

## FINAL EXAMINATION

Student ID (in Words) : \_\_\_\_\_

## INSTRUCTIONS TO CANDIDATES

- WARNING:** The University Examination Board (UEB) of BERJAYA University College of Hospitality regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College of Hospitality.

## PART A

**INSTRUCTION(S)** : Answer all questions in this section. Write your answers in the Answer Booklet(s) provided.

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1. Based on the Strategic Management Process there are **FOUR (4)** steps to be taken before a strategy can be formulated.
  - a. Briefly explain the **FOUR (4)** steps to be taken before a strategy can be **formulated**. (8 marks)
  - b. Contrast the difference between **Strategy Formulation** and **Strategy Implementation** by using an example from the hospitality industry. (7 marks)
2. According to Michael Porter there are **THREE (3)** generic business strategies: Low-cost leadership; Differentiation; and Focus (either low cost or differentiation).
  - a. Analyse whether 5-star city centre hotels in Kuala Lumpur (such as Mandarin Oriental, Shangri-La, Hilton etc.) are pursuing a strategy of **Differentiation** or **Focus (differentiation)**. (5 marks)

**“Competitive Convergence** is quite significant in 5-star city centre hotels in Kuala Lumpur”

  - b. Explain what is meant by the above statement. (4 marks)
  - c. Using **TWO (2)** examples of 5-star city centre hotels in Kuala Lumpur, show how they differentiate their product from their competitors. (6 marks)
3. Madam Kwan is one of the most successful restaurants in the ethnic food segment serving ‘traditional’ Malay food in Malaysia with 7 outlets in Malaysia all located in successful shopping malls as well as an outlet in Singapore. Madam Kwan is looking into acquiring the 4 Cititel express properties in Malaysia (Kuala Lumpur, Penang, Kota Kinabalu and Ipoh) in order to diversify their business. The Cititel express properties are 3-star properties. Madam Kwan plans to replace the current F&B outlets in the Cititel Express properties with their own outlets.
  - a. Argue whether the proposed buying of the Cititel Express properties by Madam Kwan should be categorised as **related** or **unrelated** diversification. (5 marks)
  - b. Analyse the synergies between the two companies in terms of **strategic fit**. (5 marks)
  - c. Analyse the synergies between the two companies in terms of **organisational fit**. (5 marks)

4. Mr Sternlicht is the new General Manager of the Orange Oriental (an exclusive 5-star property in the centre of the city). Mr Sternlicht has an MBA from Harvard Business School and no significant experience in the hotel industry. After one month on the job Mr Sternlicht has a meeting with Ms Ng, the executive housekeeper who has a long background in the hospitality industry. Mr Sternlicht instructs Ms Ng to stop providing the evening turndown service saying that “only 12.6% of customers make use of the service provided which means it is not economically worth our while to continue it”. Ms Ng does not agree.
- a. Do you agree with Mr Sternlicht **or** Ms Ng? Argue why you agree with either Mr Sternlicht **or** Ms Ng. (10 marks)
- b. Outline why, specifically in the hospitality industry, organisational-control systems that rely primarily on *financial* controls are likely to have serious problems with regard to strategic management. (5 marks)

**END OF PART A**

**END OF EXAM PAPER**