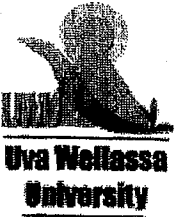


Uva Wellassa University
Faculty of Management

Degree of Bachelor Business Management in Hospitality, Tourism and Events
Management

THIRD YEAR SECOND SEMESTER EXAMINATION - SEPTEMBER/OCTOBER-2012

HTE 362-2 – Strategic Management



Part C - Essay Questions

Answer **only two (02) questions including question No:1**

Marks allocation: 50 Marks

01. Read the case given below and answer the questions.

SELLING EXPERIENCE TO THE PASSENGERS: CATHAY PACIFIC AIRWAYS

Cathay Pacific Airways is a Hong-Kong based airline considered as one of Asia's biggest and most regarded airlines. Recently the company underwent a change in image and strategies to counter the problems its industry has by shifting the focus of its strategy into making sure that there would be an increase of clients who demand their services and the services and technologies they use can be competitive to other airlines company.

Cathay Pacific maintains that they cater to a different market which values service and product features more than price. Cathay Pacific offers quality service and luxurious features and amenities. Interior layout and configuration and the space of the aircraft are among the considerations of Cathay Pacific's passengers. Another important offering of Cathay Pacific is its high in-flight service and catering standards which cover the nature and quality of food and beverages provided, the number of cabin staff for each class of cabin, the availability and range of newspapers and magazines, in-flight entertainment and communications, giveaways for passengers as well as for children and so on.

In addition, Cathay Pacific's super hub at Hong Kong International Airport offers a wide range of services to passengers on the ground to make the passengers' arrival, departure and connections as smooth, convenient and pleasurable as possible. Other intangible aspects of comfort and source of differentiation that Cathay Pacific is offering are efficiency, helpfulness and friendliness of staff, both the cabin crew in the air and the ground staff at check-in, in the airline lounges and at the boarding gates. Cathay Pacific offers special travel assistances for pregnant women, children, minors, differently able persons and elderly passengers to make their journey more comfortable. In order to make customers more delight, Cathay Pacific has introduced special airfares such as "Smart saver" to travel Japan and other specific countries and online booking bonus offers also. The offers obtain large varieties of coupons including dining,

shopping, touring, leisure, entertainments and major attractions. Further, since Hong Kong is one of the leading convention and exhibition centers in Asia, Cathay Pacific offers special tour packages, discounts and airfares.

The company has unveiled a series of e-business initiatives in the areas of passengers, cargo, procurement and internal procedures. Online air ticketing, comprehensive Online Check-in Service (Reserving seats by using Internet), installing in-flight e-mail service, linking Airbus aircraft to its maintenance centers electronically are important technological initiatives. Further, they introduced "notiFLY Paging service" to travelers to have the latest flight information sent directly to them via mobile phone or email account and they can also check the latest flight status on Cathay Pacific' website. Airport Lounges offer free internet access and wireless Internet access for travelers with laptop computers and in-flight e-mail system enable the passengers sending and receiving emails on board using their lap top computers. In-seat power keeps laptop batteries charged throughout the flight. Cathay Pacific has decided to Internet-enable its entire global business operations. Cathay Pacific uses the power of the internet to reduce communication costs and increase the flexibility of its operations.

The people at Cathay Pacific are the major contributors of strategic capability to the company. One of the advantages of Cathay Pacific over its competitors is the quality of service that the staff provides to its customers. Because of the importance of its people, Cathay Pacific formulated an employee development strategy through proper and effective training and that includes all of the education and training that organizations might invest in their employees such as training employees to perform effectively in their current jobs, orienting employees to the workplace, developing them for advanced positions or programs, and building organizational capability for future success.

You are required to:

- i) List the main component of a value chain. (5½ marks)
- ii) Develop the value chain for Cathay Pacific Airline. (20 marks)
- iii) Briefly explain three (03) specific matters to be considered if the managers at Cathay Pacific want to analyze their value creation activities by using a value network. (4½ marks)

02. Corporate parents may seek to add value by adopting different parenting roles. They can destroy value as well as create it and should be ready to divest units for which they can not create value.

You are required to:

- i). Define the term "Corporate Parent". (02 marks)
- ii) Briefly discuss the nature of possible corporate parenting roles in an organization. (09 marks)
- iii) Briefly discuss how corporate parents contribute to value destruction as well as value creation. (09 marks)

(Total – 20 Marks)

03. "88% of companies in Rapidly Developing Economies (RDE) go global with a key motive of gaining access to new profit pools. International opportunities can provide a strong platform for shareholder value creation."

Boston Consultancy Group – New Global Challengers

You are required to:

- i) List up the four (04) main determinants of an international strategy of a firm. (02 marks)
- ii) Explain to which extent you agree with the above statement. Justify your answer. (09 marks)
- iii) Explain why some companies perform better than the others. (09 marks)

(Total – 20 marks)

