



BOUNCING BACK: WINNING STRATEGIES

Prof. Gunapala Nanayakkara

Can Sri Lanka become a developed economy? The answer is, Yes, it can. Becoming a developed economy does not necessarily mean being able to rank along with today's developed nations in terms of measures such as income per capita, per capita research outputs, per capita energy consumption, and the like. However, it does mean achieving income levels, innovative outputs, and resource consumption etc. at much higher levels than those targets recognized in elsewhere. A developed economy is one that has accumulated wealth for the nation at a faster rate than many other nations over a sustained period of time and as a result has brought ever-increasing prosperity to all citizens of the country. A developed economy is a strong economy that has made the basic economic equations right for the people of the country to meet their physiological and security needs, find adequate and meaningful work opportunities to innovate for greater productivity, compete in international environments successfully and sustain a speedy rate of growth in vital sectors of the economy.

Lessons from other countries:

Many countries that did develop their economies had the courage to find path breaking strategies for achieving their futuristic visions. These rather unique ways circumvented the conditions in which each country was operating historically, geographically, technologically, and otherwise. Sri Lanka too, though a late comer, must contextualize it's thinking while looking at pioneers to learn from.

The United States of America took almost two centuries to become the single largest industrial, commercial and military power in the world. In addition to abundant natural resources and the hard work of an adventurous people, the two world wars also helped to develop its many scientific and technological strengths. There were many entrepreneurs who worked hard to realize their vision: Richard Branson, Andrew Carnegie, George Eastman, Thomas Edison, Henry Ford, King Gillette, John D. Rockefeller, Ray Kroc, Lee Iacocca, Sam Walton, William Lear, Helena Rubenstein, and William (Bill) Gates, to name a few. It is interesting to note that most of these empire builders had poor or modest backgrounds. One common feature of all these people is their commitment to a vision and tenacious hard work to achieve it. There were and are thousands of small-scale entrepreneurs and venture capitalists who daringly invested in their future missions. There were hundreds of researchers fuelled by a lifetime dedication to extending the frontiers of science and technology. Many large companies like Merck, Bell Labs, 3M, Hewlett-Packard, Du Pont, Citicorp, Wal-Mart, IBM and Compaq had a vision of long-term development and invested huge funds in R&D aimed at technological excellence and core strengths. Despite occasional set backs, companies embracing the challenge of technological advancement marched on their paths to greatness, while creating a culture of innovation at all levels of society.



Political leaders often articulated national interest in public, formulated vision for the nation and provided leadership with resource commitments. John F. Kennedy's vision of an American on the moon, the American challenge to the Soviet Union's first entry into space, is common knowledge. Around that vision American national leaders mobilized emotional and material support for scientific and technological projects that laid the foundation for a strong economy. Energy security is a vision that Americans are committed to.

Americans are proud to be Americans. Whilst the great natural resources and hard work of an ethnically diverse population is the bedrock of their success, one should give credit to one national characteristic that has made Americans feel great about themselves: *to recognize the best and to get the best out of the best. Can Sri Lanka learn from this characteristic of the American system? If so how?*

Japan presents the example of accelerated economic development. It's development change was deliberate, visible and inspirational. In many ways, Japan can be considered the case of technological applications executed through trading agencies, industry, laboratories, universities, financial institutions and government agencies in systematic coordination in order to realize a long-term vision of global economic presence of Japan. "The Sixth Technology Forecast Survey: Future Technology in Japan Towards the Year 2025" by the National Institute of Science and Technology Policy and the Institute for Future Technology divides technological areas into the following broad categories: Materials and processing, information and electronics, life sciences, and outer space. The technological possibilities, mostly given as a defined end-result or applications, are listed with figures indicating the probable year of occurrence, as per the analyses of expert opinions. These forecasting techniques have been time-tested and they are internalized in many businesses, industries and institutions to underpin their plans of action. The future as envisioned by experts serves to gear the nation at operational levels.

Japan's phenomenal economic growth since the 1960s and its economic power at par with the United States of America were fueled by a technology vision of Japan. Lacking natural resources, Japan envisioned after the Second World War a world power made possible by technological application. Technology was to be imported in the first place. In 1975, Japan's bill for import of technologies was close to 20 billion yen and receipts of money through export of technology were around 5 billion yen. Export of technology from Japan began to increase much faster, especially after mid-1980s. By 1995 Japanese export of technologies amounted to 56 billion yen, 17 billion yen above its technology imports. While modernizing the economy with leading technologies, Japan not only preserved but more positively utilized its culture to add uniqueness to Japanese way of doing things. The Japanese model of economic management that included Japanese styles of management of employees and organizations as well as Japanese way of organizing industry and linking national institutions to work in consensus posed a formidable challenge to the Western models that had been accepted by many as 'universal truths.'

A 1997 document by Keidarnan (Japan Federation of Economic Organization) describes 'an attractive Japan', 'a country that gives the young hope for the future and is perceived by people



around the world as a good place to live, do business and study.' The report also states that 'we must understand that Japan's future depends on the progress of science and technology.' *Can Sri Lanka learn from Japan's illustration of deciding what is right Jota nation and Carrying it forward in the right way? If so what is it?*

About three decades ago, **South Korea** was just another country listed among Third World nations. Devastated by the Second World War and Japanese occupation, followed by a partitioning of the peninsula as North and South, South Korea was left alone by many countries for decades. But, South Korea created a vision and a will to be strong. Using modern technologies, the economy made significant advances in the 1980s in heavy manufacturing such as steel production, ship building, automobiles and electronics. Many western economists thinking in the western popular paradigms, believed that this was a wrong strategy because South Korea possessed neither natural resources nor core competencies in any of these areas. Cold War between the NATO powers and Soviet-Block countries resulted in a number of regional wars and in East-Asia the conflict was in Vietnam. In the process of handling of crisis in the region, South Korea became a favored nation and ally of the United States of America. A new framework of international relations provided the South Korean business to work in partnership with large and powerful multinational corporations of the West, thus, South Korea received easy access to modern technology, finance and markets elsewhere and the game of economic restructuring in South Korea against Communists in the region, namely main-land China and North-Korea received dedicated attention of the West.

In this environment, Korean people as a nation did not resort to rest in comfort. Instead, they seized the opportunity to embrace new technology, work with multinationals, harness government support for business and investment, improve education and launch its own research and development effort. *Can Sri Lanka seize opportunities available in regional and global systems and collaborate with selected partners elsewhere to secure economic strength? If so who will do it?*

India's future course of action has been designed with the help of extensive expert studies and priority sectors for investment and R&D have been earmarked. Some of them are agro-food processing, road transportation, civil aviation, waterways, electric power, telecommunications, advanced sensors, engineering industries, electronics and communications, life sciences and biotechnology. India's approach to development is clearly based on development Indian competencies, R&D for local technology development, utilization of Indian resources, and promotion of market competition in favor of Indian products and services. A tangible proof of India's ability to perform is it's IT sector. In 1983, when India's total software exports were only US\$12 million, who could have expected them to multiply 600 times in 20 years and India would be recognized in the world as a major IT power?

Similarly, an intangible proof of India's capacity to perform as a nation, is her national integration. To the surprise of many, India not only has remained integrated since independence in 1947, but also continues to be a nation of people who are proud to be Indian. *Can Sri Lankans learn from*



India to value development from within? if so when?

In essence, **Sri Lankan** planner's statements of vision and their supportive strategies and policies are hurriedly prepared writings of closed-door activists. That is why they contain more politically appealing targets, emphases, and directions and conspicuously silent on questions of how. A common lesson of development that we saw in other countries was that a clear role for science and technology has been an integral part of any development strategy. Sri Lanka's development strategies are totally unaware of science and technology, R&D and knowledge inputs of the educated population. These reports are prepared by individuals who lacked development experience and the strategies are produced to serve many purposes sans implementation.

A framework for winning strategies:

Five cardinal factors that in all likelihood would shape the development of Sri Lanka's economy in the next decade are given below.

Strong national leadership: National political leaders who would continue to provide an inspiring vision and a framework of action based on development foresight.

A pro-active private sector: An old-fashioned private sector is coached by the old-guard. Their business ideas, competencies, and competitive outlook are ingrained in the colonial days when easy trade with a few foreign partners ensured a reasonable profit. A leading business class, dominated by profit maximizing entrepreneurship, not greed of the mercantile era, having faith in research and innovation, competencies of the young, able to take risk is needed and the banking and financial sector must help transform business culture in the economy

A strong public sector: Modern economic development requires the support of a dynamic public sector. In a modernizing economy, the government must be lean, citizen-focused, and energizing. In comparison, one could observe that Sri Lanka's public sector continues to be excessively large, expensive and incompetent. Their knowledge of the globalizing world is appallingly low, and their competencies are shamefully inadequate. Still led by the old guard, the top bureaucracy miserably fails to introduce any meaningful management change in the public sector.

Strong cultural values: Sri Lanka's modern national culture exhibits many aspects of a low culture: majority of the population lack ingenuity and perseverance so they live in conditions of abject poverty; majority of the population value consumption, not thrift and saving; majority of the population are motivated by alcohol mostly brewed illegally; majority of the work force does not have work-centric values; majority of the people enjoy talking, not working and there is widespread lack of delivering commitments. We need to cultivate values relating to thinking big and wide, thinking positive, seeing future rather than the past.



Innovation: National economic development is a function of scientific and technological development. Whilst developed countries spend about 2.5% of their national income on science and technology, Sri Lanka spends only about 0.03% of her annual national income. Anti-innovation is a dominant value and operating attitude in public services and in leading traditional businesses in Sri Lanka. As a result, many business firms rely on imitation and unfair competitive practices. Business competition in the globalizing markets is fueled by new knowledge and technological innovation and there is no room for isolation.