

Copyright Reserved



**KC5 – CORPORATE STRATEGY AND CONTEMPORARY ISSUES
MARCH 2018**

Assignment

Restrictions in outbound investments

China is one of the largest economies with a GDP per capita of approximately USD 8,500. Sri Lanka in many situations has worked in partnership with the Chinese government and private investors on various projects, which have led to materialising many economic benefits. However, in the recent past China has formally set down new rules regarding investments abroad, revealing its battle against "irrational" acquisitions of assets in industries ranging from real estate to hotels, leisure and entertainment. The Chinese government has stated that property, hotels, entertainment and sports events will all be under high scrutiny in the context of outbound investments.

Chinese outbound investments have dropped by nearly 46% to USD 48.19 billion in the first half of 2017, according to the Chinese Ministry of Commerce (extracted from the Forbes magazine).

The above stipulations will adversely affect the Sri Lankan economy due to the high scrutiny of investments in general. It may worsen and result in a downward trend in foreign investments in Sri Lanka.

Hotel and leisure sector in Sri Lanka

Following the end of the civil war back in 2009, Sri Lanka is yet to reap the benefits of its paradise island. However, the tourism sector has not reached its full potential.

The following chart shows the fluctuations in tourism revenue.



(Source: Sri Lanka Tourism Development Authority)

The Board of Investment of Sri Lanka is focused on raising foreign direct investment in the country by inviting many hotel investors. The premier Asian luxury hotel chain, the Shangri-La Group (Hong Kong/Singapore), India's upscale ITC Group, Thailand's Minor Group, Spain's RIU Hotels & Resorts, Singapore's Aman Resorts, Banyan Tree Group Singapore and the Mustafa Group of Singapore are companies that have already committed to major investments in Sri Lanka.

Required:

Assume you are a strategic consultant of a company of your choice in the hotel and leisure sector in Sri Lanka.

Prepare a comprehensive report to the board of directors that entails an action plan, which can be implemented to the product portfolio of the company, analysing it under the product life cycle concept with the view of formulating a strategy that could be developed on a global scale.

Your report should address the following.

- (i) The repercussions on the hotel and leisure sector of Sri Lanka due to restrictions in outbound investments by China.
- (ii) Analysis of the product portfolio of the company in relation to the product life cycle model.
- (iii) Formulate a global strategy for the company in relation to the above two requirements.

Please note that this is not the exact structure of the report expected, and is only a broad guideline. The contents of your report should not be limited only to the above aspects, and it need not be arranged in the same order. However, there should be a logical sequence to your arguments.

(Total: 20 marks)

Assessment criteria and marking scheme

	Assessment criteria	Marks (%)
1	Understanding the issue	10
2	Illustration of the issue with facts	15
3	Analysis of the issue	30
4	Use of technical knowledge	15
5	Applicability to Sri Lanka	10
6	Conclusion	10
7	Overall presentation and professional writing	10

Additional information

- This assignment should be cost-effective and largely based on publicly available information.
- The report should not merely be a collection of already published material, and should include analysis, comments, interpretations, viewpoints and suggestions that would assist your company to formulate a global strategy (by considering the substance derived from the analysis of the product life cycle model).
- Provide references wherever applicable.
- The following materials may be useful.

<https://www.ashurst.com/en/news-and-insights/insights/recent-curbs-on-chinese-outbound-investment/>

<http://fortune.com/2017/03/21/china-outbound-investment-capital-control/>

[http://www.sltda.lk/overview of tourism in sri lanka](http://www.sltda.lk/overview%20of%20tourism%20in%20sri%20lanka)