



FINAL EXAMINATION

Programme Name	:	BA (HONS) BUSINESS 3+0 IN COLLABORATION WITH UNIVERSITY OF PLYMOUTH
Course Code & Name	:	MAL3034 OPERATIONS MANAGEMENT FOR COMPETITIVE ADVANTAGE
Duration	:	3 HOURS

INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY**.
2. The question paper consists of **TWO (2)** sections.
3. Answer **ALL** questions in Section A and Section B.
4. Answers to the questions are to be written into the examination booklet.
5. Electronic dictionaries, lecture notes, files or any unauthorised materials except writing equipment are strictly prohibited.

This question paper must be submitted along with all used and/or unused rough papers and/ or graph papers (if any). Candidates are **NOT ALLOWED** to take any examination paper(s) used or unused out of the examination hall.

WARNING:

The Examination Board of Peninsula College Georgetown regards cheating as a very serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in the accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

(This booklet contains 3 printed pages including this page)

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ALLOWED TO DO SO

SECTION A

[60 marks]

Cathay Pacific posts profit after two years of losses, aided by rising airfares

Hong Kong's Cathay Pacific Airway reported a HK\$2.35 billion (\$299.37 million) annual profit after two years of losses, as it benefited from rising airfares and a turnaround plan designed to lower costs and boost revenue.

The airline, however, said the outlook for 2019 was expected to remain challenging due to geopolitical discord and global trade tensions dampening passenger and cargo demand and intense competition, particularly on long-haul routes in economy class.

The result for the year ended Dec. 31, aided also by out-of-the-money fuel hedges rolling off, was in line with Cathay's guidance for HK\$2.3 billion profit issued on Feb. 20.

Its projection was more than double analyst estimates at the time and sent shares soaring 9 percent on the day. The airline lost HK\$1.25 billion in 2017.

Cathay reported HK\$111 billion in revenue in 2018, up 14.2 percent from the prior year, driven by its passenger and cargo businesses.

This year, Cathay plans to "compete hard" by extending its route network to destinations not currently served from Hong Kong, increasing frequencies on its most popular routes and operating more fuel-efficient aircraft, Chairman John Slosar said in a statement.

Since launching its revamp program in 2017, Cathay's initiatives have included cutting jobs at its head office and overseas ports, adding more economy class seats to older Boeing 777 jets and hedging fuel for shorter periods.

The airline has hedged around 30 percent of its fuel for 2019 at prices of between around \$62 and \$70 per barrel. Global crude prices are currently at around \$67 per barrel.

As one of the world's largest cargo airlines, Cathay last year benefited from an improving freight market. However, in January it reported a 5.2 percent fall in cargo traffic, with the pre-Chinese New Year rush not as strong as last year.

In the passenger market, yields, a proxy for airfares, grew by 5.7 percent last year, with South Asia, the Middle East and Africa the strongest performing markets.

The carrier, which lacks a budget arm, last week said it was in "active discussions" about acquiring HNA's Hong Kong Express Airways Ltd, although an agreement has yet to be reached. It did not provide any further details on Wednesday.

Cathay's financial results are expected to improve further this year, with 16 analysts polled by Refinitiv I/B/E/S expecting an average net profit of HK\$4.5 billion.

END OF CASE STUDY

Source: Adapted from <https://www.cnn.com/2019/03/13/cathay-pacific-posts-profit-after-2-years-losses-rising-airfares-aid.html>, viewed on 15th April 2023.

Answer **ALL** questions from this section.

1. a) Based on the case above, outline and justify the operations management strategies that Cathay Pacific implemented in this competitive airline industry. (15 marks)

- b) Cathay Pacific is one of the biggest service provider airlines based in Hong Kong. Outline and justify **FIVE (5)** key dimensions of quality services that expected by its customers. (20 marks)

- c) As Cathay Pacific reported HK\$111 billion in revenue in year 2018, increase 14.2% from prior year, calculate the forecasted revenue for for year 2019 by using Naive approach. Provide a reason to justify your answer. (5 marks)

- d) Outline **THREE (3)** types of qualitative forecasting techniques that might be implemented by Cathay Pacific and evaluate the weaknesses of implementing each type of quantitative forecasting technique. (20 marks)

Total: [60 marks]

SECTION B

[40 marks]

Answer **ALL** questions from this section.

2. Critically assess **THREE (3)** methods how organisation will deal in its operations management strategies to match capacity to the demand of the market. (10 marks)

3. Outline **THREE (3)** most common sequencing rules and critically analyse the differences among these sequencing rules. (10 marks)

4. Briefly discuss the concept of vertical integration, which includes forward and backward integration in sourcing. Provide example to support both vertical integration. (10 marks)

5. Evaluate how to apply the concepts of 'aggregate planning' with an example in the following strategy:
 - a) Level strategy (5 marks)
 - b) Chase strategy (5 marks)

Total: [40 marks]

- END OF QUESTIONS -