

Answer to Progress Test 1

1. (a)

Briefing notes: Key factors contributing to the success of HiLite in Deeland

As we are planning to replicate our success in Veelandia by building on our success story in Deeland, it is essential that we identify the factors that contribute to our success in Deeland and then comparing this Veelandia to determine whether the same factors available there or not.

Demand Conditions

Customer in Deeland is demanding and expect high standards and value for money. 70% of them shop around for the best deal in the best location. Thus, responding to this HiLite provides best choice of locations and great value for money to its customer as highlighted by the Chief Executive Statement. They were able to provide 20% more than their nearest competitor.

HiLite continue to deliver a market leading customer experience by focusing on the quality of service to ensure they can meet the customers expectation. This is done through investment in their sites and hotel staff through refurbishments as well as upgrading the customer digital experience.

HiLite continued investment in meeting the demand of Deeland customer has ensure they are able to achieve sustainable competitive advantage given that two of Deeland's most established luxury hotel chain (Waterbay and Zeezee) has gone out of business.

Related & Supporting Industries

Developments of online hotel booking websites and price comparison sites are driving businesses to be more competitive. This is in fact working in favour of HiLite as we pride ourself in providing customer with value for money service. Thus, these developments are working in favour of HiLite that offers 'no frills' accommodation, at a reasonable price.

Online travel agent (OTA) and high street travel companies are thriving in Deeland, this will directly stimulate demand for hotel. Thus, together with Deeland's thriving tourism, opportunity for HiLite continue to grow.

Factor Conditions

Nearly half of the universities in Deeland offer travel and tourism qualification, thus we are at an advantage here as HiLite focus on our hotel staff to deliver great service. This readily skilled employees helped us to meet our goal but on a side note, we will need to focus on retention as the staff turnover in the industry is high at 60%.

Deeland government's continued investment in national infrastructure such as new airport in Boria, road and rail network development has generated more travellers that visited Deeland for leisure. This helps to ensure that demand for hotels room continue to rise which directly benefits HiLite which is well located within strategic locations in Deeland.

Firm strategy, structure and rivalry

HiLite positioned itself as a budget hotel operator, this strategy in fact fits well within Deeland landscape where customer demand value for money. Two new national branded hotel open and at the same time two long-established luxury hotel has closed is testament to the shift in demand for value for money hotel, putting us in a good position as our strategy has all the while focus on 'no frills' accommodation.

Government

Government in Deeland continued to value the hotel industry, thus investment and tax breaks for employers helps to create more competitiveness for us.

How well has the candidate demonstrated Professional skills as follows:	Not at all	Not so well	Quite Well	Very Well
1 (a) Analysis skills in identifying relevant information	<i>The candidate has demonstrated no analysis skills. They have failed to effectively use and consider the appropriate and relevant data sources presented in the exhibits (particularly Exhibit 1 and 2). There is very little evidence of the candidate investigating the relevant information provided.</i>	<i>The candidate has demonstrated some basic analysis skills, by presenting some evidence of investigating a limited set of relevant data sources presented in the exhibits. There is some relevant analysis contained in the answer but most of the answer is merely restatement of the information provided, rather than clear demonstration of analysis.</i>	<i>The candidate has demonstrated some good analysis skills. The candidate has investigated and used most of the appropriate and relevant information contained in the exhibits and, in most cases, has attempted to demonstrate investigation and analysis rather than mere restatement of the information.</i>	<i>The candidate has demonstrated excellent analysis skills. The candidate has also demonstrated an ability to investigate and analyse a wide range of appropriate information from the exhibits and the candidate has presented a sound and well-considered analysis and investigation of the most relevant information presented to them</i>
	0	1	2	3
Example	<i>The candidate has provided little structure to their answer, presenting a poorly considered and limited number of points, which may include reference to Deeland's infrastructure, customers and/or competitors but there is no logical or clear analytical approach taken.</i>	<i>The candidate has recognised that Deeland has a well-developed infrastructure and has described these, including the new airport, but these have merely been stated and not analysed in terms of their impact on supporting the development of HiLite's growth.</i>	<i>The candidate has correctly considered strong home demand as identified from the Hotel Industry Report and has recognised the potential threat that customers are prepared to shop around. However, the candidate has not then considered the information from the Chief Executive's Report relating to offering value for money in order to ensure that customers remain loyal, demonstrating less well developed analytical skills than an answer assessed as 'very well'</i>	<i>When considering the strong home demand, the candidate has assimilated information from both the Hotel Industry Report (relating to the highly demanding customers of Deeland and their indication that they are prepared to shop around), with the Chief Executive's Report indicating HiLite's focus on value for money to address these customers' demands. The candidate has recognised the clear link between these two pieces of information and has also considered that other organisations have not responded as successfully as HiLite. This demonstrated strong analytical skills.</i>

2. (a)

PRESS STATEMENT

For immediate release

HiLite's proposed acquisition of Comfi Stay Hotel chain in Veelandia

HiLite has recently announced its intention to acquire Comfi Stay Hotel chain in Veelandia and since the announcement, there has been some negative comments regarding the proposed acquisition.

The following is HiLite's response to the recent negative accusations:

1. Employment

HiLite is committed to creating a great place to work and investing for the future. Thus, we are committed in providing staff development opportunities to help them in realising their potential especially those in Veelandia. To realise this, the management has committed \$10 million annually in skills and development programmes.

HiLite has a strong commitment to equality and diversity and we planned to uphold this in Veelandia. Comfi Hotel policy only employing male as manager will cease immediately once we have gained control, all promotion will be based on capability and contribution of the staff to the hotel performance. We have so far been able to maintain our policy of equality and diversity and we do not intend to alter this for Comfi Hotel.

Long working hours and employment of minors will cease, it has never been a policy of HiLite to break any rules and regulations. We will remunerate any staff who decided to work over-time, we will ensure their salary commensurate with their work. However, the issue of Comfi Hotel staff is paid well below Deeland is a separate issue. There are many factors that contribute to this, such as cost of living and the economic development status of Deeland and Veelandia. Deeland is a developed economy thus the room rate commanded is much higher than that of Veelandia which is a developing economy, thus it is not surprising there are differences in the salary between staff in the two countries.

2. Environmental concern

HiLite intends to maintain its reputation of operating as a sustainable and environmentally friendly business. We have always set our target to ensure we work towards our environmental target such as reduction in emissions and recycling of waste.

Obviously Comfi Hotel's current operations and its impact on the environment will have to be reassessed. We will then set target to bring their environmental impact down to an acceptable level. We understand that a significant amount of funding is required therefore the management is committed to investment \$6 million over the next 6 years to ensure the realisation of these targets.

HiLite is committed to raise the general environmental awareness of Veelandia where currently the recycling level and emission level is low compared to others. We hope that HiLite together with the government of Veelandia can work together to raise the general awareness on the importance of environmental importance.

The management of HiLite would like to reiterate our intention of turning Comfi Hotel into one that provides a great experience for its guest and opportunities for its staff to grow.

For further information please contact our Public Relations Department.

How well has the candidate demonstrated Professional skills as follows:	Not at all	Not so well	Quite Well	Very Well
2 (a) Communication skills in clarifying and conveying relevant information to HiLite's stakeholders	<i>The candidate has demonstrated poor communication skills. Presentation format is weak/inappropriate and the information presented is not relevant to reassure the stakeholders of HiLite's social and environmental intentions. This communication would not be appropriate for HiLite's stakeholders. There is no evidence of counter arguing the points made in the News article</i>	<i>The candidate has demonstrated limited communication skills in attempting to present the answer in a valid format. The communication may be appropriate for only some of HiLite's stakeholders and overall, it lacks clarity. Much of the content does not appropriately convey the most relevant information to HiLite's stakeholders of its social and environmental intentions of the acquisition</i>	<i>The candidate has demonstrated reasonably good communication skills in presenting a press release which is well laid out and in which some of the content would be relevant, convincing and reassuring to several of HiLite's stakeholders. The press release would likely be appropriate to persuade some of its stakeholders of its social and environmental intentions of the acquisition.</i>	<i>The candidate has demonstrated excellent communication skills. The press release is well presented, clear and concise and would be understandable and reassuring for most/all of its stakeholders. The press release would be appropriate to persuade most/all of its stakeholders of its social and environmental intentions of the acquisition. The press release is clear and communicates the most relevant points very effectively.</i>
	0	1	2	3
Example	<i>The candidate's answer is totally theoretical and makes no reference to the specific social and environmental activities proposed by HiLite.</i>	<i>There is little evidence that the format is appropriate for a press release. The answer is brief and covers only a very limited range of social and/or environmental factors such as the more obvious ones in the information, such as child labour and HiLite's investment in training. The answer will not be sufficient in terms of depth and coverage to convince its wide range of stakeholders of its commitment to employment opportunities, diversity and environmental commitment.</i>	<i>The press release is set out in an appropriate and well-structured format, but the answer has addressed only some of the stakeholders' concerns. Therefore, the answer focuses on the social concerns in relation to HiLite's commitment to staff, the value it places on them, its commitment to diversity and equality, and its intention to commit to investment in staff development (most of which is from the CE's Report on Performance). However, the answer does not consider the environmental considerations and the stakeholders who would be interested in this information.</i>	<i>The press release will be well set out and include key headings such as 'employees rights' and 'environmental investment'. In terms of content, the answer will reaffirm to all of its interested stakeholders the intended focus on employment opportunities, for example, including reference to HiLite's commitment to staff, the value it places on them, its commitment to diversity and equality, and its intention to commit to investment in staff development (most of which is from the CE's Report on Performance). This will be written in a way to reassure a wide range of stakeholders (including employees, shareholders, the public and customers) of HiLite's social intentions. The answer will also be further developed in the same way to address the environmental concerns of its key stakeholders (Including investment in environmental management systems to address government concerns).</i>

(b)

Briefing Note

Attention: Finance Director

Role and benefits of integrated reporting in assisting effective communication and building relationship with key stakeholders

Role of Integrated Reporting

IR provides a broader information that will be more useful to all stakeholders. With IR, the information needs of different stakeholders are taken care of, this allows for more effective communication. Useful information also allows us to build lasting relationship with the stakeholders as it can be seen as better governance from the part of HiLite.

IR allows the local community that we operate in to understand the impact of our business operations on the local community and environment. They will be able to assess the benefits and impact HiLite has on them and its environment rather than merely relying on some unverified opinion that are not substantiated.

We will be able to build a lasting relationship with the employee, as they would want to join an organisation that they see an opportunity to grow with. We can provide information that is useful for the employees to see for themselves our investment in employee development and our potential for future growth.

Information comes in many forms and not merely financial data, thus with IR we are able to provide a variety of information to stakeholders. This is essential as we know that different stakeholders have different information needs and making different decisions based on the information. This effectively improved our communication with the stakeholders.

Benefits of Integrated Reporting

IR will help us to improve our relationship with investors as we are able to provide quality information to assist them in their decision making. By providing more relevant and broader information, investors can see and judge for themselves about our ability to create value. This will help us to maintain a long-term relationship with them.

IR focuses on value creation, thus we are able to show to our stakeholders how we add value in the long-term. We will be able to understand and thus appreciate how the different capitals are related and together creating value for us. This would enable us to appreciate the relevance of each capital in value creation and not merely focusing on the financial capital.