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Editorial Note

We, the editors of the Business Cases published by the Master of Business Studies (MBS) Degree program, Department of Commerce and Financial Management, Faculty of Commerce and Management Studies, University of Kelaniya, Sri Lanka, are delighted to present Volume 2 of the Case Study book. This volume contains the business cases developed by the learning partners of the MBS batch 2 as a partial fulfillment of the requirement for the MBS degree. 05 out of 18 business cases submitted by the student teams were selected to publish in Volume 02, considering the academic rigour, breadth and depth of the case studies. The cases represent diverse business areas, including Marketing, Human Resource Management, Innovation, Strategic Management, and Operations Management. All the cases are real business cases in Sri Lanka, and the content can be used to teach undergraduate and postgraduate students in universities.

We, the editors, would like to state that this is the first time in Sri Lanka that case studies developed by postgraduate students are being revised, edited and published for the use of teaching. We would like to express our sincere appreciation to the supervisors and the authors of the case studies whose theoretical and practical contributions are presented in these Business Cases.

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Table of Contents

A Skyscraper mired in financial controversies: With Special Reference to Colombo Lotus Tower .5

R.M.S. Senevirathne, N.B. Senarathmudali, J.R.A.I.P. Jayawardhana, H.S.P. Hettiarachchi,
K.D.W.G.N.M. Leelasena, C.N. Wickramasinghe

A Misaligned Reward Mechanism: Evidence from Bubble Insurance 15

Authors: Y.V.A. Vithanage, M.C.M.J. Samarasinghe, R.P.T. Darshika, M.L.D. Amila Sampath,
G.A.H. De Silva, K. A. T. Lakshani, A. I. Y. Abeywardana, D.M.N.S.W. Dissanayaka

Introducing a peer-to-peer business model for coaches and sportsmen in Sri Lanka24

Authors: Nafeera Inthykhab, R.J.C.S.S. Gunawardhana, N. Theepan, T.I. Uthpala, W.A.W.U.
Weerakkody, E.M.H. Ekanayake, H.A.K.N. Surangi

Promotional Strategy for Sri Lankan Tourism: A Case Study of the Sri Lanka Tourism Promotion Bureau (SLTPB)32

Authors: K.M.C.S Bandara, P K Premasuriya, E.W.M.Rathnasiri , W.R.N.S.Karunarathna, R.
Hashani Chamathka. P. G. Sampath, S.C. Thushara

Omni-channel model as a solution to cure the current problems faced by Pharmaceutical Industry of Sri Lanka.....41

Authors: Diluk Goonewardene, Devindi Gamlath, Dhanushka Hettiarachchi, Malik Afzal, Dasith
Senanayaka, W.A.D.S.Wijetunge

A Skyscraper mired in financial controversies: With Special Reference to Colombo Lotus Tower

R.M.S. Senevirathne, N.B. Senarathmudali, J.R.A.I.P. Jayawardhana, H.S.P. Hettiarachchi, K.D.W.G.N.M. Leelasena, C.N. Wickramasinghe

Abstract

Lotus Tower is one of Asia's and the world's highest structures. Construction on the 350-meter-high and seventeen-story lotus tower began in 2012. The tower contains function rooms, shopping malls, hotels with suites, restaurants, museums, auditoriums, and much more.

It is hoped that this would result in the creation of jobs within the local community, both directly and indirectly, as well as chances for international direct investment. The Lotus Tower will serve as the major unique selling proposition (USP) for urban tourism in Colombo. In the year 2023, it is anticipated that Sri Lanka will welcome a total of 1.5 million tourists from other countries. Although the expectation of the construction was to drive the economy, it resulted in the worsening of the country's economy due to the high debt involved in the project.

The political and economic future of Sri Lanka is cloudy. Currency depreciation discourages potential overseas investors from putting money into the Lotus Tower project. Since Sri Lanka has a poor reputation as a financially stable nation, potential investors may be put off. Consequently, the country must prioritize a plan to lure visitors and potential investment.

Key Words: Government performance, Telecommunication, Urban Tourism

Learning Outcomes

By the end of this case, you should be able to:

- Assess the internal and external environment of a project.
- Appraise the feasibility of funding a project through external debts.
- Make recommendations to convert a loss-making project into a profitable one.

Introduction

Lotus Tower, Colombo is an iconic radio telecommunication tower built by Sri Lanka to develop a centralized radio communication tower for the Telecommunication Service Providers (TSP) in Sri Lanka. Lotus Tower, located in the center of Colombo, is one of Asia's and the world's highest structures, ranking

11th and 19th, respectively. Construction on the 350-meter-high and seventeen-story lotus tower began in 2012 and is expected to be finished by the end of 2021 under the Telecommunications Regulatory Commission (TRC). This project cost USD 113 million and was funded 80 percent by the EXIM Bank of China and 20 percent by the Sri Lankan government.

Even though the former president of Sri Lanka opened the tower on 16th September 2019, the facility has never been used commercially. But they re-opened the facility in 2022 September, and in the first fortnight of its opening to the public, over 100,000 people visited the tower.



Main Purpose

Lotus Tower's main revenue sources will be tourism and antenna leasing. It will function as a radio and television broadcasting antenna ISDB-T and proposed DVB-T2 support structure for 50 television services, 35 FM Radio Stations, and 20 telecommunication service providers, and will house a variety of tourist attractions.

Designs & Functions

The tower acts as a transmission, communication tower, and various recreational activities. The tower contains function rooms, shopping malls, hotels with suites, restaurants, museums, auditoriums, and much more for tourists to enjoy. At the top is a spinning restaurant with a panoramic view of the city. Every 90 minutes, it completes one rotation. This tower is one of Colombo's most prominent landmarks, and due to its huge length, it can be seen from as far as 10 kilometers from the main site. The tower can house up to 50 television and radio broadcasters and 20 telecommunications providers.

There are seven floors in the tower, which provide a variety of activities, including,

- **Ground Floor:** The ground floor consists of a Food Court, Souvenir Shops, and modern state-of-the-art exhibition galleries.

- **First Floor:** This floor consists of an ESports arena, a 9D Cinema, a Digital Art Museum, and a Coffee Lounge.
- **Second Floor:** This floor consists of Luxury Banquet Halls that can accommodate 400 seats each, and Conference Halls.
- **Third Floor:** Located in the Tower House, the Indoor Observation Deck spans across an area of 8900 sq. ft, giving a 360-degree view of Colombo city from 224 meters above.
- **Fourth Floor:** This floor consists of Lotus-pink tinted glasses Restaurant Banquet Hall, which can accommodate up to 350 people.
- **Fifth Floor:** Dining facilities at the Lotus Revolving Restaurant can seat 225 people.
- **Sixth Floor:** The six luxury suites are available for accommodation.
- **Seventh Floor:** This floor consists of an Observation Deck, in which visitors are treated to a panoramic view of the city of Colombo.

The Lotus flower inspires the design of this building. The lotus symbolizes purity within Sri Lankan culture, and is also said to symbolize the country's flourishing development. The tower base is inspired by the lotus throne and will also be formed by two inverted trapezoidal. The tower's color is planned to alternate between pink and light yellow by smooth transition- an effect achieved by coating the glass.

What went wrong?

Although the lotus tower project was shown to be a massive investment, the real scenario is different. It's beneficial to the telecommunication side of Sri Lanka, it worsens the Sri Lankan debt. In the initial stage, they communicated this project to the people as a necessary communication tower for the country but due to this project, the number of loans imposed on the country got worse. In addition, due to the prevailing economic crisis in Sri Lanka, the rupee has depreciated which has resulted in an increase in debt. Although the tower is open to the public now, they are unable to reach its expected revenue income.

Moreover, in this project, one of their objectives is attracting tourists but when compared with other telecommunication towers in Asia and other countries, the number of functions and the facilities are less and not to the standards which will achieve their objective. Even though they highlight many floors of facilities on the websites, in the reality as of 01st November they have only the followings;

- Visit the observation deck

- Hire of the second floor for office functions
- Tower lobby hire for musical functions

Nature of the Colombo Lotus Tower

How the internal environment is developed for the Lotus Tower?

The environment can be examined by using different types of analysis techniques. A SWOT analysis is an essential management tool to evaluate the strengths, weaknesses, opportunities, and threats of an organization. In a SWOT analysis, strengths and weaknesses are the internal factors, while opportunities and threats are the external factors.

It is, therefore, necessary to conduct a SWOT analysis of a brand, such as Colombo Lotus Tower. This will enable you to compare its business and performance with those of its competitors.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Attractive Climate • Strategic location and historical values • Cultural and religious events 	<ul style="list-style-type: none"> • Poor Political stability • Lack of Centralized planning and development process
<ul style="list-style-type: none"> • Devaluation of rupee value against foreign currency, therefore, increase the buying power of the tourist 	<ul style="list-style-type: none"> • Investment cost is much higher than compared to similar investments in other countries • Poor Economic and tourism policy • Poor infrastructure and low-level tourism facilities
Opportunity	Threats
<ul style="list-style-type: none"> • Technology growth • Extensive marketing (with a special focus on India and China) • The geographical setting of the Island destination 	<ul style="list-style-type: none"> • Increased competition from tourism development in other countries and states • Current global and regional growth rate • Some socio-cultural impacts of tourism development • complex immigration procedures

Table 1 -SWOT Analysis Lotus Tower

In addition, PESTEL analysis is used in this study to analyze the macro environment, which consists of political, economic, social, technological, environmental, and legal factors that

significantly affect the Lotus Tower

Political Factors

The stability of the government is very important for businesses. As the current government of Sri Lanka is mostly focusing on information and communication technology for gaining foreign income, destinations such as Lotus tower will have an immense benefit.

Economic Factors

The Lotus tower project cost 113 million US dollars, of which the Sri Lankan government was responsible for funding 20 percent and the EXIM Bank of China for 80 percent. The government of Sri Lanka is responsible for repaying this enormous loan sum, along with interest, over the course of the next few years. In order to do so, the government intends to use the money that will be made from the lotus tower as the primary source of funding for this repayment. As a result of the ongoing economic downturn, the inflation rate in Sri Lanka has increased. As a result, people there are becoming more inclined to reduce their wasteful spending, such as on leisure activities. This will impact the anticipated income the government will get in the coming years.

Social Factors

The Lotus tower will significantly impact urban tourism in Colombo since it will become a must-see destination for people who are in the city of Colombo for urban tourism-related purposes. People living in the area around the Lotus Tower can create small businesses that will serve the needs of tourists that come to the area to see the Lotus Tower. In order to properly support the Lotus Tower as a tourist destination, the surrounding culture will need to undergo significant shifts. There are still music events being held now. The Lotus Tower plays host to carnivals and exhibitions on a weekly basis, and each day sees the arrival of thousands of people from the surrounding area.

Technological Factors

As building the tallest tower in Sri Lanka, they had to use advanced technology to construct the lotus tower in the first place. In addition to housing 20 different communication service providers, the tower has the capacity to house over fifty radio and television broadcasters. At the very top, there is a restaurant that rotates 360 degrees and offers a breathtaking panorama of the city below. After ninety minutes, it will have completed one spin. The Lotus 5G Innovation

Centre, located on the first level of the Lotus Tower, showcases new ideas and virtual reality (VR) activities. These experiences are among the most in-demand technical offerings in Colombo. The first level is dedicated to technology-based entertainment and features a 9D Theater, a sports arena, and a digital art museum, among other venues.

Environmental Factors

At the beginning of the project, loss of habitats near the bank of the lake due to construction activities Information reveals considerable species within the lake and along the bank. That means there were lots of habitats along the bank. When construction activities proceeded near the bank of the lake, those species lost their habitats.

Legal Factors

Colombo Lotus Tower management PVT LTD acts as the legal entity of the lotus tower. In the beginning, the project went under the telecommunications regulatory commission (TRC).



The tourism industry is one of the main sectors connected to the Lotus Tower income generation. Table 2 shows some key statistics related to the tourism industry in Sri Lanka from 2016 to 2022.

Year	Number of Tourists	Income USD in Bn
Jan- Oct 2022	568,258	1.01
2021	194,495	0.51
2020	540,000	1.08
2019	2.03 m	4.66
2018	2.52 m	5.61
2017	2.25 m	5.08
2016	2.17 m	4.59

Table 2- The nature of the tourism industry (Source: world Tourism Data)

How the world leading telecommunication towers are operating to generate income

The Canton Tower in Guanthan, China

In parallel with the Asian Games, this tower opened in 2010. The Canton Tower tourist guide offers multiple packages for tourists who wish to visit the tower.

- These tickets grant access to the 428M Cloud Observation Deck and the 433M Star Observation Deck (these are enclosed levels and the lowest observation decks).
- The 450M Look Out package includes access to the 428M Cloud Observation Deck, the 433M Star Observation Deck, and the 450M Look Out open-air deck.
- 460M Bubble Tram Combo: Similar to the 450M Look Out package but includes a ride on the atmospheric 460 M Bubble Tram, a slow-moving and serene ride in an enclosed carriage around the top circumference of Canton Tower. This Canton Tower bubble tram ride is arguably the top attraction of the tower. Probably one of the most unique and unforgettable Guangzhou attractions too.
- 480M Sky Drop: Similar to the 450M Look Out package but includes a ride on the heart-stopping 480M Sky Drop.
- 488M Tower Glamour Pass: This is the all-in-one supreme package. It includes everything mentioned above and access to the 488 M Look Out.

Prices vary significantly between the ticket packages; as an indication, the cheapest pass (package 1 above) is ¥150 for adults and ¥75 for kids as of Jan 2022. The supreme access is more than twice that at ¥398 for adults and ¥199 for kids. The 460M Bubble Tram Combo is at ¥298 for adults and ¥149 for kids

Kuala Lumpur (KL) Tower

KL Tower is the 7th tallest telecommunications tower in the world with a height of 421m .KL Tower dropped one place in the rankings following the opening of Tokyo Skytree in 2012. The Tower is located on Jalan Puncak, which branches off from Jalan P. Ramlee the closest rapid transit stations would be Bukit Nanas Monorail station and Dang Wangi LRT station. The tower also has outdoor parking for cars and buses.

The structure is divided into five basic sections:

1. The foundation base houses three basement floors for safety purposes, storage, and maintenance work.
2. The tourist building bears the administration office, souvenir shops, and the 146-meter-long pedestrian mall with cascading pools.
3. The tower shaft comprises 22 levels with four elevators and flights of stairs with a total of 2,058 steps.
4. The tower head holds the public observation platform (276 m) and revolving

restaurant, as well as the telecommunication and broadcasting stations.

5. The antenna mast crowns the tower and is utilized for telecommunication and broadcasting transmissions.

KL Tower's Observation Deck is at a less impressive 276m and is situated on the lowest of the six levels at the head of the tower, but as the tower stands on top of a small hill, it still gives excellent views of Kuala Lumpur and the surrounding regions. Above the observation deck is the Sky Deck at 300 meters above ground level.

The management of the KL version by creating some add-on attractions. These are:

- XD Theatre - A 6D motion simulated thrill ride for ages 6 and above.
- Blue Coral Aquarium - Colorful clownfish, sharks, and other tropical sea creatures are on display in this coral-filled aquarium.
- KL Forest Eco Park- The Tower is located within Bukit Nanas Forest Reserve, a micro-sized rainforest in the heart of the city. Entrance is free
- Mini Zoo - the entrance fee can be included with the Tower entrance ticket depending on which ticket package opt for.
- Single ticket prices - Observation Deck
 - International: RM 49 Adult, RM 29 Child
 - Malaysian: RM 30 Adult, RM 20 Child

Sky Deck (includes Sky Box & Observation Deck)

- International: RM 99 Adult, RM 52 Child
- Malaysian: RM 71 Adult, RM 37 Child

Milad Tower – Teheran, Iran

Milad Tower is 435 meters (1,427 ft) tall and is the tallest tower in Iran, and the sixth-tallest telecommunication tower in the world.

- It consists of five main parts, including the foundation, transition structure, shaft, head structure, and antenna mast.
- The lobby structure consists of six floors. The first three floors consist of 63 trade units, 11 food courts, a cafeteria, and a commercial products exhibition which is supposed to be about 260 square meters (2800 sq ft).
- Milad Tower is a part of the International Trade and Convention Center of Tehran. Along with a convention center and a world trade center, Milad Tower hosts different exhibitions and events. For regular visitors, the main interest is the observation deck,

located on the top of the head structure. It provides a panoramic 360-degree view of the city and mountains.

- This tower is possible to view packages with different prices. It is also as e-tickets (€10.00 – €15.00 Price)
- TV/Radio transmission tower: According to the initial plan 50 television and radio broadcasters can be accommodated along with 20 telecommunication providers

Challenges faced by the Colombo Lotus Tower

- It has not been long since the Lotus Tower was opened. However, due to the lack of proper planning by the management, the interior and exterior of the tower have been severely damaged. It is essential that the tower is maintained in a proper manner in order to attract tourists from abroad as well as from the local area.
- In addition, mainly can be pointed out that the roots of the economic crisis and political turmoil go back to years of economic mismanagement by different governments.
- Since transitioning into a lower middle-income country in 1997, the country has been increasingly borrowing from private lenders at relatively high-interest rates and with much shorter repayment durations. Therefore, this status of the Sri Lankan economy might not welcome local investors' investment.
- Sri Lanka's political and economic future is uncertain. However, with this situation, foreign investors are not attracted to invest in the Lotus Tower since the currency depreciation might disadvantage them.
- The bad reputation Sri Lanka has as a bankrupt country would negatively affect competitive investments. Fear of corruption might hinder reputed investors not to investing here.
- In addition, Sri Lanka's reputation for law and order does not apply to everyone equally, so it is very difficult to attract foreign investors, especially those from Japan and Europe.
- Therefore, internally and externally, the lotus tower exhibits a number of weaknesses.



Conclusion

Lotus Tower is among the world's tallest buildings. 350-meter-tall, 17-story lotus tower construction began in 2012. The skyscraper has event spaces, malls, suite rooms, restaurants, museums, and auditoriums. Lotus tower will boost Colombo's urban tourism. Each day, thousands of people visit the Lotus Tower. Residents near the Lotus Tower can start tourist-oriented enterprises.

This could lead to direct and indirect job creation and international direct investment. Lotus Tower will be Colombo's USP for urban tourism. Sri Lanka expects 1.5 million foreign tourists in 2023.

Sri Lanka's future is uncertain politically and economically. Depreciation hinders global investors from funding Lotus Tower. Sri Lanka's poor financial reputation may deter investors. The country must prioritize attracting tourists and investors.

Since the investment cost becomes a sunk cost and the level of financial leverage is very high, it is essential to identify long-term and short-term solutions for developing and increasing the income from the Lotus Tower. In the future, this skyscraper could become the symbol of Sri Lankan tourism.

Discussion Questions

1. How do you use PESTEL analysis and SWOT analysis to identify the strategies to overcome the current situation of Lotus Tower?
2. What are the key root causes of the problems related to the Lotus Tower project?
3. What recommendations would you make for generating the expected revenue of the Lotus Tower?
Identify your recommendations for short-term and long-term separately

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A Misaligned Reward Mechanism: Evidence from Bubble Insurance

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Abstract:

This case study explores the reward discrepancies among Sales and non-sales employees at Bubble Insurance and their impact on employee motivation and job satisfaction. Through discussions with employees and research on competitive insurance companies, it was evident that the existing reward system for non-sales employees was inadequate, leading to demotivation and dissatisfaction. To address this issue, the research team proposed a comprehensive reward system that includes recognizing outstanding performers, empowering department heads to recommend employees for rewards, and conducting internal evaluations and open forums. By implementing an effective, rewarding system, Bubble Insurance can foster a harmonious work environment and improve organizational success.

Keywords: Reward system, employee engagement, performance, motivation, retention

Learning Outcomes

By the end of this case, you should be able to:

- Understand the impact of a sales-focused reward system on non-sales employees:
- Recognize the role of non-sales employees in organizational success:
- Understand the importance of promoting fairness and equity in reward systems.
- Design and implement a comprehensive rewarding system:
- Evaluate the impact of reward systems on employee motivation and job satisfaction:

Introduction

Bubble Insurance

Bubble Insurance is a well-known company as the largest state-possessed insurer in Sri Lanka, secured to a revolutionary inheritance of financial steadiness and confidence straddling over longer periods. Also, Bubble Insurance is one of the largest and strongest composite insurance providers in Sri Lanka. It is the foremost and only insurance company in Sri Lanka to be awarded AA rating for Insurance Financial Strength from the Fitch Ratings. The financial stability of Bubble Insurance, and its reputation as a state-owned company with the most experienced technical knowledge base in the industry, deliver consistent and long-term investment solutions for individual and business liabilities.

Bubble Insurance is dedicated to satisfying customers and interested parties through frequent enhancement in assuring the insured. Bubble Insurance offers a framework for establishing quality objectives and assessing them occasionally through effective communication, training, motivation and consideration of all employees within the organization.

Product Portfolio

Product portfolio mainly consists of two types which are personal products and business products.

Personal Products

Travel Protect
Investment Plan
Home Insurance
Professional Insurance
Children Insurance
Health Insurance
Retirement plan
Motor Insurance
Mortgage

Business Products

Property Insurance
Marine Insurance
Employee related Insurance
Motor Insurance

Problem and Background of Non-Sales Employee Rewarding System at Bubble Insurance:

In the insurance industry, employee structures typically comprise two categories: sales and non-sales employees. Each category has separate salary scales, with sales employees receiving additional incentives based on their performance levels. Bubble Insurance follows a similar practice with separate salary scales for sales and non-sales employees. While the annual promotion procedure is equitable for both groups, non-sales employees receive a lower percentage increase in salary to maintain parity with their basic salaries compared to sales employees.

Bubble Insurance has a well-established reward system exclusively for sales employees. However, in January 2021, the Department of Human Resources introduced a new reward system for non-sales employees as well, fulfilling their long-awaited desires. Unfortunately, the new system failed to meet the expectations of non-sales employees.

➤ Reasons for Unmet Expectations:

1. **Ambiguous Evaluation Criteria:** The main issue lies in the difficulty of practically meeting the specified evaluation criteria. For instance, employees are required to submit a self-evaluation report within a limit of 1000 words, which poses challenges in accurately capturing their contributions. The criteria, such as impact on revenue, cost optimization, employee and customer well-being, sustainability, work ethics, and organizational culture, lack clarity and practicality.
2. **Lack of Communication:** Middle-level and lower-level employees were not adequately informed about the new system, leading to confusion and dissatisfaction among non-sales employees.
3. **Unclear Selection Committee:** The composition of the selection committee responsible for evaluating employees is not clearly defined, leading to uncertainty and questions about the fairness of the process.

Addressing these issues is crucial to establish an effective and fair rewarding system for non-sales employees at Bubble Insurance. Clear, practical, and transparent evaluation criteria, along with better communication and defined selection committee members, would help create a rewarding system that recognizes and appreciates the valuable contributions of non-sales

employees. This, in turn, would enhance employee motivation, engagement, and overall organizational performance.

How the problem identified?

Sales and non-sales employees from various positions were randomly selected for their opinions on the proposed reward system. Non-sales employees sought more practical and transparent criteria for recognition, including certificates or plaques as the best employee. Sales employees supported the need for a proper rewarding system for non-sales staff, emphasizing equal treatment and increased productivity through appreciation and motivation. Both groups emphasized recognizing non-sales employees' contributions beyond financial rewards.

According to the interviews, it was revealed that the current reward system at Bubble Insurance focuses solely on evaluating sales employees, leaving non-sales employees feeling neglected and undervalued. Non-sales employees are subjected to a self-assessment process, where they are required to write detailed reports about their work, abilities, challenges, and goals. This self-evaluation approach raises concerns and challenges for both employees and the company.

Challenges Faced by Employees:

1. Demotivation due to the self-assessment reward system.
2. Decrease in efficiency and productivity levels.
3. Dissatisfaction with the limited rewards and recognition for non-sales employees.
4. Reluctance to share self-evaluations with others due to psychological factors.
5. Some employees may struggle with language fluency, making it difficult to write compelling reports.
6. Insufficient time to write reports amidst heavy workloads and personal commitments, given the complexity of the self-assessment guidelines.

Challenges Faced by Bubble Insurance:

1. Overestimation of performance by employees in their written self-assessments, hindering an accurate evaluation.
2. Low participation rates, with only a few employees applying for the rewarding system since its introduction.
3. Growing frustration and disappointment among employees regarding the rewarding system.

4. Lack of user-friendliness in the non-sales rewarding system, leading to further disengagement.
5. Employee demotivation impacting the company's profits, overall productivity, turnover rates, and employee retention.

These limitations highlight the need for a more practical and transparent rewarding system that values the contributions of non-sales employees, aligning it with the success achieved by other competitive companies in the market. An improved reward system would lead to a stronger employee value proposition, enhanced productivity, and a positive organizational culture, benefiting both the employees and the company.

Evaluation-Reward Management Practices of Competitive Companies

The research team conducted discussions with employees from three competitive insurance companies - Lotus Insurance Company, Guardwell Insurance Company, and Bright Life Insurance - to explore their reward management practices. These companies were chosen for their profitability and reputation in the industry.

Lotus Insurance Company:

Lotus Insurance Company follows practical methods to evaluate the performance of non-sales employees and recognizes their contribution to day-to-day operations. They select the best underwriters monthly and quarterly, based on data accuracy and customer complaint reduction. Employees do not need to apply individually for this reward scheme. The chosen underwriters are informed through emails, and their performance is considered in their annual evaluations. Additionally, department heads have the authority to recommend an employee annually for a reward, providing equal opportunities to sales and non-sales employees.

Guardwell Insurance Company:

Guardwell Insurance Company also has a well-established reward management system for both sales and non-sales employees. Employees are evaluated internally, and their performance is discussed in an open forum comprising department representatives. This system ensures transparency and fairness. The evaluation considers factors such as building good relationships with sales employees, leadership, motivation, and discipline. Employees have a positive

impression of the existing reward system, and many have long service periods, indicating satisfaction with the process.

Bright Life Insurance:

Bright Life Insurance has a structured performance evaluation and rewarding system. Employees are selected for rewards by company management at the end of the relevant time period, and they do not need to apply individually. The company offers equal opportunities for rewards to sales and non-sales staff. Additionally, non-sales employees receive more medical claim benefits than sales employees, which acts as a motivator. Bright Life Insurance also introduces sales target competitions at the branch level, offering employees further opportunities for rewards, including foreign tours. Criteria such as zero customer complaints, customer satisfaction on claims recovery, and data accuracy play a role in evaluating employees' performance.

All three competitive companies share some key characteristics in their reward management practices:

- Employees are not required to apply individually or write self-assessment reports for rewards.
- Evaluation and reward selection processes are conducted through open forums involving department representatives and higher management.
- Transparent and fair evaluation criteria contribute to employee satisfaction and long-term service.
- The rewarding systems are designed to recognize and motivate both sales and non-sales employees.

In comparison to Bubble Insurance, these competitive companies have adopted rewarding systems that focus on fair evaluation and recognition without burdening employees with self-assessment reports. The absence of self-assessment reports allows employees to concentrate on their daily work, promoting a positive work environment. The research team concluded that such transparent and effective rewarding systems are key to employee motivation and overall organizational success.

Proposed Reward System

The proposed reward system aims to address the lack of a proper mechanism for rewarding non-sales employees at Bubble Insurance. Currently, non-sales employees are required to write self-assessment reports, which can be burdensome and demotivating. To improve this, the research team studied successful reward management practices at Lotus Insurance Company, Guardwell Insurance Company, and Elephant Assurance.

The proposed reward system includes the following key elements:

Selecting Outstanding Underwriters: Bubble Insurance should identify the best underwriters on a monthly, quarterly, or yearly basis. This selection should be based on factors such as reducing customer complaints and maintaining accurate data. The selected employees will be recognized through internal communication and taken into account during annual performance evaluations.

Empowering Department Heads: Department heads should be given the authority to annually recommend one employee for a reward. This ensures equal opportunities for both sales and non-sales employees.

Conducting Open Forums: Performance evaluation and reward discussions should take place in open forums involving department representatives. This transparent process allows for deep discussions and ensures fairness in the selection process.

The proposed system encourages a fair and transparent evaluation process, motivating all employees to perform better. By learning from successful practices at competitive companies, Bubble Insurance can implement a rewarding system that appreciates and recognizes the efforts of non-sales employees, leading to a more harmonious work environment and long-term employee satisfaction.

Benefits of the Proposed Reward System

The proposed reward system offers numerous benefits to the organization, employees, and overall work environment at Sri Lanka Insurance. By implementing the following three solutions - selecting the best underwriter regularly, empowering department heads to recommend employees for rewards, and conducting open forums for performance evaluation - the company can enjoy the following advantages:

Strengthening Employee Value Proposition: A well-structured reward management system enhances the overall package offered to employees, making it more attractive to potential talents. Recognizing and rewarding hard work with extra compensation and positive reinforcement will encourage employees to go the extra mile, leading to a more motivated and engaged workforce.

Contributing to Employee Wellbeing: By acknowledging and appreciating the commitment of employees, the reward system contributes to their wellbeing. Recognizing their efforts and providing additional benefits can help maintain their mental stability and job satisfaction, leading to a healthier and more stable work environment.

Increasing Productivity: An effective reward system can significantly boost productivity. The prospect of meaningful rewards for exceptional performance fosters healthy competition and encourages both sales and non-sales employees to produce high-quality work. In turn, this can lead to a higher return on investment for the organization.

Promoting Teamwork and Positive Organizational Culture: The reward system not only motivates individuals but also fosters teamwork and collaboration. When employees know they have an equal opportunity to be rewarded, regardless of their role, it fosters a sense of team spirit. Positive recognition and celebrations also contribute to a positive and supportive organizational culture.

Building a Good Company Reputation: The reward system positively impacts the company's brand reputation. A workplace that appreciates and values its employees is more likely to attract clients' trust and confidence. A strong company reputation can lead to increased business opportunities and a competitive advantage in the market.

Overall, the proposed reward management system offers a comprehensive approach to recognize and appreciate employee contributions. By providing fair and transparent opportunities for both sales and non-sales employees to be eligible for rewards, Sri Lanka Insurance can create a positive and motivating work environment. The implementation of such a system can lead to improved employee satisfaction, increased productivity, and a stronger position for the company in the industry.

Conclusion

The case study aims to identify the reward disparities between sales and non-sales employees at Bubble Insurance and propose a satisfactory rewarding and evaluation process for non-sales employees. The study involved analyzing reward methodologies of other insurance companies through open discussions and collecting information. The newly introduced mechanism for the non-sales reward system was found to have pain points, leading to disappointment among non-sales employees. By addressing these issues, a new reward system is proposed, expected to enhance motivation and work performance, enabling Bubble Insurance to maintain its market leadership in the insurance industry for years to come, emphasizing the importance of fair rewards and equity.

Discussion Questions

1. How does a sales-focused reward system affect the motivation and job satisfaction of non-sales employees in Bubble Insurance?
2. Briefly explain why is it essential for Bubble Insurance to recognize and appreciate the contributions of non-sales employees to the company's success.
3. Discuss how the other three companies ensure fairness and equity in their reward systems, particularly between sales and non-sales employees.
4. How do the other three companies evaluate the impact of their reward systems on employee motivation and job satisfaction across different job roles?

Introducing a peer-to-peer business model for coaches and sportsmen in Sri Lanka

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Abstract

Sports provides a healthy and active way of life. It is regarded as a profession and hobby. Sports could be used as a contributor for the economic development and also for the development of tourism. The protracted war and the pandemic situations in Sri Lanka, however, halted the development of sports in Sri Lanka for many years. In this study, therefore, we identify the lack of database and proper coordinating platform to meet coaches and sportsmen in Sri Lanka. Solutions are proposed to eliminate the tensions.

Keywords – Sports, Development, Platform

Learning Outcomes

By the end of this case, you should be able to:

- Identify how sports can contribute to a country's economic development.
- Understand why Ministry of Youth & Affairs is unable to build up a proper mechanism to coordinate between coaches & sportsmen.
- Build up a sample solution for the issue with reference to the world examples.

Rationale for the study

Despite the fact that the Ministry of Sports is Sri Lanka's primary sports promotion agency, our research shows that coaches and athletes lack a centralized hub for communication. There is no clear way to connect the 58 different sports that have been discovered in Sri Lanka. Because of this initiative, coaches and athletes in every sport in Sri Lanka will be graded and evaluated. Sri Lanka has had problems in the sports industry for quite some time, and the first thing they're about to do is construct a peer-to-peer model for the task according to the needs of the issue. The main cause of this is that neither athletes nor coaches are able to get the help they need to reach their full potential. The athletes put forth identically high levels of effort whether they are competing at the collegiate or the Olympic level. They haven't been able to find a star athlete to train and bring to the caliber of play required at the Olympic or World Championship

level. The lack of a streamlined process for amateurs to locate a qualified coach to instruct them isn't unique to professional athletes. There are a number of sports-specific digital hubs, but none of them will solve this issue. This kind of thing could happen in Sri Lanka's most important sports industry. Sri Lanka has been degraded for a long time due to issues of this sort in sports that have been happening since the 1990s. In today's world, technological advancement is prioritized above all else. The United States is experiencing a mild technological decline. We speculate that this may be one of the reasons why some athletes avoid participating in international contests. So, we hope to develop Sri Lankan sports throughout time and eliminate such problems by employing cutting-edge technology.

Recent technological adaptations to sports industry

Health Monitoring System

Sports that need more work cause more physical and emotional stress, which lowers health markers. Athletics relies on early multi-component diagnostics and dynamic analysis of health and anomaly data to build preventative and treatment programmes. Intelligent, knowledge-based information systems are crucial. An electronic passport and database of athletes' health can improve children's, junior's, mass's, and professional sports in the Russian Federation. This system's fundamental, structural, and functional requirements were based on the authors' previous experience building similar systems. The electronic sportsman health passport should have a structure and maintenance and use guidelines. Our initiative is not related with the above programme, which tracks sportsmen's health. As an exceptional future development, we can add this system to our built platform to identify coaches and medical staff to each sportsman's health level and give remote training according to the report captured by the system. Our project is about collaborative interims between coaches and sportsmen.

Digital Vision Training on Sports

Athletes need good vision to perform well, therefore many are adding vision training to their workouts. The increasingly popular practice of "sports vision training" is based on the idea that difficult visual perceptual, cognitive, or oculomotor tasks can increase one's capacity to process and respond to what is seen, improving performance in a sport. New digital technology that can be used during natural training activities, perceptual-learning-inspired training programmes, and virtual reality simulations that can recreate and augment sporting contexts to promote sports-specific visual and cognitive abilities has made this endeavor progress in recent

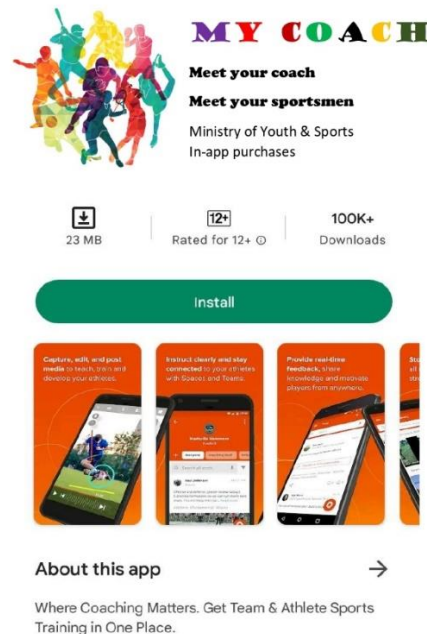
years. These methods are important because expanded skills may give a competitive edge. Sports vision training is evolving with new methods, technology, and trends.

Coachability



Coachability is a service that matches athletes of any age or skill level with individual instructors for the purpose of one-on-one instruction. We are of the opinion that private coaching is the most effective means of achieving one's goals, be they related to sports or others. We have a tried-and-true method for elevating your game to the next level, thanks to our network of skilled coaches located all throughout the United Kingdom and the numerous one-on-one training sessions that take place each and every day. Athletes and coaches are also a part of our organization, and our founder, James Hodson, is among them. We have personal experience, so we are aware of how challenging it may be to locate an appropriate coach who can meet all of your requirements. You will have an easier time finding the ideal companion thanks to coachability. Coachability offers the ideal coach for you, regardless of whether you are a parent looking for your child to master fundamental football skills, a student at a college or university, someone looking to enhance health via football training, or a professional athlete. According to the scenario above given platform is one-way idol for our project they are providing a coach when we input our location. What's the missing point is which separate from our platform the coaches won't be able to find the players who wants them in long distance also. So, in our application we are building a platform to interconnect both platforms (Coachability, 2022).

Develop peer to peer online platform for coaches and sportsmen



The problem identification and the scenario have led us to the conclusion that the primary goal of this project is to promote communication and collaboration between the athletes and their respective coaches. This has led us to the conclusion that the primary purpose of this project is to facilitate communication and cooperation between the athletes and their respective coaches. As a technological answer to this issue, we have come up with a platform that is based on a peer-to-peer business model. Registration is open for both athletes and coaches on this platform, and the Ministry of Youth and Sports is eligible to take on the role of platform administrator. As a consequence of this, we are recommending a strategy for the construction of this platform that is suitable for the conditions that are currently present. The platform is implemented in stages, the first of which is the launch of the platform as a web application. This marks the beginning of the implementation process. This is an application that, in addition to being used on desktop computers and the internet, can also be used on mobile devices. We are putting it out there on the internet as a web application as a part of the first phase of this project that we are working on. In the following paragraphs, each of the technologies that are utilized for this application will be disassembled and explained in further detail. When it comes to this particular website, the participants who have the greatest significance are the Admin, the Coaches, and the Athletes themselves. In addition to that, other notifications might also be published on this platform at some point in the future.

Aside from that, when a trainer or a sportsmen register for this programme, they will be given the power to create separate accounts for each of their athletes. This ability will be available to them when they have successfully completed the registration process. When a sportsperson conducts a search for a coach, they will be presented with three different alternatives for filtering their results. These alternatives include the coach who is located in their close vicinity, the top coach in Sri Lanka according to the most recent ratings, and the coach who specializes in the sport in question. In their capacity as a facility for coaches, they are able to meet with the athletes who express a desire to do so in their presence. As a result of this, they will be able to communicate with them through the platform and include them in their coaching sessions. In addition, coaches have the ability to publish their rates, successes, tours they have been on, schools and clubs where they are now working as coaches, and the dates on which they will be putting advertisements for athletes to view on this platform. Athletes may view these details and make decisions about whether or not they want to work with a certain instructor based on this information.

Data Collection

For this study we have conducted face to face interviews with 02 officers in the Ministry of Youth & Sports. We have also had face to face interview with a National Coach of National Badminton Association. We also gathered information via telephone contacting some university netball players. We also directly contacted Ministry of Youth and Sports as a parent to gather information.

Application Development

One approach to creating software, known as agile, takes into account future changes and is pragmatic in its approach to releasing a final product. Since agile software development places, a premium on the pristine delivery of individual software components as opposed to the full product, it often requires a shift in corporate culture. One of Agile's many benefits is that it allows teams to adapt to a dynamic setting without losing sight of the ultimate goal: the efficient delivery of business value. By encouraging teams to work together and acknowledge their individual contributions, Agile helps organizations increase their output. Last but not least, using agile software development gives organizations confidence in the quality of their releases because testing is performed continually throughout the development process. Adjustments can be made as needed, and teams can be alerted to any issues. Although Agile has essentially

displaced Waterfall as the industry standard for software development, its rapid ascent in popularity has made it vulnerable to absorption by Develops.

Application Design

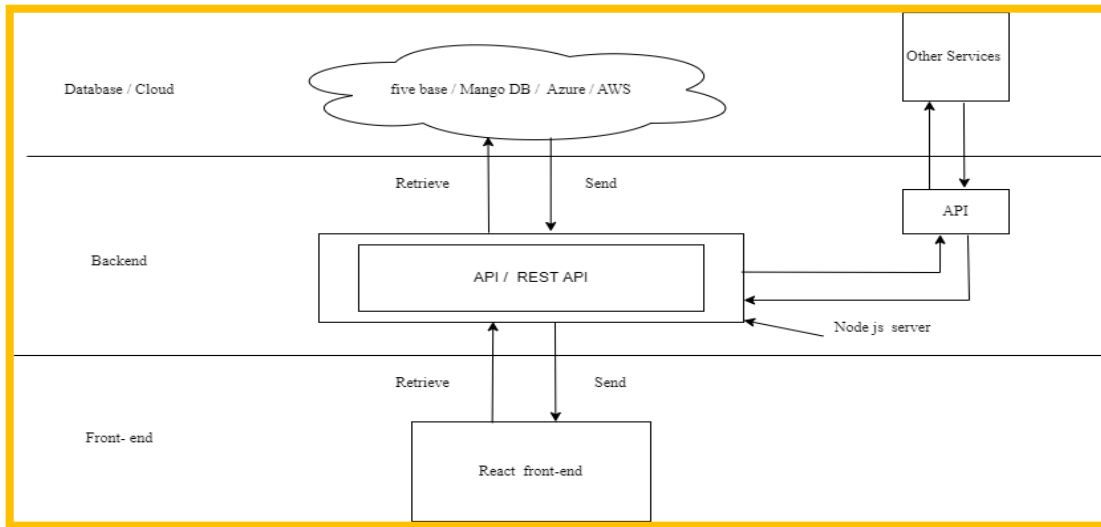


Figure 1: Application Structure

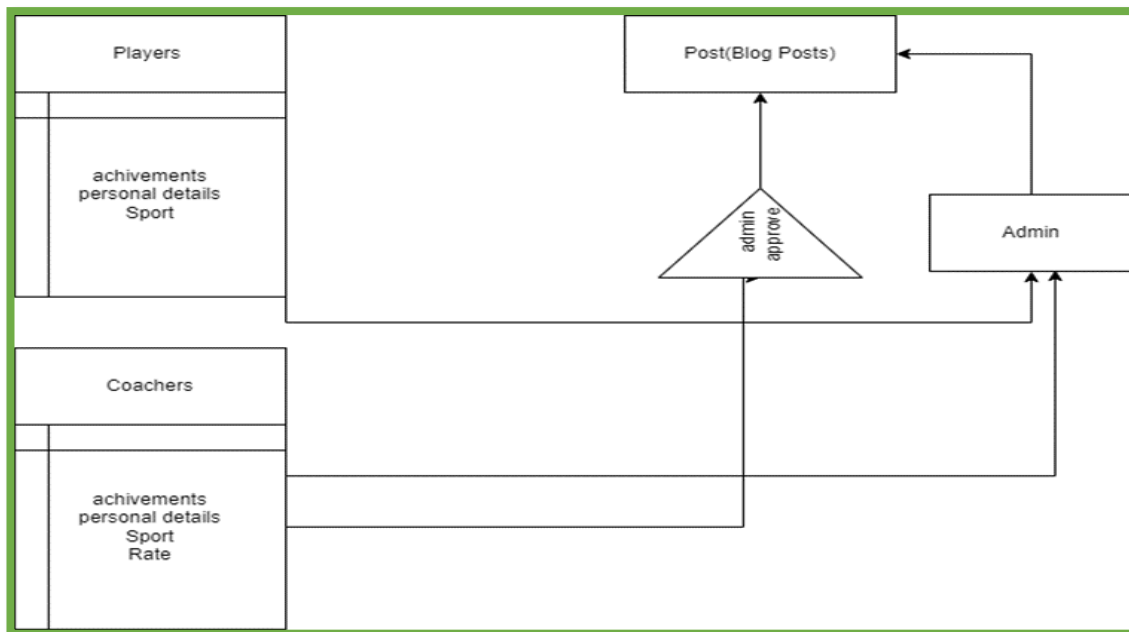


Figure 2: Data base design

Future Works

As we have previously mentioned, this project will be carried out in stages, and the first stage will involve the creation of a web application that will be simple enough for everyone to use. In the not-too-distant future, our objective is to transform this into a mobile application that is compatible with Apple's iOS as well as Google's Android. The next step that we are going to take is to add more features to the platform. For example, players will be able to report their current health status, which will allow coaches to adjust their training regimens in accordance with the players' current physical conditions. In addition, we will be adding an account for medical staff so that they can manage and perform medical services within the platform.

Conclusion

In conclusion, we are able to state that the software that we have designed will most likely be successful in solving the desired problem that was indicated earlier in the sentence. The major goal is to narrow the technological and geographical gap that exists between the athletes and the sources from which they obtain their information. The sources are the coaches, and throughout the various sports played in Sri Lanka, there is a sizable population of outstanding coaches. We have high hopes that the launch of this platform will give an adequate solution for the reduction in sportsmanship that has occurred in Sri Lanka as a result of technological concerns. Because of this, we have high hopes that the launch of this platform will take place.

Discussion Questions

1. Identify how sports can be used for development of a country with reference to other countries.
2. Identify the methods which can be used to coordinate between coaches & sportsmen in the world.

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Promotional Strategy for Sri Lankan Tourism: A Case Study of the Sri Lanka Tourism Promotion Bureau (SLTPB)

Authors: K.M.C.S Bandara, P K Premasuriya, E.W.M.Rathnasiri , W.R.N.S.Karunaratna, R. Hashani Chamathka. P. G. Sampath, S.C. Thushara

Abstract

Tourism, a vital economic contributor globally, holds significant importance in Sri Lanka, being a major foreign exchange source and employer. Recent years have seen sluggish growth due to factors like COVID-19, Easter attack, and internal crises. Sri Lanka Tourism Promotion Bureau (SLTPB) plays a pivotal role in reinvigorating tourism. However, the bureau's lack of effective strategies attracting target customers, missing a chance to promote the nation as a prime tourist destination. This study assesses SLTPB's current marketing tactics, identifies shortcomings, and proposes short and long-term solutions to bolster the tourism sector sustainably by focusing on target market needs.

Key words: Tourism, New marketing strategies, Target foreign groups

Learning outcomes

By the end of this case, you should be able to:

- Examine the existing marketing and promotional strategy of Sri Lanka Tourism Promotion Bureau
- know the drawbacks observed in the existing promotional strategy when boosting tourism revenue during the current economic crisis?
- understand the short term and long-term target market promotional strategies that SLTPB can be applied to boost tourist arrivals during the crisis?

Introduction









Industry Overview

Sri Lanka's historical appeal to tourism dates back centuries, with figures like Fa-Hien and Marco Polo praising its beauty. The tourism industry was a major foreign exchange source, but suffered setbacks, including the 2019 Easter attacks and the 2020 pandemic. In 2019, 1.9 million tourists arrived, but numbers fell by 70.8% in March 2020 due to COVID-19. The sector's recovery began in 2021, yet economic issues persist. Government bodies like Sri Lanka Tourism Promotion Bureau (SLTPB) and Sri Lanka Tourism Development Authority

(SLTDA) are working to enhance attractions like beaches, wildlife, and cultural sites. Despite its ranking of 77th in global competitiveness, Sri Lanka remains popular among Indian, Chinese, British, German, and French tourists.

The following countries represent the majority of short-term visitors to Sri Lanka in 2020.

Table 1: Tourist arrivals by country of residence: 2016-2021

Rank	Country	2016	2017	2018	2019	2020	2021
1	 India	356,729	384,628	424,887	107,147	89,357	56,268
2	 United Kingdom	188,159	201,879	254,176	85,468	55,455	16,646
3	 Russia	58,176	59,191	65,497	39,187	49,397	16,894
4	 Germany	133,275	130,227	156,888	49,429	34,507	12,442
5	 China	271,577	268,952	265,965	78,212	26,147	2,417
6	 France	96,440	97,282	106,449	43,144	24,838	9,828
7	 Australia	74,496	81,281	110,928	30,619	20,283	15,000
8	 United States	54,254	57,479	75,308	30,070	16,842	10,500

Source: (Sunday Times, December 2021; SLTDA, 2022)

Tourism significantly boosts the economy with government revenue, foreign exchange, and job opportunities. However, ongoing challenges like COVID-19 and the Easter attack caused a decline in tourism revenue from 2019 to 2021.

Table 2: Revenue comparison from tourism industry: 2013-2021

Year	Total Revenue of Tourism Industry (In million. US\$)
2013	▲\$1,715
2014	▲\$2,431
2015	▲\$2,980
2016	▲\$3,518
2017	▲\$3,924
2018	▲\$4,380
2019	▼\$3,606
2020	▼\$682
2021	▼\$261

Source: (newswire.lk, 2021; CBSL site)

Considering social and environmental impacts of the tourism industry, Ecotourism, sustainable tourism, or responsible tourism is an alternative types of tourism that allows visitors to participate in tourism throughout Sri Lanka while contributing to the well-being of local communities and limiting their environmental impact.



After identifying the need for an institutional framework, the government decided to develop tourism in a planned and systematic manner and the Ceylon Hotels Corporation established. Then in 2007 the Sri Lanka Tourist Board was replaced by Sri Lanka Tourism Development Authority, the Sri Lanka Promotions Bureau, the Sri Lanka Convention Bureau, and the Sri Lanka Institute of Hotel Management.

Sri Lanka Tourism Promotion Bureau (SLTPB) is the government agency in charge of all marketing and promotional activities related to Sri Lanka's travel and tourism industry.

The main goals of the SLTPB is to market and promote Sri Lanka as a quality tourist and travel destination in accordance with the Tourism Development Plan, in collaboration with the Sri Lanka Tourism Development Authority, the Sri Lanka Conventions Bureau, the Sri Lanka Institute of Hotel Management, and all travel and tourism stakeholders.

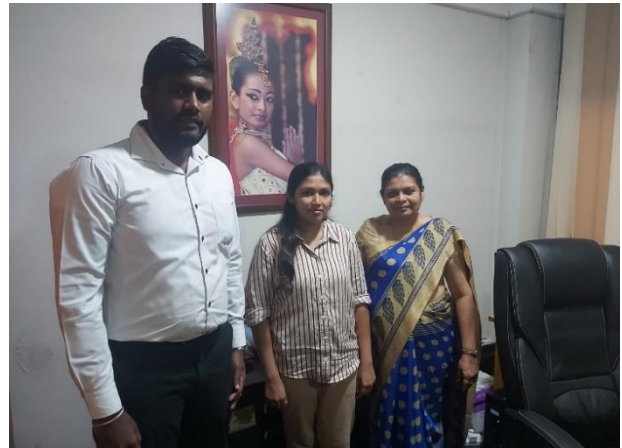
Problem identification

Is SLTPB to blame for the decline in tourist arrivals?

The SLTPB does not possess a unique selling proposition and is similar to many developing countries in Asia. Despite the fact that Sri Lanka has a number of attractive travel destinations to promote its unique beauty in order to attract various niche markets based on target market promotional strategies, SLTPB always maintains its existing global promotional plans which are headed to promote Sri Lankan culture and nature of the country for mass global market without targeting any specific group. This is a serious issue during the current crisis because the country may lose potential tourism revenue due to a lack of targeted promotional strategies. As a result, the primary problem is a lack of marketing on the target groups.

The purpose of this report is to propose a triple benefit unique selling proposition based on various global niche markets through superior hospitality services, and super value for their money.

Analysis & discussion



3.1.

Information gleaned from the face-to-face interview:

To address the issue, an interview with SLTPB's Director Marketing, was conducted. Primary data on current marketing, drawbacks, and recommendations for initiating target marketing were collected. Secondary data from reports, articles, and the organization's website supplemented with the study.

According to the Director Marketing of SLTPB, the target marketing strategy is not completely absent from their overall strategy during the current crisis, but it has not yet been effectively implemented.

When discussing current promotional strategies, the Director Marketing accepted that the current promotional strategy has its own drawbacks when achieving target tourism earnings within the current crisis.

Further she explained that, the absence of target market promotional strategy has been impacted tourism in the country adversely in the winter season. However, the seasonal demand for the country has been lost due to absence of specific programs to promote the Sri Lanka as a place to spend their winter season with joy.

Why current marketing & promotional strategy of SLTPB has failed to convince tourists?

➤ Absence of national level marketing plan:

A national level plan for tourism development is much more needed in order to implement initiatives in a careful and integrated manner. Last tourism development master plan for 10

years has been prepared in 1992 and no master plan exists at present. A national level plan for tourism development is much more needed in order to implement initiatives in a careful and integrated manner

➤ **Absence of short-term promotion plan**

A series of marketing initiatives were suggested in a short-term marketing plan (the National strategy for tourism) created for the years 2009 to 2012. The developed approach, nonetheless, did not finish up gaining new target markets for the nation or fulfil the smart aims.

➤ **Lack of private public partnership**

There is a need for a mutually agreed upon private-public collaboration, however, the SLTPB lacks a cohesive marketing plan and campaign. There have been a number of promotional exhibitions held in foreign capitals in the past, but they were not based on a comprehensive strategy to advance the market destinations. Meanwhile, the private sector involvement is considered essential for this purpose.

Findings & recommendations

Target marketing as a potential remedy

Tourism's growth relies on unique market segments like adventure, MICE, and cruise travel. China, Indonesia, and Thailand excel in this trend. Favourable market conditions and promotions boost revenue. Notably, Sigiriya Sound and Light Project and Galle Fort's development shift from beach to larger projects. Creating a private sector-led SLTPB and a tourism internet portal aims to connect with global demand, enhance market research, target new segments, and differentiate offerings for competitive advantage.

Short term Solutions for enhance niche market awareness of tourists

➤ **Awareness Programme**

Awareness Programme for Sri Lankan tourism industry workers and managers to promote safe, stable destination for sophisticated tourists, focusing on information-oriented, product-diversified environment.

➤ **Use of Embassies for Sri Lanka tourism marketing**

Embassies worldwide can be used for Sri Lanka's tourism marketing, promoting destination branding and targeting specific markets. This will help Sri Lanka to establish its unique place in the global market and attract tourists, ensuring sustainability in the short term.

➤ **Enhance the Organizational Relationships**

Organizational shifts in tourism are altering cooperation and competition among businesses, public-private sectors, and destinations. Information Technology and the internet are changing the industry's landscape, leading to global alliances and consolidation. Adapting to evolving preferences and trends, travel agents, tour operators, and SLTPB must offer value-added services and align with private sector-led strategies for sustainable tourism.

Long term Solutions for enhance niche market awareness

➤ **Product Diversification**

Tourists prioritize unique experiences over standard amenities, driving the need for diverse offerings like ecotourism, adventure, and cultural experiences in Asia. Public and private sectors must invest in infrastructure and training. SLTPB, as the public agency, should aid private sector partnerships through financial and legal support.

➤ **Technology Inclusion**

Tourism has always been a technology-driven industry. For example, information technologies permit SLTPB to measure and evaluate tourism operations including all the diverse inputs and outputs of the business. These results in more rigorous business discipline and pressure to maximize return on investment.

➤ **New Marketing and Promotion Approaches**

The Internet dominates travel purchases with a projected growth to 100% in five years, potentially making Asia-Pacific an Internet-driven travel market. To thrive, businesses must leverage online data, tailor marketing messages, and embrace cost-effective, multi-channel distribution. SLTPB should focus on e-marketing, promoting e-payment, online bookings, and other user-friendly technical methods.

➤ **Transforming a Low-Cost, Low-Value Client Base to rich and high Value Client Base**

Over 70% of Sri Lanka's tourism comes from budget-conscious charter visitors, mostly from the UK and Germany, drawn by low-cost package holidays. While this strategy has brought volume, it led to price competition and a low-value perception. SLTPB must rebrand and attract a different client base to escape the low-cost, low-value tourism cycle.

➤ **Offering New Tourism Products**

As the industry organizes more competitively, it will need to design and develop new products that reflect the changing tastes of consumers; ecotourism, Ayurveda and other forms of health tourism, adventure tourism, and golf. Only by rejuvenating its offerings can the industry compete with its rivals in Asia; all of which are pursuing product diversification and attract the higher-value visitors who will substantially increase tourists' average daily spending.

➤ **Developing Human Resources**

Sri Lanka's tourism sector depends on limited public institutions and training programs for human resources, but struggles to provide skilled and motivated candidates for tourism roles. SLTPB needs innovative methods to enhance staff resources and create refined offerings in a competitive market.

Discussion Questions

1. Recommended solution for maintain a sustainable tourism in Sri Lanka
2. What are the strategies that SLTPB use for target market group for tourism in Sri Lanka?
3. How they use the strategies to drive current tourism to a sustainable tourism in Sri Lanaka?

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Omni-channel model as a solution to cure the current problems faced by Pharmaceutical Industry of Sri Lanka

Authors: Diluk Goonewardene, Devindi Gamlath, Dhanushka Hettiarachchi, Malik Afzal, Dasith Senanayaka, W.A.D.S.Wijetunge

Abstract

The pharmaceutical industry is one of the most demanding and high net worth industries in the healthcare sector in Sri Lanka. The post-COVID and the prevailing economic crisis in the country has created a shortage of medicine and other medical items due to restrictions imposed on imports. With the continuous fluctuation of exchange rates of the prevailing economic crisis, the prices of medicines and other medical items have dramatically increased in the recent past. This case examines the mechanism to ensure equal penetration and fair distribution among the people of the country at an affordable price range.

Keywords: Pharmaceutical Industry, Distribution Channel, Customer Discontent

Learning Outcomes

By the end of this case, you should be able to:

- Examine the current issues faced by the Pharmaceutical Industry in Sri Lanka during the post-COVID 19 period
- Understand the Omni-channel model
- Discuss the solutions to overcome issues using the Omni-channel model

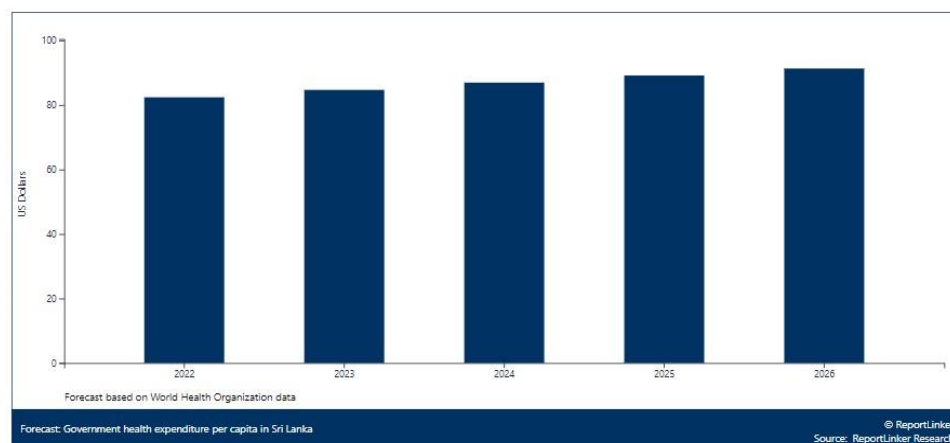
Pharmaceutical Industry: An Overview

Demand for pharmaceuticals in the country is mainly driven by imports, whilst the local manufacturing process is significantly lower. 85% of the country's requirement is facilitated through imports, and Sri Lanka is one of the largest medicine importers among Asian countries. The State Pharmaceuticals Corporation (SPC) is the largest government-owned institution involved in pharmaceutical imports in Sri Lanka, whilst several reputed private

sector companies, such as Hemas, Astron, Emerchemie NB, George Stuarts, etc., also have emerged as key players. As per the Central Bank (CBSL) external sector performance report, import expenditure towards medical and pharmaceuticals during 2021 was USD 882.5 Mn (LKR 180.0 Bn), an almost 50% increase compared to the previous year. The pandemic and economic crisis situation have further aggravated this scenario. The country's overall health expenditure is set to reach USD 685 PPP per capita by 2026, which currently stands at USD 593 PPP Per Capita as at the end 2021. Further, the Government's health expenditure on per capita which presently stands at USD 82 is set to reach USD 92 by 2026. The exhibits below would depict the same.

Forecast: Government health expenditure per capita in Sri Lanka 2022 - 2026

US Dollars 2022 to 2026



Source: <https://www.reportlinker.com/>

The current Situation of the Industry: Problems faced

The current setup of the Sri Lankan pharmaceutical market allows customers to shop directly at a physical store or through a website or an application (depending on availability). Though these options are available, customers are constantly faced with issues, the key of which have been highlighted below and categorized based on the nature of same:

- Unavailability of prescribed medicine at physical stores.

- Vast price variations between various pharmacies.
- Practical inefficiencies at physical stores.
- Delays in delivery via website / App.

The main reason for the unavailability and the shortage of medicine is the unprecedented economic crisis which prevails in Sri Lanka at the moment. Being an import-dependent country, the island is passing through its worst-ever economic crisis for decades, mainly due to deficiencies in foreign exchange income and a shortfall of the country's foreign reserves. Over 85% of the country's pharmaceutical requirements were being facilitated through import lines, which have now become an extreme challenge due to the dried-out foreign currency reserves. As an obvious result, the availability of medicines and drugs has led towards a paradox while leaving pharmaceutical consumers' and patients' lives at tremendous risk. Even this issue has resulted in terminating the businesses of certain pharmacy outlets which were operated on smaller scales in rural areas, which further escalated the risk of sourcing medicines by people who live in them. Thus, patients keep on searching for prescribed, required medicines from all pharmacies by travelling from one place to another despite all other hardships.

Apart from the depressed economic conditions, certain giant, large-scale industry players have also manipulated the market by keeping larger medicine and drug inventories, creating an artificial shortage in the country, speculating the prices of pharma products to increase further, which has also led to unavailability of medicines at physical stores.

However, all these factors aggregated have adversely affected the whole pharmaceutical industry and consumers in many ways. As a consequence of the drug shortage, including some of the essentials used for cardiohealth and anaesthetic, surgeries and treatments were temporarily suspended in most places while endangering the lives of Sri Lankans.

It is an acceptable fact that due to the current economic crisis, as a nation we are experiencing severe medical shortages as commented above. High import cost has resulted in shortage of medical supplies and unaffordable price hikes like never before in recent history. Among the basic needs for food, water, fuel and electricity, demand for restoration of medical supplies is too vital in the view of a living human being to ensure a healthy life. Therefore, having a transparent, proper pricing mechanism is also paramount important which is lacking in the Sri Lankan pharmaceutical industry.

In modern days no customer prefers to call over at physical stores and to wait in long queues for hours. Customer experience has become a much broader concept nowadays which needs speedy solutions for their day-to-day various types of requirements. This indeed applies to the pharmaceutical industry and its consumers too. With the exhausted lifestyle and the recent measures taken towards social distancing consequent to the pandemic, online purchasing and doorstep delivery avenues are desired over the other traditional options. Even though there are many websites and applications available which facilitate online orders and doorstep delivery methods of medical supplies, can the end consumer be guaranteed on time delivery and uniformed pricing? Do rural and semi urbanized territories of the country have the privilege of getting their requirements fulfilled and availing online delivery options? These questions still remain unanswered.

Discussion Questions

1. What are the problems encountered by the pharmaceutical industry in Sri Lanka especially after the post-covid 19 period?
2. Describe what is meant by Omni - channel model.
3. Recommend the solutions for problems faced by the pharmaceutical industry with reference to Omni - channel model.

4. Critically discuss the applicability of Omni - channel model in Sri Lankan context.

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