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SL5 - INTEGRATED CASE STUDY
MARCH 2020

Assignment

Coronavirus Epidemic and the Global Economy: Challenges Facing Sri Lankan Business Organisations

With the outbreak of the novel coronavirus (officially known as COVID-19), 2020 was off to an unexpected start. On 22 January, the officials in Wuhan, China (where the virus originated) shut down all transportation in the city, which is home to over 11 million people. This news went viral in social media. Almost all the TV channels in the world reported the risk of the coronavirus epidemic globally. This new virus led cities to be cordoned off, caused airlines to cancel flights to and from China, and disrupted global businesses in many ways. The global economy is facing a massive challenge today and the Sri Lankan economy too is not free from this.

Heads of several government agencies including the Central Bank and the National Chamber of Commerce in Sri Lanka said that the deadly coronavirus epidemic has adversely affected the Sri Lankan economy. The number of Chinese tourists who visited Sri Lanka in 2018 was about 266,000. However, given the Easter Attacks of 2019, it dropped to 160,000, which is a decrease of 40% compared to 2018. This number is now expected to reduce further in 2020.

Within this shorter period of time, the coronavirus has already had a profound impact on the rest of the Sri Lankan economy. Chinese nationals are involved in a number of Sri Lankan jobs, including those on the Expressway Project, the Port City Development Project, and the housing and construction sector.

Consumer behaviour and consumer preferences have suddenly changed to a new level with different lifestyles, following the outbreak of COVID-19. Producer behaviour and preferences are also changing with different priorities, with more changes expected in the strategies and operations of producers. This is due to a blockage in the supply chain and the global market downturn. Many Sri Lankan business organisations have somewhat of a relationship with China. This is not just limited to importers of Chinese consumer products, who then trade those goods in the country, but there is also a high dependence on China for raw materials required by major manufacturing organisations. Therefore, these businesses are being hampered as well.

Required:

Assume that you are an assistant manager of a consulting business unit of one of the Big Four assurance and consulting firms in Sri Lanka. You report to the head of the business unit.

Your boss has been invited to be a panelist of a CEO Forum (evening session) on the “**Coronavirus Epidemic and the Global Economy: Challenges Facing Sri Lankan Business Organisations**”, organised by one of the leading professional accountancy organisations in Sri Lanka.

In order to prepare for this event, your boss seeks your assistance and requests you to **write a report on the subject captioned above**. Your report will be used to extract insights in order to answer possible questions expected from the audience at the Forum.

(Total: 20 marks)

General Guidelines by the Examiner

- There is no formal report structure in attending to the above requirement under the given scenario. You may follow your own report format to demonstrate your ability to prepare a report within the given scope.
- The areas to be covered include, but are not limited to, the following.
 - (i) Coronavirus epidemic and the global economy
 - (ii) Importance of the Chinese economy in the global context and overdependency on the Chinese economy by developing countries
 - (iii) Coronavirus epidemic and the Sri Lankan economy
 - (iv) Discussion on the challenges faced by different business industries in Sri Lanka
 - (v) Given the context, explain the impact and evaluate the challenges and opportunities faced by at least two industry sectors in Sri Lanka
 - (vi) Advise businesses on how to overcome the challenges they are facing, and the resilience of the business in the future

Assessment criteria and marking scheme

	Assessment criteria	Marks (%)
1.	Executive summary	10
2.	Discussion of the subject issue along with impacts, challenges and opportunities	70
3.	Recommendations and conclusion	15
4.	Overall report writing skills	5