



Private & Confidential

**SCHOOL OF HOSPITALITY
FINAL EXAMINATION**

Student ID (in Figures) :

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Student ID (in Words) : _____

Subject Code & Name : **BHM3401 Strategic Hospitality Management**
Semester & Year : September - December 2017
Lecturer/Examiner : Mr. Gobein
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (60 marks) : **FOUR (4) short answer questions. Answers are to be written in Answer Booklet provided.**
PART B (40 marks) : **ONE (1) scenario question. Answers are to be written in the Answer Booklet provided.**
2. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

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.

Total Number of pages = 5 (Including the cover page)

PART A : SHORT ANSWER QUESTIONS (60 MARKS)

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

1. A study among General Managers of hotels in Jordan resulted in the following results when asked about tools and techniques used in strategic planning.

Tools and Techniques	Mean ¹
Financial Analysis for Own Business	4.800
SWOT Analysis	4.150
PEST or STEP Analysis	4.000
Porter's Five Forces Analysis	3.900
Analysis of key (critical) success factors	3.175
Spreadsheet "what-if" analysis	3.100
Human resource analysis	3.011
Experience curve analysis	3.000
Financial analysis for competitors	3.000
¹ The mean is derived from a scale of 1 – not used at all to 5 – used very often	

Aldehayyat, J.S., Al Khattab, A. & Anchor, J.R. (2011). The use of strategic planning tools and techniques by hotels in Jordan. Management Research Review, 34(4), 477 – 490

- Discuss the significance of the above ranking and analyse why the first **FOUR (4)** tools would be used the most. (10 marks)
 - Explain why Financial Analysis for competitors is ranked last despite that fact that much of the information used to make decisions in Strategic Management is based on strategies of competitors. (5 marks)
2. Through the use of a relevant example for the hospitality Industry analyse the **FOUR (4)** stages of the assessment of the Broad Environment. (15 marks)

3. Organisations may continue to pursue vertical integration, and/or diversification successfully for many years, each time expanding their business definitions.

Disgruntled stakeholders (most often shareholders) are often the force that causes corporate-level managers to consider restructuring. **THREE (3)** of the more common strategies are:

- i. Turnaround strategies and downsizing
- ii. Refocusing corporate assets on distinctive competencies
- iii. Leveraged buyouts

Explain the **THREE (3)** restructuring approaches mentioned above. (15 marks)

4. **Organisational crises** are critical situations that threaten high-priority goals, impose a severe restriction on amount of time in which key members of the organisation can respond and contain elements of surprise.

a. Briefly describe the **FIVE (5)** phases of crisis management. (5 marks)

b. Evaluate how and when organisational crises affect strategic management and planning. Use an example to illustrate. (10 marks)

(60 marks)

END OF PART A

PART B : SCENARIO QUESTION (40 MARKS)

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

A World Heritage Case

Accommodation at Mount Kinabalu, Sabah, Malaysia

Mount Kinabalu was declared a World Heritage Site in the year 2000. It has long been popular with domestic as well as foreign visitors. Tourists come to Mount Kinabalu not only to climb Mount Kinabalu (with 4,095 meters the highest mountain in South-East Asia), but also to visit the Poring Hot Springs and other local attractions and, specifically for the domestic visitors, to enjoy the temperate climate. Temperatures vary from 15 to 24 degrees at the park's headquarters at 1,563 meters.

The number of domestic visitors to Sabah has been rising steadily over the last years (refer to table 1) whilst International arrivals have also risen. Due to a change in measuring techniques the number dropped in 2009. The arrival of AirAsia and, albeit briefly, Firefly Airlines have contributed to a significant growth in domestic tourism to Sabah. As one of the main attractions in Sabah, Mount Kinabalu receives an increasing number of tourists.

Table 1: Visitor Arrivals to Sabah

Year	International Arrivals	Domestic Arrivals	Total Arrivals
2007	987,660	1,490,783	2,478,443
2008	701,198	1,599,230	2,300,428
2009	562,144 ¹	1,683,924	2,246,068
2010	795,953	1,708,716	2,504,669

¹ Change in measuring technique to exclude non-tourists

Source: Sabah Tourism Board

It is therefore somewhat surprising that the accommodation and restaurant scene does not reflect the fact that Mount Kinabalu is a World Heritage site. The accommodation can mainly be found in and around Kundasang which lies 8 kilometres from the main entrance to the National Park. The only other significant development in the area is Ranau which is a further 16 kilometres away from Kundasang.

The accommodation in and around Mount Kinabalu consists mainly of small resorts, lodges and retreats. There is no complete listing of accommodations available for tourists to compare; most sites are limited to 3 or 4 resorts. The "best" accommodations are the Mount Kinabalu Heritage Resort and Spa (which is an old 3-star and rather tired-looking hotel that used to be part of the government-owned Perkasa chain) and the Kinabalu Pine resort (3 star).

As for the restaurants, the situation is even more desperate. There are no significant restaurants in Kundasang and even the above mentioned hotel and resort do not boast a restaurant to speak of. The situation is probably best summed up by the fact that the culinary highlight in the district is the KFC in Ranau!

The main reason given for the lack of accommodation is that the average stay is only two days (comprising of those who climb the mountain, one day before and one day after and those who come for a weekend stay, largely domestic visitors). Others argue however that the reason that tourists do not stay longer is the lack of more high-end accommodation and restaurants. Tourism in the area is reasonably well developed and would definitely be able to sustain longer visits to the area in terms of activities and events. As it is at the moment, most visitors come on a (long) daytrip from Kota Kinabalu where there are numerous hotels in all categories (including international chain hotels such as Hyatt, Le Meridien and Shangri-La).

The Sabah State Government has recognised the need for further development in the area. As part of the SDC (Sabah Development Corridor) they have made a large piece of land available for the development of a high-end hotel (4-star or 5-star) in the area. Your company, HDC (Hotel Development Company) has been asked to put in a bid to build and manage the property. HDC is an established hotel operator with 38 hotels in South East Asia, including a number of Best Western, Doubletree and Hilton hotels.

The piece of land available is situated on the main road through the area and has great views of Mount Kinabalu on one side and the valley below on the other side.

As the strategic advisor you have been asked to come up with a recommendation whether to develop a 4-star or 5-star property. Due to the fact that the area is near a World Heritage site and due to building height restrictions the total number of rooms for a 4-star hotel would be 300 rooms, whilst for a 5-star property the number of rooms would be 190.

- a. Create a SWOT analysis for the proposed property. (8 marks)
- b. Choose one of the options and evaluate your choice of option based on a strategic management view. Give at least **FOUR (4)** reasons for your choice (12 marks)
- c. Write a **Mission Statement** for the hotel (based on either the 4-star concept or 5-star concept chosen in answer **b.**). In-line with current practices in the service industry the Mission Statement should be short. Discuss why you suggest this Mission Statement. (8 marks)
- d. Explain what the sustainable competitive advantage of the hotel (for your option) would be. (6 marks)
- e. Choose the branding strategy you would follow for the property. (6 marks)

(40 marks)

END OF EXAM PAPER