



MACHAKOS UNIVERSITY

University Examinations 2017/2018

SUPPLEMENTARY/SPECIAL EXAMINATIONS

SCHOOL OF HOSPITALITY AND TOURISM MANAGEMENT

DEPARTMENT HOSPITALITY MANAGEMENT

**FOURTH YEAR SECOND SEMESTER EXAMINATION FOR BACHELOR OF
SCIENCE IN HOSPITALITY AND TOURISM OPERATION**

SHT 405 STRATEGIC MANAGEMENT IN HOSPITALITY AND TOURISM

DATE: 7/9/2018

TIME: 8:30 – 10:30 AM

INSTRUCTIONS

Answer Question One and Any Other Two Questions

Read the following Case Study and answer the questions that follow.

IKEA's aim is to provide customers with 'affordable solutions for better living'. The better living comes from a range of furniture and household furnishings offered at prices which appeal to those just starting up their own homes and expanding their families, offered in a style and a context which satisfies the desire for beauty and modernity. Nearly all the products on offer by IKEA are sold in IKEA stores throughout the world. IKEA has achieved the impossible, to create a range of products attractive to consumers everywhere, in countries with very different cultures, and to apply a formula for presentation and sale of those products which reinforces the attractiveness. IKEA has put together a number of creative ideas in a combination which explains its success. It is not a matter of just one creative idea. IKEA is at the same time the McDonald's and Harley-Davidson of the world of home furnishings. It has combined the cost-reducing benefits of mass consumption and production with the attention to style required to persuade consumers to buy items which will be on display and in the eye of the purchaser for

many years, unlike the humble hamburger or cup of coffee which are consumed quickly and as quickly forgotten. In short, like Harley-Davidson, it has created a global brand. It has managed to innovate continuously and respond to changes in the world, continuing to convey a sense of excitement and modernity. It is the originality of the overall IKEA concept which explains its success, a concept which comprises a number of different elements. The key aspect of creativity is how the IKEA package is put together as a coherent whole. It has features unique to IKEA but the uniqueness derives principally from the way in which these different features are combined. The first, and in many ways most important, of these elements is the role of the customer. The 'IKEA way' elevates the customer above what is the norm. Customers choose, transport and assemble the furniture themselves, in a way untrue of the customers of other furniture and home furnishings retailers, although others are now imitating the IKEA model. IKEA offers its products in a natural setting which encourages creative thought by the customer about how an individual item might enhance the look of the ensemble in different parts of the home. There is little fear of sameness since consumers can place the products in different combinations with other products, according to personal taste. IKEA encourages a holistic way of thinking about the home and its furnishings but also an attention to the details of design and functionality. It recognizes that there is an aesthetic component to furnishing a home, even if there is a limit on how much can be spent. It also recognizes that there are environmental implications to what is produced and sold, which must be taken into account.

Case Study Questions

1. a) Show how IKEA has succeeded in expanding across the world. (5 marks)
- b) Is there a limit to this expansion? Does IKEA's history illustrate the nature of such a limit? (5 marks)
- c) How has IKEA managed to creatively combine the benefits of mass consumption and mass production with the desire for style and modernity of product? (5 marks)
- d) Has IKEA chosen a strategy of cost/price leadership or one of product differentiation? Justify your answer (5 marks)
- e) How far do you think that IKEA can look into the future in framing its strategic management? (5 marks)

- f) Formulate a mission statement, vision statement and three core values for the company. (5 marks)
2. a) Explain the use of SWOT analysis in a service organization. (10 marks)
- b) Discuss the importance of planning in strategic management of a new company. (10 marks)
3. a) Before an Organization implements change in the organization, it is important to first work on changes in peoples' actual behavior and in the values, beliefs and attitudes that underlie the behavior. What five implementation techniques will you use to achieve this? (10 marks)
- b) You have just opened a new restaurant, describe five ways you will be sustainable so as to remain strategically viable. (10 marks)
4. In today's highly competitive business environment, budget-oriented planning or forecast-based planning methods are insufficient for a large corporation to survive and prosper. The firm must engage in strategic planning. Discuss the strategic planning process to be used for an organization to succeed. (20 marks)
5. a) Your employees are involved in interdepartmental conflict. What five reasons could be the cause of such a conflict? (5 marks)
- b) You as the Manager on duty, what five (5) skills would you use to manage the above conflict? (5 marks)
- c) Introduce the concept of 'teams' in the above scenario to prevent further conflict. (10 marks)