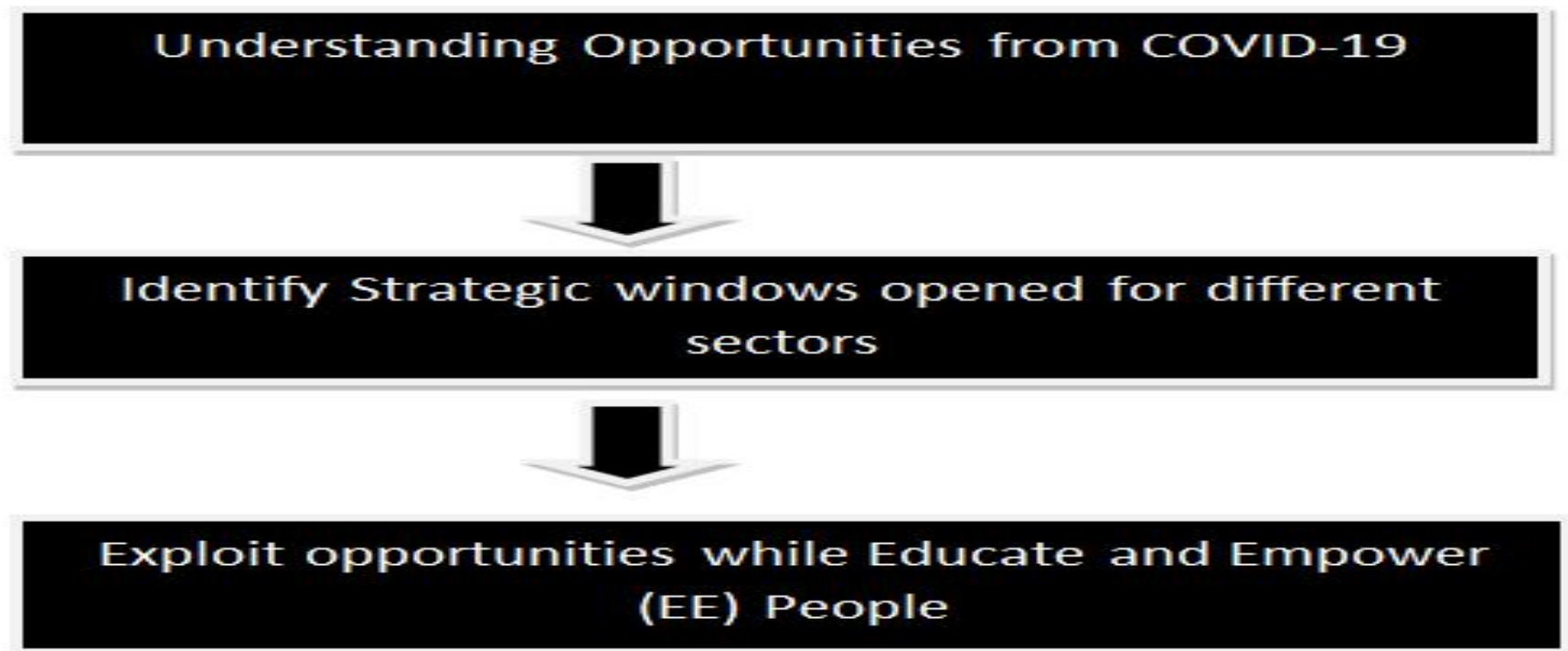
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ECONOMYNEXT – The following is the second in a series of interviews with academics and public intellectuals on the way forward for Sri Lanka in a post-COVID-19 world.

Prof Nalin Abeysekera (Professor in Management Studies) at the Open University of Sri Lanka believes COVID-19 is a strategic window that has been opened for Sri Lanka to exploit to the country's advantage. He calls for a philosophical approach in order to not miss the bus (again). Excerpts follow.

EN: Very briefly, how do you see Sri Lanka's social, economic and political landscape in the immediate aftermath of the COVID-19 pandemic, and what are your predictions for the coming months?

NA: Sri Lanka needs to practice more discipline in economics at this critical juncture. A negative economic growth can be expected in the coming quarters of the year 2020 due to volatile macroeconomic scenarios and significant fiscal pressures. The country recorded negative GDP since independence only once, in the year 2001. Also in the global scenario, the International Monetary Fund (IMF) as well as the World Bank has already issued warnings on the economic fallout in the coming years. This crisis situation has not been properly communicated to society at all. There is a strategic window opened for Sri Lanka through which opportunities have been created in both local and global markets. However, there is no sufficient proactive measurement that can be seen. The general public needs to be made aware of this crisis and be empowered, lest we see disastrous repercussions in the coming months. To mitigate that the following model can be proposed.



In Sri Lanka, we have witnessed that whenever disaster strikes, people panic and try to do something different. But once things settle, post-disaster, we see people going back to the old ways, without exercising much sense. (“Sense”, in this case, is an awareness of the damages sustained and their duty and responsibility as citizens to overcome the disaster). So educating and empowering people on this is a must. For this, we propose the EE (Educate and Empower) model, to motivate people with a sense of belonging. All Sri Lankans must understand their role as responsible citizens in this crisis situation.

EN: Even as Sri Lanka starts going back to work, mass unemployment threatens to be a major crisis, post-pandemic. The poor and lower middle-classes will be the worst affected by this, and the government will likely run out of options as it runs out of the welfare budget. How do you propose we manage this crisis?

NA: At the moment, the role of the private sector needs to be redefined. Along with the government, there is a need for the private sector to form a task force with representatives of all sectors and have a public discussion on this matter. In Sri Lanka, we can see plenty of numbers in the form of rates and statistics. But the utilization of numbers for decision making is the need of the hour. There is a requirement for a better analysis of the situation with a plan for implementation. Put simply, economists and the managers of the county should sit at one table.

The threat can be converted into an opportunity. As a blue ocean strategy, Sri Lanka can have a new Working Hours Act. According to a survey conducted by business publishing company getAbstract, nearly 43% of full-time employees in the US want to work remotely more often, even after the economy has reopened. For Sri Lanka this is the time for a proper study with numbers. Both public and private sectors need to do appropriate financial and non-financial analysis and figure out whether working from home is more viable or not. For some jobs it could be impossible. For some you may come up with different formulas such as a 3:2 (three days working at the office and two days working from home) ratio. If you calculate the number of square feet, units of electricity and water consumed, the energy spent on air-conditioning, etc, with emotional components added in, you can come up with an effective equation. You can even conduct an in-depth analysis of some government organisations running at a loss under the present circumstances and work out a solution with effective planning of human resources.

It is also important to look at some of the best practices in other countries. Finland is a good example. “Flexible working has been embedded in Finland’s working culture for more than two decades. By 2011, Finland was offering the most flexible working schedules on the planet, according to a study for global accounting firm Grant Thornton, with 92% of companies allowing workers to adapt their hours, compared to 76% in the UK and the US, 50% in Russia and just 18% in Japan.” – [BBC article from last year](#).

In the same article, Tarja Kröger, a senior civil servant and advisor at Finland’s Ministry of Employment and the Economy (she helped draft the law of the new Working Hours Act in Finland) discusses the importance of this.

“.....workers will still be expected to put in an average of 40 hours a week, but this could include a multitude of different arrangements from regularly choosing fixed days to be based “at your summer cottage or your favourite coffee shop”, to starting and finishing early in order to manage childcare or be able to exercise outdoors while it’s still light. Some younger

workers, she argues, are likely to ask to work longer hours for a fixed period to “bank” time off for long-haul travel. Employees and their managers will be asked to discuss their expectations in advance and draw up a contract for any new arrangements...”

Sri Lanka needs to study best practices of this nature and try and adapt them to our context. In this situation, there is a need to appoint an apex body by the government (with representatives from private and public sectors with other stakeholders from the central bank, trade unions, and experts) to study any viable action that can be taken in this regard. It is also important to include some environmentalists as well in this forum for their input factors such as air pollution. Air pollution in Sri Lanka has declined in the last months due to the lockdown and vehicular emissions are one of the main reasons for urban air pollution.

EN: In your view, what role will the private sector play in the efforts to revive Sri Lanka’s economy, and what can the government do to facilitate increased private sector participation in the recovery process?

NA: As I mentioned earlier there is a need for the private sector to redefine its role in Sri Lanka . There is a need to have proactive measures. In Sri Lanka, we can see many associations. But there is no proper alignment between each and there is a need for consortiums. COVID-19 is an opportunity for the private sector to reposition its role in Sri Lanka’s economic landscape with some effective proposals to the government.

From the perspective of the government, I think there is a need to work closely with the private sector within their purview. Let’s consider the following example on food management to see how the government can work together with the private sector.

There are numerous reports about farmers who cannot sell their products or distribute vegetables and fruits to consumers in different areas. One report said that over 900,000 kilos of vegetables were purchased by the government last month. In some seasons you can see excess vegetables like pumpkin which farmers find really difficult to sell. This is not an exceptional case in coronavirus time, and we have witnessed this same problem for decades. One argument is that we should have proper value addition as well as marketing strategies for these products. However, there is a problem with having an updated food balance sheet for Sri Lanka. It is also important to note that “ 550,000 metric tons of vegetables and fruits were being wasted a year due to the post-harvest damage and its loss to the nation amounted to over Rs. 67 billion”, as reported in the Daily Mirror on August 28, 2019). So there is a need for a proper supply chain and efficient national plan.

We can see the above-mentioned factors being discussed in different forums, but both can be considered as a flip side of the same coin. Sri Lankans should be educated on the nutrition value of vegetables, fruits and all food items produced in Sri Lanka. Then you can expect a greater demand aligned with the “be Sri Lankan buy Sri Lankan “ tagline. Sri Lanka also imports some products which considerably affect the balance of payment of the country with no real nutrition value earned. This you can cover with some substitutes produced on our home soil.

There is a need in Sri Lanka for the following:

1. Educate people on the nutrition value of vegetables, fruits, and all food items produced in Sri Lanka and look at the possibility of growing some import substitutes in the country with properly integrated marketing communication activities (IMC).
2. To have better supply chain management in food in Sri Lanka (especially vegetables and fruits)

We also need to have proper alignment between activity one and two with a newly established institution.

There should be better alignment between the food habits and demands of the people and the supply of food. I also propose that a government institution manage this with different stakeholders and experts in food, supply chain, nutrition, strategy, marketing, finance and economics representing the public and private sectors. If you’re really concerned about sustainable growth, this is the time for us to reflect and come up with better strategies.

EN: Some glaring flaws notwithstanding, it is evident that the state has played a crucial role in managing the ongoing crisis and its socioeconomic repercussions. Going forward, to what extent should the state participate in the so called new normal? In your opinion, in what ways – if any – must the state be modernised/re-calibrated for this purpose?

NA: I still believe there is no “new normal “ in the country as the economic shock of Covid-19 has not yet been properly communicated to the general public. Mass media also should take responsibility for this. At the moment, you can see the state is taking some positive measures with policy decision making. But there is a need for officials to implement these policies with a proper understanding of the crisis. The state needs to get more private sector participation, and the private sector in turn should have one single entity (as opposed to many associations with diverging opinions) with proper representatives, experts and economists.

EN: What are some of your key proposals for social, economic and political recovery?

NA: Sri Lankan economy needs to have a paradigm shift that will pave the way for social, economic and political recovery. In universities, we need to produce entrepreneurs, not employees. This should start from K12 education. The country needs change agents. Educational reform is a must in the long run. We need to think of a ‘creative economy’.

The economic consequences of the corona pandemic are unpredictable. The rupee has come under pressure in recent days, and trading in the spot market has been low amid global volatility and liquidity injections from the central bank. Experts are of the opinion that the effect would last for months. So the time has come to think of a paradigm shift in the Sri Lankan economy. COVID-19 has sent us a message which we need to read with insight.

In Sri Lanka we are still concentrating on traditional exports like tea, rubber, coconut and garments. Something ‘out of the box’ is required to compete in the world market – even if it utilises the resources in full capacity. The concept of ‘creative economy’ can be used as a new strategy for the country in order to achieve sustainable economic development.

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