

Mid-West University  
**Examinations Management Office**  
Surkhet, Nepal  
Final Examination-2078  
Master of Business Administration (MBA)  
Semester - IV

R.No.....

Subject: International Business Strategy  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 541  
Time: 4: 00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 20 = 20 MARKS)/ (TIME: 20 MINUTES)**

*Tick the best answer*

1. State whether it is true or not:  
“Around the World, wherever you are, get what you want-fast from our family of Web sites.”
  - a. False
  - b. True
  - c. Incomplete
  - d. Cannot say
2. In 2002, \_\_\_ was the third-largest exporter of cultural goods, after the UK and the US.
  - a. China
  - b. India
  - c. Kuwait
  - d. Korea
3. Economic globalization is a historical process, the result of \_\_\_\_.
  - a. Human innovation
  - b. Technological Progress
  - c. Both a and b
  - d. Knowledge
4. Which of the following is not an advantage of exporting?
  - a. Easier way to enter into international markets
  - b. Comparatively lower risks
  - c. Limited presence in foreign markets
  - d. Less investment requirements
5. Business across several countries with some decentralization of management decision making to subsidiaries is \_\_\_\_\_.
  - a. global business.
  - b. multinational business
  - c. transnational business
  - d. multi-regional business
6. Transportation cost of trade affects:
  - a. pattern of trade
  - b. boundaries between tradable and non-tradable goods
  - c. global supply chains
  - d. all of the above
7. \_\_\_\_\_ is only a legal agreement and it is not an institution, but \_\_\_\_\_ is a permanent institution.
  - a. GATT, WTO
  - b. WTO, GATT
  - c. WTO, IMF
  - d. IMF, GATT
8. \_\_\_\_\_ is the payment method most often used in International Trade which offers the exporter best assurance of being paid for the products sold internationally.
  - a. Bill of Lading
  - b. Letter of Credit
  - c. Open Account
  - d. Drafts
9. The OECD stands for \_\_\_\_\_.
  - a. Organization for Economic Co-operation and Development
  - b. Organization for Economic Coordination and Development
  - c. Organization for Environmental Cooperation and Development.
  - d. Organization for Environmental Control and Development

10. Key controllable factors in global marketing are \_\_\_\_\_.
  - a. government policy and legislation
  - b. social and technical changes
  - c. marketing activities and plans
  - d. all of the above.
11. \_\_\_\_\_ is not an Indian Multinational Company.
  - a. Unilever
  - b. Asian Paints
  - c. Piramal
  - d. Wipr
12. According to \_\_\_\_\_, the holdings of a country's treasure primarily in the form of gold constituted its wealth.
  - a. Gold Theory
  - b. B.Ricardo Theory
  - c. Hecksher Theory
  - d. Mercantilism Theory
13. \_\_\_\_\_ is the application of knowledge which redefines the boundaries of global business.
  - a. Cultural Values
  - b. Society
  - c. Technology
  - d. Economy
14. Which is the right sequence of stages of Internationalization?
  - a. Domestic, Transnational, Global, International, Multinational
  - b. Domestic, International, Multinational, Global, Transnational
  - c. Domestic, Multinational, International, Transnational, Global
  - d. Domestic, International, Transnational, Multinational, Global
15. The management of the purchasing of products and components is also known as:
  - a. Inbound logistics
  - b. Outbound logistics.
  - c. Inventory management
  - d. Distribution management
16. MNEs in which most subsidiaries are headed by a third-country nationals are said to employ a .... human resource strategy.
  - a. Ethnocentric
  - b. Geocentric
  - c. Polycentric
  - d. Regeo-centric
17. Which of the following country is not the member of BIMSTEC?
  - a. Myanmar
  - b. Thailand
  - c. Malaysia
  - d. Sri Lanka
18. Which one of the following theory believes that a country's relative endowments of land, labor, and capital will determine the relative costs of these factors?
  - a. Factor proportion theory
  - b. Country-similarity theory
  - c. Porter diamond theory
  - d. The theory of country size
19. Which one of the followings is not the pertinent issue for anti-globalization?
  - a. Threats to National Security
  - b. Growth and Environmental Stress
  - c. Growing Income Inequality
  - d. Expanded Cross-National Cooperatio
20. Countries of Transition economy are:
  - a. Formerly communist countries
  - b. Smaller economies
  - c. Least developed countries
  - d. Democratic countries

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*You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.*

**SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)**

Answer any **FIVE** questions:

1. Describe the challenges and risks of international business today.
2. How do national differences in politics, economics, and culture impact international business?  
Elaborate.
3. Discuss the implications of FDI to various stakeholders.
4. How does socio-cultural environment impact the way international business is carried out? Explain.
5. Elaborate the different dimensions of international human resource management.
6. Explain the various international marketing strategies.
7. Write short notes on: NAFTA and WTO.

**SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)**

Answer any **TWO** questions:

8. Illustrate various stages of regional economic integration and its implications to different stakeholders.
9. What are the types of political and legal systems and how do they affect international business?  
Illustrate.
10. What are the various alternative strategies to internationalize into foreign markets? Explain each of them in terms of their suitability and risks.

**SECTION D: CASE STUDY (20 MARKS)**

11. Read the **Case** given below and answer the following questions:

In 1989 Japan was widely viewed as an economic superpower. After three decades of robust economic growth it had risen to become the world's second-largest economy. Japanese companies seemed to be dominating entire American industries, from automobiles and semiconductors to earthmoving equipment and consumer electronics. Japanese companies were buying assets in the United States, including movie studios (Universal Studios and Columbia Pictures), golf courses (Pebble Beach), and real estate (the Rockefeller Center in New York). The stock market was booming, the Nikkei index hitting an all-time high of 38,957 in December 1989, an increase of more than 600 percent since 1980. Property prices had risen so much that one square mile of Tokyo was said to be worth more than the entire United States. Books were written about the Japanese threat to American dominance. Management theorists praised Japanese companies for their strategic savvy and management excellence. Economists were predicting that Japan would overtake America to become the world's largest economy by 2010.

It didn't happen. In quick succession the stock market collapsed and property prices rapidly followed it down. Japanese banks, which had financed much of the boom in asset prices with easy money, now found their balance sheets loaded with bad debt, and they sharply contracted lending. As the stock market plunged and property prices imploded, individuals saw their net worth shrink. Japanese

consumers responded by sharply reducing spending, depressing domestic demand and sending the economy into a recession. And there it stayed-for most of the next two decades. Today the Japanese economy is barely larger in real terms than it was in 1989. In 2010, China passed Japan to become the world's second-largest economy. The average price of a home in Japan is the same as it was in 1983, way below the 1989 peak. The Nikkei stock market index stood at 9,600 in early 2011, 75 percent below its 1989 high. And worst of all, Japan has been gripped by deflation for the best part of two decades.

Deflation is a situation where prices are falling. When consumers and businesses expect prices to be lower tomorrow than they are today, they react by putting off spending, by hoarding cash, since that cash will buy more tomorrow than it will today. Such behavior can result in a negative cycle. Expectations that prices will fall can lead to reduced demand. Businesses respond by cutting prices further to try to get consumers to spend. Seeing this, consumers react by waiting to buy in expectation that prices will again fall in the future, and so demand continues to decline, which results in additional price cuts to try to stimulate demand, and so on. As businesses see their revenues and margins fall, they reduce employment and cut wages and salaries. This further reduces spending power and adds to the deflationary cycle. To make matters worse, in a deflationary environment the real cost of debt goes up over time. While prices and wages fall, people still have to make fixed payments on their mortgages and car loans. Over time, this takes up an ever-greater proportion of their income, further limiting their ability to spend more on other goods and services.

All of this has happened in Japan over the past 20 years. For its part, after initially being slow to respond to falling asset prices, during the past 15 years the Japanese government has repeatedly tried to stimulate the economy and reignite consumer spending. Interest rates have been cut to zero and major investments have been made in public infrastructure. Not only has this not worked, but it has also left Japan with the highest level of government debt as a percentage of GDP in the world, amounting to some 200 percent of GDP (in contrast, the figure for the United States in 2011 was about 97 percent of GDP). The high debt load is now a limit on the ability of the Japanese government to adopt additional expansionary policies.

In seeking to explain Japan's prolonged malaise, many economists also point to demographic factors. In the 1970s and 1980s birthrates in Japan fell below replacement levels, leaving it with one of the oldest populations in the world. The working age population peaked at 87 million in 1995 and has been falling since. On current trends, by 2030 it will be 67 million. Every year there are fewer and fewer working age people to support ever more retired people-and Japan's retired people are notorious for not spending. Japan could reverse this trend by increasing immigration or boosting the birthrate, but neither of these seems likely at the moment. Increasingly, young people are pessimistic about the future. All they have known is a world where prices for everything, including the price of labor, have fallen. They have diminished expectations.

**Questions:**

- a. In the 1980s Japan was viewed as one of the world's most dynamic economies. Today it is viewed as one of the most stagnant. Why has the Japanese economy stagnated?
- b. As an international business entrepreneur, which economy would you rather invest in, that of Japan or that of India? Explain your answer.

**THE END**

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Semester - IV

R.No.....

Subject: Corporate Law  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 542  
Time: 4: 00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 20 = 20 MARKS)/ (TIME: 20 MINUTES)**

*Tick the best answer:*

1. Delegated legislation is:
  - a. made by Judiciary
  - b. made by Parliament
  - c. made by Executives
  - d. made by a foreign country
2. A contract can be made:
  - a. impliedly
  - b. verbally
  - c. writing
  - d. all of the above
3. Which of the following may not be a consideration?
  - a. Something in return for the promise
  - b. An adequate promise
  - c. A value in legal eyes
  - d. Benefit and detriment
4. A private limited company can issue its shares to the public provided:
  - a. it increases its capital.
  - b. it converts itself into a public limited company.
  - c. it increases the number of shareholders.
  - d. it resolves a decision through Annual General Meeting to issue in the public.
5. Interns can be hired by:
  - a. publishing vacancy announcement
  - b. headhunt by the HR department
  - c. entering into an agreement between the company and educational institution
  - d. none of the above
6. Female employees get ..... days as public holidays in a year.
  - a. 13
  - b. 14
  - c. 12
  - d. 15
7. When does Annual General Meeting take place?
  - a. Every end of month of Ashad
  - b. Every end of month of Chaitra
  - c. Within end of 6 months of every fiscal year
  - d. in Baisakh
8. Which one of the following terminate the offer?
  - a. Rejection of offer
  - b. Counter offer
  - c. Death of the parties
  - d. All of the above
9. If contract is caused by a false representation without intention to lie then it is:
  - a. Contract against the law
  - b. Fraud
  - c. Misrepresentation
  - d. Unenforceable contract
10. A limited liability is:
  - a. liability limited to the number of purchased shares
  - b. liability limited to the work instructed
  - c. liability towards the employees
  - d. liability towards the shareholders

11. A party entitled to claim compensation in proportion to the work done by him can file a suit for:
  - a. Damages
  - b. Injunction
  - c. Quantum meruit
  - d. Liquidated Damages
12. Force majeure means:
  - a. force used by the government
  - b. act of god
  - c. force of public
  - d. major force used by the police
13. Pam agreed to sell beans to Nanu and promised that they were Mexican beans. It turned out that they were kidney beans. Nanu could challenge the contract for:
  - a. Breach of contract
  - b. Mistake
  - c. Undue Influence
  - d. Misrepresentation
14. What are the types of liquidation?
  - a. Mandatory and voluntary
  - b. Compulsory and mandatory
  - c. Regulatory and proceedings
  - d. Compulsory and voluntary
15. Home leave can be accumulated to:
  - a. 45 days
  - b. 60 days
  - c. 90 days
  - d. 120 days
16. How many days does labor law provide for fathers as paternity leave?
  - a. 10 days
  - b. 15 days
  - c. 21 days
  - d. 12 days
17. Minor and unsound mind people are:
  - a. incapable of making contract
  - b. capable only when they want
  - c. capable in writing
  - d. incapable to verbal contract
18. Where did Common Law System generated?
  - a. Rome
  - b. Britain
  - c. Egypt
  - d. India
19. 'Benefit and Detriment' are the elements of:
  - a. acceptance
  - b. consideration
  - c. free consent
  - d. none of the above
20. Managing director is appointed by:
  - a. Board of directors
  - b. Annual general meeting
  - c. Extra-ordinary general meeting
  - d. Shareholders

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**SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)**

Answer any **FIVE** questions:

1. Why do you think the company has a distinct personality which differs from the personalities of its shareholders/directors/officers? Explain corporate personality with appropriate examples. [2+4]
2. How do you differentiate the meaning and the validity of a Patent from the meaning and validity of a Trademark? [6]
3. Why do you think the alternative dispute resolution method is used in most of commercial/investment-related disputes? [6]
4. What is acceptance and why do you think acceptance is unconditional? [2+4]
5. Define misrepresentation with appropriate examples. [6]
6. Explain law. [6]
7. Differentiate between partnership and sole proprietorship. [6]

**SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)**

Answer any **TWO** questions:

8. How are the leaves prescribed in the Labor Act, 2074 and what is your opinion on the adequacy of leaves prescribed in the Act? [4+11]
9. What are the exception of the rule ‘no consideration no contract’? [15]
10. Describe the sources of law in details. [15]

**SECTION D: CASE STUDY (20 MARKS)**

11. Read the **Case** given below and answer the following question:

**Case A:**

Mark was suffering from disease from cold since a month. Mark had tried several medicines but none of them made him well. One morning he saw an advertisement of a ONE Company regarding a medicine which cured his disease. The advertisement said, **“If the medicine used as per the prescribed instruction mentioned in the cover of the medicine, no person shall catch any disease out of cold”**. The advertisement also promised to provide NPR 5000 to those persons who catch cold even after using the medicine as per the instruction. The advertisement further added, for the assurance of the payment, ONE Company has deposited NPR 50,000.00 in Nabil Bank Limited.

The medicine did not affect Mark even after using it as per the instructions. When Mark went to claim NPR 5000, he was denied saying that was not actually a contract and no legal intention. Mark filed a case against ONE Company.

**Case B:**

A promise made to her husband (Mr. Hello) was turned out to be a joke. Therefore Mr. Hello filed a case against her wife (Mrs. Hello) for not complying with her promise.

(The case was: Mr. Hello had promised to give a diamond ring on their marriage anniversary and Mrs. Hello had promised a Ducati motorbike. Mr. Hello complied with his promise but Mrs. Hello bought a toy Ducati motorbike)

**Question:**

- a. Solve the above cases based on "All contracts are agreement, but all agreements may not be contract"

**THE END**



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R.No.....

Subject: Financial Institution and Market  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 546/FIN 546  
Time: 4: 00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 20 = 20 MARKS)/ (TIME: 20 MINUTES)**

Tick the **best** answer:

1. The difference between Balance Sheet and Off Balance Sheet is represented by:
  - a. More Profitable
  - b. Less Profitable
  - c. Differences in the size
  - d. Included or not included in the Balance Sheet
2. Countries go to IMF borrowing for:
  - a. Alleviation of Poverty
  - b. Mitigating BOP (Balance of Payment) Problem
  - c. Undertaking Development Activities
  - d. Budgetary Support
3. The Instrument of BA (Bankers Acceptance) comes under:
  - a. Money Market Instrument
  - b. Capital Market Instruments
  - c. Bond Market Instruments
  - d. Forex Market Instruments
4. The nature of most of the Mutual Funds in Nepal are:
  - a. Open Ended
  - b. Close Ended
  - c. Mixture of Open and Close ended
  - d. None of the above
5. IPO (Initial Public Offering) comes under:
  - a. Primary Market
  - b. Secondary market
  - c. Derivatives Market
  - d. Money Market
6. NRB undertakes Repo (Repurchase) operation for:
  - a. Injecting Liquidity
  - b. Absorbing Liquidity
  - c. Reducing Import
  - d. Supporting government finance
7. Which of the following banks share price is highest (end March 2022)?
  - a. Bank of Kathmandu
  - b. Kumari Bank
  - c. Sidhartha Bank
  - d. Laxmi Bank
8. Demat of shares in Nepal is done by:
  - a. NRB
  - b. Nepal Stock Exchange
  - c. SEBON
  - d. Central Depository Company
9. The largest number of financial institutions in Nepal happens to be under:
  - a. A Class
  - b. B Class
  - c. C Class
  - d. D Class
10. Which of the following is categorized under operation risk?
  - a. Failure to recover loan
  - b. Interest rate loss
  - c. Foreign Exchange Loss
  - d. Fraud by Bank Staff

11. Which of the following bonds do not have credit risk?
- a. Government Bond
  - b. Debenture issued by banks
  - c. Corporate Bonds
  - d. Bonds issued by foreign banks
12. After merger of Banks and Financial Institutions, which may not happen:
- a. Increase in the Balance Sheet
  - b. Increase in the Bank Branches
  - c. Increase in the Bank Staff
  - d. Increase in the ROA (Return on Assets)
13. Under the standard model, which of the following elements affect mutual fund price:
- a. Size of the fund
  - b. Reputation of the issuer
  - c. NAV (Net Asset Value)
  - d. Level of Interest Rate
14. Banks in Nepal are required to classify their loans into ..... categories.
- a. 2
  - b. 4
  - c. 7
  - d. 8
15. Black listing of the defaulting borrowers are done by:
- a. NRB
  - b. Concerned Commercial Bank
  - c. CIC (Credit Information Center)
  - d. District Court
16. Deposit Insurance facility in Nepal is available for
- a. All account holders
  - b. All current account holders
  - c. All Fixed Deposit Account Holders
  - d. None of the above
17. The concept of market capitalization is used for:
- a. Loan processing
  - b. Auction of property
  - c. Calculating Stock Market Index
  - d. Adding Capital
18. Banks in Nepal are required to classify capital into:
- a. Short term and Long term
  - b. Interest bearing and Non-interest bearing
  - c. Core and Supplementary
  - d. Local and Foreign
19. The downgrading of loan from sub-standard to doubtful increases:
- a. NPA
  - b. Loan Loss Provision
  - c. Capital Adequacy Ratio
  - d. Bank Stock Price
20. Loan Write off will reduce:
- a. Bank Profit
  - b. Bank Balance Sheet Size
  - c. Bank Share Price
  - d. Bank's Capital

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**SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)**

Answer any **FIVE** questions:

1. BAFIA classifies banks and financial institutions in Nepal under A, B, C, and D class. In your opinion why this might have been made? Explain with reasons.
2. The most widely known stock index in Nepal is NEPSE Index. What is this index? How is this calculated? Explain.
3. Whenever we analyze the interest rate structure, one topic which will be prominently discussed is known as Term Structure of Interest rate. Explain the meaning and significance of this terminology in Nepalese context.
4. The topic of microcredit is quite well known globally as well as in Nepal. Why do you think this topic might have got so much of importance? Answer the question by analyzing the nature and importance of the topic.
5. NRB regularly undertakes OMO (Open Market Operations). What do you understand by OMO and why and how NRB undertakes OMO?
6. Recently, Nepal has applied for loan from IMF and IMF also has sanctioned some loan to Nepal. In this context explain the nature of the functions which IMF undertakes.
7. Bank and Financial Institutions and Stock Market are heavily regulated by the concerned regulators: NRB and SEBON. How do you justify these Regulations?

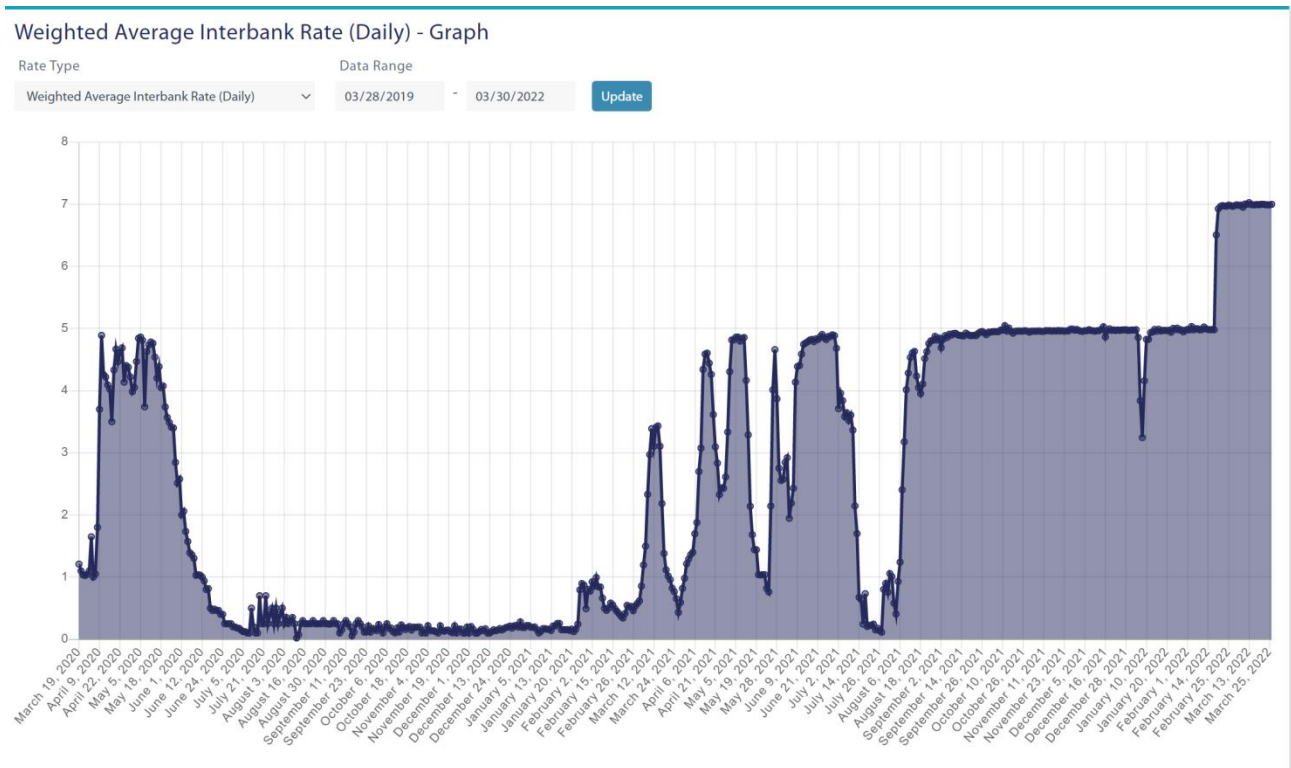
**SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)**

Answer any **TWO** questions:

8. In the recent period, Mutual Fund business has become very popular not only in Nepal, all over the world.
  - Explain the nature of Mutual Fund.
  - Why do you think it has become so popular?
  - In your opinion, how are they performing in Nepal?
9. In all countries, development of Money Market is encouraged.
  - How do you explain the nature of this market?
  - Why a vibrant money market is required in all countries?
  - What are the instruments which comes under this market segment? Explain their important features briefly.
10. Basel (I), (II) and (III) all are associated with CAR (Capital Adequacy Ratio):
  - What do we understand by CAR?
  - How is this calculated?
  - Why is it given so much of importance?

**SECTION D: CASE STUDY (20 MARKS)**

11. Read the **Case** given below and answer the following questions:



The above graph represents the Weighted Average Interbank Rate (daily) of Nepal in the last two years period. The far left data refers to the rate prevailing on 19 Mar 2020 & the far right data refers to the rate prevailing on 26 Mar 2022. Based on the Graph, one can easily say there is too much volatility in the interest rates.

- Answer the question, analyzing the relevant data.
  - a. Why do you think the rates swing so much?
  - b. In your opinion, the swing (Volatility) could have been regulated by NRB or Not?
  - c. Go through the data, and analyze the steps taken by NRB in this period to influence these rates.
  - d. What are the lessons which we can learn from this episode?

**THE END**

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R.No.....

Subject: Strategic Financial Management  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 547/FIN 547  
Time: 4: 00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 20 = 20 MARKS)/ (TIME: 20 MINUTES)**

Tick the *best* answer:

1. Convertible bonds are not:
  - a. Straight bonds
  - b. Two stage financial instrument
  - c. Converted to ordinary shares
  - d. Hybrid securities
2. Economic value added is based on the -----.
  - a. profit
  - b. residual wealth
  - c. gross wealth
  - d. none of these
3. Retained earnings are -----.
  - a. an indication of a company's liquidity
  - b. the same as cash in the bank
  - c. not important when determining dividends
  - d. the cumulative earnings of the company after dividends
4. Rights issue is also called as:
  - a. privileged subscription.
  - b. equity shares
  - c. stock dividend.
  - d. bonus shares
5. Which of the following is short term sources?
  - a. Bank Credit
  - b. Public Deposit
  - c. Commercial Paper
  - d. All of the above
6. Which of the following is not a source of financing for a company?
  - a. Bonds
  - b. Common stock
  - c. Treasury stock
  - d. Preferred Stock
7. According to the Capital Asset Pricing Model (CAPM), a well-diversified portfolio's rate of return is a function of -----.
  - a. Unique risk
  - b. Reinvestment risk
  - c. Market risk
  - d. Unsystematic risk
8. The beta of equity is 1.2. The debt-equity ratio of the company is 0.8. Calculate the beta of the assets of the firm. (Assume no taxes.)
  - a. 0.95
  - b. 0.48
  - c. 1.6
  - d. 0.67
9. Total leverage measures the relationship between-----.
  - a. EBIT and sales
  - b. EPS and EBIT
  - c. Sales and EPS
  - d. EAT and sales
10. Which of the following long-term sources of finance puts maximum restraint on managerial freedom?
  - a. Retained earnings.
  - b. Equity capital.
  - c. Preference capital.
  - d. Term loans.

11. The traditional approach towards the valuation of a company assumes that:
- The overall capitalization rate holds constant with changes in financial leverage
  - There is an optimum capital structure
  - Total risk is not affected by changes in the capital structure
  - Markets are perfect
12. A \_\_\_\_\_ is a merger between firms operating at different but related levels in the production and marketing of a product.
- Conglomerate merger
  - Cooperative
  - Joint venture
  - Vertical merger
13. Dividends cannot be paid out of:
- Current profits before providing for depreciation
  - Past reserves created out of profits
  - Monies provided by the Central Government
  - None of the above.
14. Asymmetric information occurs when:
- Each party has equal information
  - Each party in a transaction gains from the transaction
  - One party in a transaction has more influence than another
  - One party in a transaction has more information than another
15. The point of tangency between risk return indifference curves and efficient frontier highlights:
- Optimal portfolio
  - Efficient portfolio
  - Sub-optimal portfolio
  - None of the above
16. The slope of the Security Market Line will increase if:
- the risk free rate increases
  - the required return from the market portfolio increases
  - the average beta increases
  - if the risk premium decreases.
17. Basic objective of diversification is:
- Increasing Return,
  - Maximising Return,
  - Decreasing Risk,
  - Maximizing Risk
18. Justifications for M & A do not include:
- to increase risk
  - to gain economies of scale
  - to enter new markets
  - to achieve synergy
19. The traditional approach towards the valuation of a company assumes:
- that the overall capitalization rate holds constant with changes in financial leverage.
  - that there is an optimum capital structure.
  - that total risk is not altered by changes in the capital structure.
  - that markets are perfect.
20. What is the cost of trade credit under the term 3/15 net 45?
- 11.45%
  - 12.17 %
  - 41.89 %
  - 44.81 %

Mid-West University  
**Examinations Management Office**  
Final Examination-2078  
Surkhet, Nepal  
Master of Business Administration (MBA)  
Semester – IV

Subject: Strategic Financial Management  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 547/FIN 547  
Time: 4: 00 Hours

*You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.*

**SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)**

*Answer any FIVE questions:*

1. List the sources of raising long-term and short-term finance.
2. Explain the concept of venture capital and crowd source funding.
3. Define merger and acquisition. What are the different types of merger? Explain.
4. Two common stocks A and B have following expected return and standard deviation of returns.

Common Stock	Expected return (%)	Standard Deviation (%)
A	8	5
B	10	10

A portfolio is formed investing equal amount in stock A & B.

- a. If the returns of stock A and B are perfectly positively correlated, what is the expected return and risk of the portfolio?
  - b. If the returns of stock A and B are uncorrelated, what is the expected return and risk of the portfolio?
  - c. If the returns of stock A and B are perfectly negatively correlated, what is the expected return and risk of the portfolio?
5. A Rs. 100 perpetual bond is currently selling for Rs. 95. The coupon rate of interest is 13.5 percent and the appropriate discount rate is 15 percent. Calculate the value of the bond. Should it be bought? What is its yield at maturity?
  6. The managing director of a company decides that his company will not pay any dividends till he survives. His current life expectancy is 20 years. After that time it is expected that the company could pay dividends of `30 per share indefinitely. At present the firm could afford to pay `5 per share forever. The required rate of this company's shareholders is 10 percent. What is the current value of the share? What is the cost to each shareholder of the managing director's policy?
  7. The earnings per share of a company are Rs. 10. It has an internal rate of return of 15 percent and the capitalization rate of its risk class is 12.5 percent. If Walter's model is used: (i) What should be the optimum payout ratio of the firm? (ii) What would be the price of the share at this payout? (iii) How shall the price of the share be affected if a different payout were employed?

**SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)**

*Answer any TWO questions:*

8. (a) ST Ltd. has a capital of Rs.10,00,000 in equity shares of Rs.100 each. The shares are currently quoted at par. The company proposes to declare a dividend of Rs.10 per share at the end of the current financial year. The capitalization rate for the risk class of which the company belongs is 12%. What will be the market price of the share at the end of the year, if
  - I. a dividend is not cleared ?

II.a dividend is declared ?

III. assuming that the company pays the dividend and has net profits of Rs.5,00,000 and makes new investments of Rs.10,00,000 during the period, how many new shares must be issued? Use the MM model.

(b) Consider the following information for Kaunark Enterprise:

	Rs. in lakh
EBIT	1,120
EBT	320
Fixed cost	700

Calculate percentage change in earnings per share if sales increased by 5 percent.

9. A company needs Rs. 500,000 for construction of a new plan. The following three financial plans are feasible: (i) The company may issue 50,000 ordinary shares at Rs. 10 per share. (ii) The company may issue 25,000 ordinary shares at Rs.10 per share and 2,500 debentures of Rs.100 denominations bearing a 8 percent rate of interest. (iii) The company may issue 25,000 ordinary shares at Rs.10 per share and 2,500 preference shares at Rs.100 per share bearing a 8 percent rate of dividend. If the company's earnings before interest and taxes are Rs.10,000, Rs.20,000 Rs.40,000, Rs.60,000 and Rs.100,000, what are the earnings per share under each of the three financial plans? Which alternative would you recommend and why? Determine the indifference points by formula. Assume a corporate tax rate of 50 percent.
10. What are the management's true motives for mergers and acquisitions? What managerial process is involved in merger and acquisition decisions?

#### SECTION D: CASE STUDY (20 MARKS)

11. Read the **Case** given below and answer the following questions:

Ashoka Infotech Ltd is a new company. It has come up with the initial public issue. The issue price of the share is Rs. 20 and the par value is Rs.10. Shyamulu Rao, a prospective investor, is considering investing Rs.50,000 in Ashoka Infotech's shares. He is not sure about the returns from his investment. His required rate of return is 15 per cent. Since Ashoka Infotech is a new company, he would like to hold the shares for 10 years before he sells them. As regards the dividend payment by the company, he visualises four possibilities. First, the company may reinvest all its earnings and may not pay any dividend. Second, the company may pay a constant dividend of Rs.3. Third, the company may start with a dividend of `1 per share, which may grow at a constant rate of 10 per cent. Fourth, the company may start paying a dividend of Rs.1.6 per share, which may grow at 15 per cent for the first five years and at 10 per cent thereafter. Shyamulu expects different share prices after 10 years under the four alternatives. The expected earnings per share in year 1 in the normal situation will be `3. Shyamulu Rao can also invest his money in bonds. A government-owned financial institution is offering `10,000 face value bonds with 10-year maturity at Rs. 2,720. He is also considering bonds issued by Reliable Fertiliser Company. These are 15 percent, Rs.1,000 bonds with 10-year maturity. The company will redeem bonds at Rs.1,100 on maturity.

#### Questions:

- a. How much would be Shyamulu's return if he invests his money in Ashoka Infotech's shares? [5]  
b. What would be his return from the bonds of the (i) financial institution and (ii) reliable fertiliser? [10]  
c. What should Shyamulu do? [5]

**THE END**



Mid-West University  
**Examinations Management Office**  
Final Examination-2078  
Surkhet, Nepal  
Master of Business Administration (MBA)  
Semester – IV

R. No.....

Subject: Security Analysis and Portfolio Management  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 548/FIN 548  
Time: 4: 00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 20 = 20 MARKS)/ (TIME: 20 MINUTES)**

*Tick the best answer:*

1. Which of the following risk can be diversified away by constructing the portfolio of assets?
  - a. undiversifiable risk
  - b. unsystematic risk
  - c. portfolio risk
  - d. total risk
2. A statistical measure of the degree to which the returns of one security moves with the returns of another security is called:
  - a. coefficient of variation
  - b. variance
  - c. covariance
  - d. certainty equivalent
3. An aggressive common stock would have a beta:
  - a. greater than one
  - b. equal to one
  - c. less than one
  - d. zero
4. In order to construct an arbitrage portfolio, which of the following is not a basic requirement:
  - a. zero invest
  - b. zero risk
  - c. market model
  - d. sure profit
5. A measure of risk per unit of expected return is:
  - a. standard deviation
  - b. coefficient of variation
  - c. beta
  - d. correlation coefficient
6. A bond that makes no coupon payment and sold at discount in the market is called:
  - a. Sukuk
  - b. Floating rate bond
  - c. Income bond
  - d. Zero-coupon bond
7. When investment companies stand ready to buy the units from investors, such funds are called:
  - a. open-end funds
  - b. closed-end funds
  - c. unit investment trust
  - d. none the above
8. One of the major limitations of Gordon's model of stock valuations is that:
  - a. cost of equity (K) must be less than growth rate (g)
  - b. cost of equity (K) must be equal to growth rate (g)
  - c. cost of equity (K) must be higher to growth rate (g)
  - d. dividend yield must be higher than growth rate
9. Honda Company has beta of 0.95 and the risk-free rate of 2 percent. If the market risk premium is 8 percent, what is the minimum required rate of return on the stock?
  - a. 10 percent
  - b. 6.9 percent
  - c. 7.1 percent
  - d. 9.6 percent
10. You are considering acquiring a common share of Goodwill Finance Company that you would like to hold for one year. You expect to receive both Rs. 1.25 in dividends and Rs. 35 from the sale of the share at the end of the year. The maximum price you would pay for a share today is ..... if you want to earn 12 percent return.
  - a. Rs. 31.25
  - b. Rs.32.37
  - c. Rs. 38.47
  - d. Rs. 41.32

11. A weak form market efficiency:
  - a. implies that the expected return in any security is zero
  - b. incorporates semi-strong form efficiency
  - c. involves historical price and volume information
  - d. is compatible with technical analysis
12. The random walk hypothesis is most related to the:
  - a. weak-form EMH
  - b. semi-strong form EMH
  - c. strong-form EMH
  - d. semi-weak form EMH
13. Which of the following is not a method employed by the fundamental analysts?
  - a. analysing the central bank's next interest rate move
  - b. relative strength analysis
  - c. earnings forecasting
  - d. estimating the economic growth rate
14. Choosing stocks by searching for predictable patterns in stock prices is called:
  - a. index management
  - b. fundamental analysis
  - c. random walk investment
  - d. technical analysis
15. Which of the following statement is FALSE as regards to the bond portfolio management?
  - a. bond prices and yields are inversely related.
  - b. long-term bonds tend to be more price sensitive than short term bonds.
  - c. if coupon rate of the bonds is higher than the YTM, the intrinsic value is lower than the par value of the bonds.
  - d. zero-coupon bonds are sold at discount.
16. The higher values of confidence index are considered to be .... indicator by technical analysts.
  - a. bearish
  - b. bullish
  - c. flat
  - d. none of the above
17. According to the semi-strong form of EMH, investors who invests in a stock after a highly positive announcement concerning the stock can expect to earn:
  - a. normal return because the stock will be fairly priced when purchased
  - b. extraordinary return the new information will not affect the price until later
  - c. loss because things often are not what they seem
  - d. zero return because the next price is expected to be the same as the last price
18. You want to earn a return of 10 percent return on each of the two stocks, A and B. Each of the stocks is expected to pay a dividend of \$4 in a upcoming year. The expected growth rate of dividends is 6 percent for stock A and 5 percent for stock B. Using the constant growth DDM, the intrinsic value of stock A:
  - a. will be higher than the intrinsic value of stock B.
  - b. will be the same the intrinsic value of stock B.
  - c. will be less than the intrinsic value of stock B.
  - d. the answer can not be determined from the information given.
19. The rate of return required by investors in the market for owning a bond is called the:
  - a. coupon rate
  - b. coupon yield
  - c. holding period return
  - d. yield-to-maturity
20. Which of the following statement is true regarding to the Markowitz efficient frontier?
  - a. The portfolios lie on the efficient frontiers lie above the CML, except market portfolio.
  - b. The portfolios lie on the efficient frontier are on the same line as CML.
  - c. The portfolios lie on the efficient frontier are below the CML, except market portfolio.
  - d. The portfolios lie on the efficient frontier are below the CML including market portfolio.



Mid-West University  
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 Master of Business Administration (MBA)  
 Semester – IV

Subject: Security Analysis and Portfolio Management

Course Code: MGT 548/FIN 548

Full Marks: 100 Pass Marks: 50

Time: 4: 00 Hours

*You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.*

**SECTION B: SHORT ANSWER QUESTIONS (5 X 6 = 30 MARKS)**

Answer any **FIVE** questions:

1. What do you mean by financial assets? Briefly differentiate between financial and real assets.
2. During a period of severe inflation, a bond offered a nominal HPR of 80 percent per year. The inflation rate was 70 percent per year.
  - a. What was the real HPR on the bond over the year?
  - b. Compute the real HPR using the approximation formula.
  - c. Interpret the results.
3. Investment Management Inc. (IMI) uses the capital market line to make asset allocation recommendations. IMI derives the following forecasts:
  - a. Expected return on the market portfolio: 12 percent
  - b. Standard deviation on the market portfolio: 20 percent
  - c. Risk-free rate: 5 percent

Rishav Shrestha seeks IMI's advice for a portfolio asset allocation. Rishav informs IMI that he wants the standard deviation of the portfolio to equal half of the standard deviation for the market portfolio. Using the capital market line, what expected return can IMI provide subject to Rishav's risk constraint?

4. Here are data on two companies. The T-bill rate is 4 percent and the market risk premium is 6 percent.

Company	\$1 Discount Store	Everything \$5
Forecasted returns	12%	11%
Standard deviation of returns	8%	10%
Beta	1.5	1.0

What would be the fair return for each company, according to the capital asset pricing model (CAPM)?

5. "If all securities are fairly priced, all must offer equal expected rates of return." Comment.
6. All the basis of givan data:

Year	This year	Last year
Yield on top-rated corporate bonds	8%	8.5%
Yield on intermediate-grade corporate bonds	10.5%	10%

Is the confidence index rising or falling? What might explain the pattern of yield changes?

7. Why do bond prices go down when interest rates go up? Don't lenders like high interest rates?

**SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)**

Answer any **TWO** questions:

8. The General Enterprise Corporation (GEC) has a two-factor return generating function (i.e., two-factor model). The factors included in the model are Gross National Product (GNP) and Inflation. GEC's stock is expected to earn a 4 percent rate of return if the economy is stagnant i.e.,  $E(r_{GEC}) = \alpha_{GEC} = 4\% = 0.04$ . In addition, GEC has beta on the rate of inflation of 0.9 and its beta on the percentage change in the GNP is 1.1.

- State the two-factor with Inflation and GNP in the model. Explain the model.
  - What rate of return do you expect GEC's stock to earn this year if the rate of inflation is 5.0 percent and the GNP rises 5.0 percent?
  - If the expected rate on the GEC stock is 16 percent, is the stock over priced or underpriced?
  - Suppose there is another stock MNP with same sensitivity (beta) i.e., beta on the rate of inflation is 0.9 and beta on the percentage change in the GNP is 1.1. However, the expected return on the MNC stock is 12 percent. Is there any arbitrage opportunity exist? If yes, construct the arbitrage portfolio and show the arbitrage profit.
  - How can imbalances in pricing the stock be corrected in Arbitrage Pricing Theory (APT) model?
9. The Jefferson Investment Company manages a stock fund consisting of five stocks with the following market values and betas:

Stock	Market Value	Beta
Zell	\$100,000	1.10
Carr	\$50,000	1.20
Arms	\$75,000	0.75
Dole	\$125,000	0.80
Ord	\$150,000	1.40
Total	\$500,000	

Risk free rate is 7 percent and expected return in market portfolio is 14 percent.

- Compute the weight of each stock in the portfolio consisting of the stock fund.
  - Compute the beta of the portfolio.
  - What is the portfolio's expected rate of return?
  - If the portfolio standard deviation is 10 percent, what is the Sharpe ratio and Treynor's ratio of the Fund?
  - Interpret the results you have computed in (a) through (d).
10. Compare and contrast the Security Characteristic Line (SCL), Security Market Line (SML) and Arbitrage Pricing Theory (APT) line. Show diagrams and explain with suitable illustration.

#### SECTION D: CASE STUDY (20 MARKS)

11. Read the **Case** given below and answer the following questions:

##### Case of Portfolio Mean and Variance

The following table provides the means, standard deviations and correlation of four types of assets for the last 780 months. All parameters are based on monthly rate of return.

Assets	Mean Return (in %)	Standard Deviation (in %)
S&P 500	0.97	5.86
Small stocks	1.30	9.01
Corporate bonds	0.44	2.01
Government bonds	0.39	2.20

Correlations:

	S&P 500	Small stocks	Corporate bonds	Government bonds
S&P 500	1.00	0.85	0.22	0.16
Small stocks	0.85	1.00	0.18	0.10
Corporate bonds	0.22	0.18	1.00	0.84
Government bonds	0.16	0.10	0.84	1.00

#### Questions:

- a. Suppose you decide to invest in two assets and diversify with the following weights,  $w_1 = 1/2$  and  $w_2 = 1/2$ . Calculate the portfolio mean and variance for S&P 500 and small stocks; and then for corporate and government bonds, and finally for small stocks and government bonds. Which of these strategies is most desirable? Explain.
- b. Calculate portfolio mean and variance for a portfolio composed of weights  $W_i = 1/4$  ( $i = 1, 2, 3, 4$ ) for each of the above four assets.
- c. How would the result in question (b) change if all correlations reported above were +1.00?
- d. Graph your results to questions (b) and (c) in a mean-standard deviation space. Is the investor better off with high or low correlations? Explain.

**THE END**

Mid-West University  
**Examinations Management Office**  
Final Examination-2078  
Surkhet, Nepal  
Master of Business Administration (MBA)  
Semester – IV

R.No.....

Subject: Compensation and Benefit Management  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 549/HRM 546  
Time: 4: 00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 20 = 20 MARKS)/ (TIME: 20 MINUTES)**

*Tick the best answers*

1. Which one management stream is it that designs and implements total compensation package with a systematic approach to providing value to employees for their contribution?
  - a. Performance management
  - b. Compensation management
  - c. Human resource management
  - d. Personnel management
2. Which one of the followings is not a direct objective of compensation?
  - a. To increase or maintain morale
  - b. To determine basic wage and salary
  - c. To reward for job performance
  - d. To improve the performance
3. Which one of the followings refers to the monetary benefits offered and provided to employees in lieu of the services provided by them to the organization?
  - a. Indirect compensation
  - b. Performance compensation
  - c. Direct compensation
  - d. None of the above
4. Among the followings, which one of the followings is not a part of direct compensation?
  - a. HRA
  - b. Medical reimbursement
  - c. Bonus
  - d. Medical assistance
5. PF/Gratuity is a part of \_\_\_\_\_ compensation
  - a. Indirect
  - b. Direct
  - c. Paid
  - d. Lateral
6. Which one of the followings refers to non-monetary benefits offered and provided to employees in lieu of the services provided by them to the organization?
  - a. Direct compensation
  - b. Performance compensation
  - c. Indirect compensation
  - d. None of the above
7. Which one of the followings represents the activities with the collection of data consisting compensation rates of all the workers, who perform similar jobs in other organizations?
  - a. KSA survey
  - b. Job survey
  - c. Pay survey
  - d. Skills survey
8. The factors that must be considered to price the jobs in any organization includes
  - a. Job importance
  - b. Difficulty of job
  - c. Skills and abilities required
  - d. All of the above
9. Which one of the following theories is also known as “iron law of wages”?
  - a. Wage fund theory
  - b. Surplus theory of wages
  - c. Marginal theory of wages
  - d. Subsistence theory of wages
10. Which one theory advocates for determining the wages by the relative bargaining power of workers or trade-union and of employers?
  - a. Residual claimant theory
  - b. Marginal productivity theory
  - c. Bargaining theory of wages
  - d. Surplus theory of wages

11. Who was the propounder of the surplus-value theory of money?
  - a. Adam Smith
  - b. Karl Marx
  - c. David Ricardo
  - d. Francis and Walker
12. Under the marginal productivity theory what do we take as a basic assumption?
  - a. Constant rate of interest and rent
  - b. Perfect competition
  - c. Perfect mobility of labor
  - d. All of the above
13. Which one theory argues that in the long run wages sum is to maintain a worker and his/her family?
  - a. Subsistence
  - b. Residual Claimant
  - c. Exploitation
  - d. Wage fund
14. Which exit technique is known as golden handshake?
  - a. Lay-off
  - b. Retirement
  - c. Resignation
  - d. Voluntary retirement scheme
15. .... are also called 'payments by results'.
  - a. Allowances
  - b. Claims
  - c. Incentives
  - d. Fringe benefits
16. Which one of the followings is generally paid only at the time of employee exit after serving the organization for pre-determined period as their policy?
  - a. Perquisites
  - b. Claims
  - c. Allowances
  - d. Gratuity
17. Elitist remuneration system is prevalent among
  - a. Well established firms
  - b. Companies with mature products
  - c. Companies with limited competition
  - d. All of the above
18. Which one of the followings represents the basic compensations given to employees as salaries or wages?
  - a. Base pay
  - b. Wages
  - c. Variable pay
  - d. Salaries
19. Which of the following is not a part of indirect compensation?
  - a. Insurance
  - b. Conveyance
  - c. Paid leave
  - d. Medical assistance
20. Egalitarian remuneration system is prevalent among
  - a. Well established firms
  - b. Companies with mature products
  - c. Companies with limited competition
  - d. None of the above



Mid-West University  
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Final Examination-2078  
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Semester - IV

Subject: Compensation and Benefit Management  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 549/HRM 546  
Time: 4: 00 Hours

*You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.*

**SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)**

Answer any **FIVE** questions:

1. How is motivation associated with compensation? Discuss with reference to one motivation theory of your choice. [3+3]
2. How compensation and performance appraisal are linked together? [6]
3. What is consumer price index? [6]
4. Describe the subsistence theory of compensation. [6]
5. While designing compensation, what are the some major issues to be considered? [6]
6. Can we use compensation as a retention strategy of the organization? In which industry is this more used? Why? [3+3]
7. What is earning at risk pay plan? [6]

**SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)**

Answer any **TWO** questions:

8. Our neighboring countries have started attracting Nepali workforce for cheap labor in almost all the sectors. The aviation sector is no exception to this. Accordingly, they target Nepali pilots resulting in tough competition for competent workforce in Nepali airlines companies. Assume that you are the HR Manager in one of the airlines which is planning to go aggressively into this business and tap the best manpower from the market. What are some of the areas that you will consider while designing the compensation package? [15]
9. You are an HR manager of a hospital which caters to local health needs. It cannot offer a high salary package to its nurses but it wants to be established as one of the best hospitals providing excellent service through its nursing services besides its doctors in the city. Recently the nursing regulatory body has cancelled the license of many nursing colleges which has created crunch in cheap nursing manpower supply in the hospital industry. What are some of the facilities you can consider so that you can attract and retain quality nurses available in the job market? [15]
10. Discuss the pay model with reference to policies, techniques, and objectives. [15]

**SECTION D: CASE STUDY (20 MARKS)**

11. Read the **Case** given below and answer the following questions:

Dr Sushant is the director of his 25 bedded hospital located in the middle of his town. He is a reputed doctor in the town. In fact, people come because of his name. Dr Sushant wants to add hi-tech facilities so that he can earn more and accordingly pay more to his staff and at the same time keep the prices competitive in the market for its sustenance. He very well understands that keeping the prices at cheaper side can serve as competitive advantage over his competitors.

However, he finds that his doctors are not very enthusiastic about expansion, especially the new doctors with MBBS degrees, they take his hospital only as an entry point/ launching padafter passing from the college. With the lack of seriousness in learning/ sharing, putting in their time and other

resources while working, they rather feel comfortable referring the patients to other hospitals so that they do not have to work more.

Dr Sushant, in order to know why this is happening, began studying the various systems and practices in place. During a conversation with Mr. S.N. Sharma, a consultant, he found that the productivity of the work force was lower than its competitors. With this cue; he started looking at HR Practices in place.

He noted that the compensation management in the organization was on the basis of rewarding individual performance although the nature of work was team based. So, one of the first things Dr Sushant wanted to do in his hospital, was to improve productivity through team work at every level of organization, especially the doctors in ward, emergency, operation theatres etc. Dr Sushant set out to change the culture to accommodate the team based approach to compensation. He has become so enthusiastic about it.

Dr Sushant decided to the change long standing policy- that had been given to all the employees the same annual pay increase but felt that in the new team environment, outstanding performance should be the criteria for pay rises. After consulting with the consultant, Dr Sushant sent a memo to all the employees announcing the change to the team based pay for performance.

The reaction was immediate and hundred percent negative. None of the employees was happy with the change. They thought that this will result partially in rewarding employees given that the performance appraisal system in the organization is quite old and primitive. Some of the doctors started suspecting the intentions as they thought that the pay for performance was a veil to disturb the harmony prevailing amongst the employees. Dr Sushant and the consultant arranged a meeting for the next morning in his office over their tea, they began a painful debate.

**Questions:**

- a. Why was there a negative feeling towards the new proposed system? [5]
- b. Discuss what suggestions you would give to the hospital. Whether the new policy should be retracted or allowed to stand? Why? How should the new system be introduced? [15]

**THE END**

Mid-West University  
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Final Examination-2078  
Surkhet, Nepal  
Master of Business Administration (MBA)  
Semester – IV

R.No.....

Subject: Performance Management  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 550/HRM 547  
Time: 4: 00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 20 = 20 MARKS)/ (TIME: 20 MINUTES)**

*Tick the **best** answers*

1. Performance Management is a:
  - a. Continuous Process
  - b. Yearly Process
  - c. Bi-annual Process
  - d. Quarterly Process
2. A method of establishing expectations and accountability for meeting a set standard of execution excellence and the consequences for not meeting them is referred to as:
  - a. Performance Improvement Plan
  - b. Management Development Plan
  - c. Performance Agreement
  - d. Performance Appraisal
3. In approaches to measuring performance, which is the ODD one?
  - a. Task Approach
  - b. Behavior Approach
  - c. Results Approach
  - d. Trait Approach
4. A broad area of a job for which an employee is responsible for producing results refers to:
  - a. Authority
  - b. Accountability
  - c. Responsibility
  - d. Job Description
5. Feedback on an employee's performance being provided by the manager, peer evaluation, external customers, and the employee himself refers to:
  - a. Behavioral Checklist
  - b. Rating Scale
  - c. 180 Degree Feedback
  - d. 360 Degree Feedback
6. Information like educational qualifications, training, experience, skills, and competencies, etc. someone would need to do a job is mentioned in:
  - a. Job Specification
  - b. Job Description
  - c. Employee Profile
  - d. Vacancy Announcement
7. General information about the job itself, including the title, location, summary, duties, working conditions, which the person would report to, etc. is mentioned in:
  - a. Job Specification
  - b. Job Description
  - c. Employee Profile
  - d. Vacancy Announcement
8. There are three basic types of poor performance. Which is the ODD one?
  - a. Breaches of Work Practices
  - b. Unsatisfactory Work Content
  - c. Absenteeism and Tardiness
  - d. Employees' Personal Problems
9. In Performance Management, PIP refers to:
  - a. Performance Incentive Plan
  - b. Performance Increasing Plan
  - c. Performance Improvement Plan
  - d. Performance Internal Plan
10. A company's formal process of identifying both an individual's or organization's goals and the best way to reach them refers to:
  - a. Behavior Planning
  - b. Development Planning
  - c. Succession Planning
  - d. Performance Planning

11. PDP stands for:
- a. Performance Development Planning
  - b. Performance Development Process
  - c. Performance Development Procedure
  - d. Performance Development Practice
12. EPM stands for:
- a. Excel Performance Management
  - b. Enterprise Performance Management
  - c. Entity Performance Management
  - d. Evaluative Performance Management
13. PPM stands for:
- a. Personnel Performance Management
  - b. Personal Performance Management
  - c. People Performance Management
  - d. Productive Performance Management
14. Fill in the blanks: Performance = ..... X Procedural Knowledge X Motivation
- a. Skills
  - b. Attitude
  - c. Aptitude
  - d. Declarative Knowledge
15. Knowing what to do and how to do refers to.
- a. Procedural Knowledge
  - b. Declarative Knowledge
  - c. Theoretical Knowledge
  - d. Practical Knowledge
16. Performance standard is also called:
- a. Milestone
  - b. Yardstick
  - c. Parameters
  - d. Criteria
17. Employee's assessment of him or herself is called:
- a. Peer Rating
  - b. Supervisor Rating
  - c. Self-Appraisal
  - d. Group-Appraisal
18. Performance improvement can occur at the three different levels. Which is the ODD one?
- a. Individual Level
  - b. Team Level
  - c. Organizational Level
  - d. National Level
19. Fill in the blank: ..... is the product of desire and commitment.
- a. Motivation
  - b. Skill
  - c. Aptitude
  - d. Attitude
20. Fill in the blank: ..... is the person's aptitude, as well as the training and resources supplied by the organization.
- a. Knowledge
  - b. Ability
  - c. Education
  - d. Skill

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Surkhet, Nepal  
Final Examination-2078  
Master of Business Administration (MBA)  
Semester - IV

Subject: Performance Management  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 550/HRM 547  
Time: 4: 00 Hours

*You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.*

**SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)**

Answer any **FIVE** questions:

1. Show your understanding with the term Corporate Performance Management with suitable examples. [6]
2. Explain the characteristics of an Ideal Performance Management System. [6]
3. What are the different objectives of Performance Planning? Explain. [6]
4. Explain the different determinants of Organizational Performance. [6]
5. Show your understanding with Determinants of Performance with suitable examples. [6]
6. What do you understand by Performance Standards? Explain. [6]
7. Explain the major components of an Appraisal Form. [6]

**SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)**

Answer any **TWO** questions:

8. Suppose you are a supervisor in a large departmental store with more than 50 employees. The organization has recently observed a series of poor performance of the employees in the company leading to poor sales and profitability. As a supervisor, how can you diagnose the causes of poor performance in the company? Also provide the solutions to the issues. [9+6]
9. What are the different benefits of linking Job Descriptions to Performance Reviews? As a Human Resource Manager of a 3 Star Hotel in Pokhara, how can you successfully achieve this aspect in the hospitality business pertaining to employees in the Managerial Level? Discuss. [7+8]
10. What does performance consultants do to help improve employee performance? What different roles should they perform? [9+6]

**SECTION D: CASE STUDY (20 MARKS)**

11. Read the **Case** given below and answer the following questions:

Performance management meetings are often tedious and disappointing. However, here is a case from a large Canadian retailer where performance management rescued a good employee who was in route to failure. The story began when a woman was transferred from another function into an important Human Resource role. It was not long before complaints were coming in, which set the stage for an unpleasant mid-year performance review. "What is your future plan?" asked her boss, trying to build some perspective on the situation rather than jumping into a series of criticisms. The employee had no answers. "Tell me what you would like to achieve in this job?" her boss persisted. After avoiding a direct answer, she eventually blurted out, "Why are you asking me this? I love this job." Then she burst into tears. Her boss knew there was a problem but could not put his finger on why she was doing so poorly. Neither did he have the time to devote to a lot of coaching. He knew she was motivated and had a good track record in her previous job. Despite the complaints from her internal clients, he wanted to give her a chance. His solution was to sidestep the issue by getting her to report to another

manager with a great reputation for mentoring. The new manager took her under his wing. The new manager soon got to the root of the problem. The woman was smart and dedicated, but had no relevant experience and no idea how to do the job. It was a serious but fixable problem. With a little time and a little guidance, she figured things out and got on track. Actually, she did more than get on track. She proved to be the best person the company ever had in the role. She went well beyond what was expected. She was a star. Here we have a case of performance management leading to a rescue of lasting value to both the organization and the individual involved. There are some notable points worth highlighting. One is that because their reviews were frequent, not just once a year, there was a chance to detect and respond to the problem early on. Secondly, the process merely set the stage for the rescue. The rescue itself occurred because her original manager cared enough to get her into a good mentoring situation, and her new manager was dedicated enough to help her solve the problem. Performance management can make a big difference, but only in capable caring hands.

**Question:**

- a. What good aspects of performance management do you observe in the case above? Do you think that the boss did a good job by giving the employee another chance? Elaborate. [20]

**THE END**

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Final Examination-2078  
Surkhet, Nepal  
Master of Business Administration (MBA)  
Semester – IV

R.No.....

Subject: Human Resource Development  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 551/HRM 548  
Time: 4: 00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 20 = 20 MARKS)/ (TIME: 20 MINUTES)**

*Tick the best answers*

1. The 'HRD' concept was first introduced in 1969 by:
  - a. Malcolm Knowles
  - b. David Kolb
  - c. Leonard Nadler
  - d. Frank Gilbreth
2. The 3Cs in Human Resource Development aims to develop:
  - a. competency, collaboration and culture
  - b. competency, communication and culture
  - c. competency, commitment and culture
  - d. none
3. The formal method in a need assessment process that involves comparing performance with the stated intended competencies—by self-assessment, peer assessment, or objective testing—and planning accordingly is called:
  - a. task analysis
  - b. gap analysis
  - c. operational analysis
  - d. problem analysis
4. Which one is the correct order in the ADDIE model of training?
  - a. assess, define, design, implement, and evaluate
  - b. assign, design, develop, investigate, and evaluate
  - c. assess, design, develop, implement, and evaluate
  - d. assess, develop, design, implement, and evaluate
5. The strategic tripartite partners in successful execution of Human Resource Development function in the organization are:
  - a. top executives, HRD personnel and HRD department
  - b. HRD department, external vendors and top executives
  - c. top executives, line managers and HRD personnel
  - d. none of the above
6. Converging, diverging, accommodating and assimilating are the different types of
  - a. learning techniques
  - b. learning methodology
  - c. learning styles
  - d. cognitive orientations
7. The facilitation learning for adults, who are self-directed learners is called:
  - a. pedagogy
  - b. heutagogy
  - c. andragogy
  - d. none of the above
8. The conditions that is needed to ensure the training solutions sustainably stick is:
  - a. Internal systems support the newly desired behavior
  - b. there is commitment to change
  - c. the training solution directly serves strategic priorities
  - d. all of the above
9. Cooptation, facilitation and support, negotiation, manipulation, education. coercion are commonly used as:
  - a. change strategies
  - b. learning strategies
  - c. empowerment strategies
  - d. engagement strategies

10. The common elements in systematic approaches to training including ADDIE is:
  - a. it is competency based
  - b. lesson is logically and sequentially integrated
  - c. A tracking system and evaluation option is established that allows changes and updates to the learning materials.
  - d. all of the above
11. The term 'Enabling' and 'Terminal' in the learning process is used in the context of developing:
  - a. performance objectives
  - b. learning objectives
  - c. evaluation objectives
  - d. none
12. This method involves a brief explanation, a demonstration, and then a performance try-out and follow-up by the learner is called:
  - a. job instruction training (JIT)
  - b. vestibule training
  - c. vicarious learning
  - d. behavior modelin
13. The three main characteristics of the good training objectives are:
  - a. objectives should identify a learning outcome
  - b. objectives should be consistent with course goals
  - c. objectives should be precise
  - d. all of the above
14. Arranging follow-up sessions (technical backstopping) happens in which one phase of training?
  - a. pre-training phase
  - b. training phase
  - c. post-training phase
  - d. all of the above
15. "Near the job training", which means the simulated setup is established, proximate to the main production plant, wherein the technical staff learns how to operate the tools and machinery, that may be exactly similar, to what they will be using at the actual work floor is.
  - a. job rotation
  - b. vestibule training
  - c. imitative learning
  - d. apprenticeship
16. Learning should be designed for :
  - a. efficiency
  - b. job transferability
  - c. productivity
  - d. none
17. The fifth dimension that has been included to the original Kirkpatrick model of evaluation is:
  - a. productivity
  - b. efficiency
  - c. ROI (return on investment)
  - d. none
18. Discussion with an employee of a problem that usually has a emotional content in order to help the employee cope with it the better one is:
  - a. morale
  - b. motivation
  - c. leadership
  - d. counselling
19. The organizations that can supply the training element of an apprenticeship may include:
  - a. training organizations that deliver apprenticeships leading to nationally recognized qualifications, receive government funding through contracts
  - b. education colleges
  - c. independent training providers which can be in the private or voluntary sector.
  - d. all of the above.
20. This method of training is the combination of on-the-job training and the classroom training, wherein the trainees earn while learning the skills required for performing the specialized job (usually trades and crafts).
  - a. understudy
  - b. internship
  - c. job instruction training
  - d. apprenticeship



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Master of Business Administration (MBA)  
Semester - IV

Subject: Human Resource Development  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 551/HRM 548  
Time: 4: 00 Hours

*You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.*

**SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)**

Answer any **FIVE** questions:

1. Briefly define the elements of human resource development. [6]
2. Traditionally, training and development are usually used together as a phrase to explain the overall acclimation, enhancement, and education of an employee. Analyze the similarities and differences between training and development. [3+3]
3. Why is there a need to conduct a thorough Training Needs Assessment? Who should be involved in the needs assessment? [5+1]
4. Explain the different phases of the Instructional System Design (ISD) model of training. [6]
5. Explain the advantages and disadvantages of on-the-job and off-the-job training methods. [3+3]
6. Enlist the primary reasons of employees' resistance to change. Explain the role (s) of the change management team. [2+4]
7. Write short notes on (any two): [2×3]
  - a. Role (s) of Human Resource Development
  - b. Kolb's Model of Experiential learning
  - c. Kirkpatrick's four-level training evaluation model

**SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)**

Answer any **TWO** questions:

8. The way we learn has changed enormously with the digital age. Corporate learning hasn't been left behind and is also being reinvented. Innovations in Learning & Development is one of the top human capital trends in recent years. Explain how Learning and Development (L&D) is redefining the future of work. What new trends are the beginning to take place in this field. How should Nepalese organizations embrace these changes? [6+3+6]
9. How would you respond to someone who makes the following statement, "Training should not be seen as a quick remedy to all performance gap?" Discuss using appropriate examples. What facilitates effective transfer of learning at the workplace? [9+6]
10. Elucidate the role of training providers. What key professional codes should the training providers implement at all times to promote a positive learning experience and at the same time remain accountable, professional, ethical and responsible in its delivery? [6+9]

**SECTION D: CASE STUDY (20 MARKS)**

11. Read the **Case** given below and answer the following questions:

Samiksha Tripathi is a manager at Good will Financial Services Company in Kathmandu. Samiksha has recently been promoted to the position of a Manager. She manages about 20 employees in her unit. She reports to the Deputy Director, Rajan BK. Samiksha is a hardworking lady who is proactive and assertive in her dealings. It's almost a year now and she is not happy, with the way the employees took

initiatives in the execution of their job roles. Upon discussion with Mr. Rajan, she found that Mr. Rajan also felt the same about the employees. Both felt that the employees were very bureaucratic and less entrepreneurial in their approach. They waited around for their bosses' approval, and did not feel empowered to make decisions on their own. As an outcome, decisions were not swifter. Mr. Rajan asks Samiksha to immediately organize a training workshop to address the behavioral issues. Samiksha decides to do some investigation on this so that she could feed these inputs to the training providers. After asking leaders in the organization why this was the case, she discovered that the problem had more to do with: ineffective decision-making processes that failed to clarify which leaders and groups owned which decisions; narrowly distributed authority, concentrated at the top of the organization (access to basic information was limited to high-ranking managers), people weren't behaving in a disempowered way because they didn't know better; no measurable expectations that employees make decisions; no technologies to quickly move information to those who needed it to make decisions; multiple levels of approval were required for even tactical decisions.

She realized that a lack of skills had very little to do with their problem. It was more of systemic issues. She is under tremendous pressure to design a training workshop for the employees. Though the company seemed eager to invest, Samiksha is in a dilemma. She is still wondering whether training program was the right way to introduce the new behavior they wanted their employees to learn. She always believed that learning is a consequence of thinking, not teaching. She wants to think deeply and would not do anything that could backfire, making management out of touch. When she shared the obvious concerns with Mr. Rajan, she got the classic response, "Yes, yes, of course we know those issues, but we think if we can get the training workshop going, we'll build momentum and then get to those later." Samiksha is somewhat perplexed.

**Questions:**

- a. Is this a training problem? Will the training yield the intended benefit? [5]
- b. Should Samiksha go ahead with the idea of designing a training workshop for the employees?  
Why? [10]
- c. What would you suggest Samiksha to focus on for a productive, or sustainable outcome? [5]

**THE END**

Mid-West University  
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Surkhet, Nepal  
Final Examination-2078  
Master of Business Administration (MBA)  
Semester - IV

R.N.....

Subject: Brand Management  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 552/MKT 546  
Time: 4: 00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 20 = 20 MARKS)/ (TIME: 20 MINUTES)**

Tick the *best* answer

1. \_\_\_\_\_ is a mode of direct marketing owes to well-structured communications in the form of catalogs.
  - a. Telemarketing
  - b. Sales promotion
  - c. Advertising
  - d. Publicity
2. \_\_\_\_\_ let's you to have a clear picture of the number of customers or usage of your brand in comparison with competition.
  - a. Market share
  - b. Brand share
  - c. Product share
  - d. Customer share
3. \_\_\_\_\_ of means how many times you should expose your target customers to your message.
  - a. Frequency
  - b. Copy
  - c. Copy strategy
  - d. Media
4. \_\_\_\_\_ shows how consistent customers are in buying your brand, how long they have been buying and how long they may buy.
  - a. Customer loyalty
  - b. Brand loyalty
  - c. Product loyalty
  - d. Company loyalty
5. A brand-based organization provides:
  - a. Clarity of role
  - b. Commitment to brand growth
  - c. Collective responsibility
  - d. All of the given options
6. Advertising is part of sales promotion by creating awareness and comprehension that form a level of:
  - a. Customer pull
  - b. Customer push
  - c. Customer loyal
  - d. Customer image
7. Brand picture is based on:
  - a. Brand value
  - b. Brand mission
  - c. Brand vision
  - d. Brand image
8. Mostly, the major source of power throughout the distribution channel is:
  - a. The company
  - b. The brand
  - c. The distributor
  - d. The customer
9. The brand stature construct is equivalent to:
  - a. Esteem multiplied by knowledge
  - b. Differentiation multiplied by knowledge
  - c. Knowledge multiplied by relevance
  - d. Esteem multiplied by differentiation
10. The term "story board" is specifically related to:
  - a. TV commercial
  - b. Newspaper Editorial

- c. Magazine ad  
d. Press release
11. Which one of the followings purpose does an advertising copy serves?
    - a. Provides a degree of continuity in a brand's advertising
    - b. Help a brand achieve distinctiveness
    - c. Provides a common benchmark on which all concerned in the company and the agency can evaluate the merits of advertising submissions
    - d. All of the above
  12. Which of the following strategy give the benefit of premium pricing?
    - a. Umbrella strategy
    - b. Line brand strategy
    - c. Product brand strategy
    - d. Branding strategy
  13. \_\_\_\_\_ advertising affords the marketer the ability to engage the consumer in a direct and personal way.
    - a. Interactive
    - b. Contextual
    - c. Traditional
    - d. Website.
  14. \_\_\_\_\_ are musical messages written around a brand.
    - a. Logos
    - b. Symbols
    - c. Jingles
    - d. Tag lines
  15. \_\_\_\_\_ are short phrases that communicate descriptive or persuasive information about a brand.
    - a. Punch lines
    - b. Tag lines
    - c. Messages
    - d. Slogans
  16. \_\_\_\_\_ buy products & \_\_\_\_\_ use product.
    - a. consumer & customers
    - b. buyers & sellers
    - c. buyers & customers
    - d. customers & consumer
  17. \_\_\_\_\_ defines what the brand thinks about the consumer, as per the consumer.
    - a. Brand attitude
    - b. Brand positioning
    - c. Brand relationship
    - d. Brand manage
  18. \_\_\_\_\_ is the single factor that best indicates social class.
    - a. Time
    - b. Money
    - c. Occupation
    - d. Fashion
  19. \_\_\_\_\_ markets are made up of members of the distribution chain.
    - a. Consumer
    - b. Business-to-business (Industrial)
    - c. Institutional
    - d. Channel
  20. \_\_\_\_\_ refers to a brands' objective attributes in relation to other brands.
    - a. Brand position
    - b. Product position
    - c. Brand relationship
    - d. Both A&B

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Subject: Brand Management  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 552/MKT 546  
Time: 4: 00 Hours

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*You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.*

**SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)**

Answer any **FIVE** questions:

1. How would you spend your first week at work in your new role as a brand manager?
2. As a brand manager, how will you manage customers giving negative social media reviews about your product?
3. Why is word-of-mouth marketing important?
4. Is brand marketing the same as social media marketing?
5. How long does it take to change brand perception?
6. What is the difference between a slogan and a punch line?
7. How can a business build a brand for its mobile app?

**SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)**

Answer any **TWO** questions:

8. Successful global brands have very specific attributes that contribute to their success. Specify some of these attributes for Shandar Momo, KFC or Himalayan Java Coffee.
9. Discuss the use of online consumer reviews from the brand manager's perspective.
10. Devise a branding strategy for a female clothes seller, who only sells online using social media handles.

**SECTION D: CASE STUDY (20 MARKS)**

11. Read the **Case** given below and answer the following questions:

In their quest for new methods to attract talent and build their employer brand, L'Oréal launched 'REVEAL' in 2010. It was one of the first truly immersive online brand experiences designed to engage and recruit the very best college students and graduates from around the world. In their own words: 'it combines an exciting dive into the backstage of a product launch at L'Oréal, with evaluation and learning modules built by experts from the academic, business and psychometric worlds.' L'Oréal's objectives were to: • reinforce their image as a progressive and innovative employer; • provide a more engaging and experiential introduction to L'Oréal career opportunities; • reflect Gen Y's social networking and gaming preferences; • reach out to a more diverse geographical pool of potential talent; • and create an efficient first-level screening process for candidates' match with L'Oréal's values and desired professional competencies. Once participants have enrolled in the REVEAL game, they embark on a journey through the three-stage development, production and launch of a new product. They meet a range of characters from around the world of L'Oréal, assessing different situations and challenges, with the aid of bite-sized selections of supporting data. Once each stage of the journey has been completed, the participant undertakes a series of further multiple-choice questions. These are designed to judge their EQ, values and working style in response to different scenarios, and their general IQ and professional competencies through a series of reasoning tests. The assessment questionnaires and

game play were created with the involvement of more than 200 L'Oréal employees, who helped to ensure that the company's values, culture and management style were well represented. Along the way, participants can visit five different 'learning areas', containing further briefing material on five of the company's key professional areas: R & I (Research and Innovation), Marketing, Sales Development, Operations, and Finance and Control. They can also share their progress, invite friends to join, compete, swap notes and compare rankings on Face book. After completing their journey through the game, participants are provided with a final score relating to their overall competency in 'launching a product in a highly demanding industry', an evaluation of their working style, and a recommendation on the professional area they are most likely to excel in. If their competencies match L'Oréal's requirements and their working style resonates with L'Oréal's values they are then invited to submit their CV, and begin the recruitment process for real. The launch of 'REVEAL by L'Oréal' created a significant impact when it was first launched. Even before the official launch of the site, there were 21,000 individuals from all around the world signed up to take part. By the beginning of 2014, more than 100,000 candidates had participated in the game, and by every measure it has helped L'Oréal meet its original objectives. While L'Oreal recognizes REVEAL was innovative for its time, it should be noted that the Company has now phased it out and have moved on to a number of new approaches.

**Questions:**

- a. How well the company has been able to establish their brand?
- b. Make a SWOT analysis of the case.

**THE END**

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Semester - IV

R.N.....

Subject: Sales Management  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 553/MKT 547  
Time: 4: 00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 20 = 20 MARKS)/ (TIME: 20 MINUTES)**

*Tick the best answer*

1. The formal difference between a joint venture and a strategic alliance is that the latter one is typically:
  - a. Non-equity alliance
  - b. Equity alliance
  - c. Alliance involving an American organization
  - d. Foreign operation
2. What does D stand for in Behavioral Equation theory?
  - a. Response or the internal response tendency, that is, the act of Purchasing a brand or patronizing a supplier
  - b. Predisposition or the inward response tendency, that is, force of habit
  - c. Present drive level
  - d. Incentive potential, that is, the value of the product or its potential Satisfaction to the buyer
3. Which theory is also known as Situation Response Theory?
  - a. AIDA theory
  - b. Buying formula theory of selling
  - c. Behavioral equation theory
  - d. Right set of circumstances theory
4. The ideal order for conducting 4 types of forecasts is:
  - a. Sales Forecast, Market Potential, Market Forecast, Sales Potential
  - b. Market Potential, Market Forecast, Sales Potential, Sales Forecast
  - c. Market Potential, Sales Potential, Market Forecast, Sales Forecast
  - d. Sales Potential, Market Potential, Sales Forecast, Market Forecast
5. If Toyota describes one of its cars of the future as being "a moderately priced subcompact designed as a second family car to be used around town; the car is ideal for running errands and visiting friends," then the company has just stated a potential new product in terms of:
  - a. product idea
  - b. product image
  - c. product concept
  - d. product feature
6. Lifebuoy kills the germs you cannot see, is an example of \_\_\_\_\_.
  - a. Emotional benefit related to positioning
  - b. Functional benefit related positioning
  - c. Usage occasion related to positioning
  - d. Health-related positioning
7. Astha, a manufacturer of pumps and plumbing valves, employs regional salespeople to sell its products to wholesalers and cities. This is an example of \_\_\_\_\_.
  - a. personal selling
  - b. public relations
  - c. direct marketing
  - d. publicity
8. Business-to-consumer companies are more likely to emphasize a \_\_\_\_\_ promotion strategy, while business-to-business companies are more likely to emphasize a \_\_\_\_\_ promotion strategy.
  - a. pull; push
  - b. continuity; pulse
  - c. pulse; pull
  - d. push; pull
9. A sales representative for Coca-Cola travels to various shops and restaurants to determine how much bottles the customer needs for the coming period. The sales representative would be classified as:
  - a. Order getter
  - b. Inside order taker
  - c. Field order taker
  - d. Trade salesperson

10. In----- the sales representative is responsible for selling the manufactured goods to the wholesale dealers as well as retail traders.
- Business selling
  - Technical selling
  - Trade sales
  - Missionary sales
11. At Boeing, salespeople work with company specialists, such as financial analysts, planners, and engineers, to call on potential and current customers. This is an example of:
- Team selling
  - An inside sales force
  - A product sales force
  - A complex sales force
12. Communicate the high value of services over the competition is a part of:
- Communication
  - Influence and persuasion
  - Negotiation
  - Prioritizing and goal setting.
13. Present new idea to decision-makers is \_\_\_\_skills of sales executive.
- Communication
  - Influence and persuasion
  - Negotiation
  - Prioritizing and goal setting
14. Mr. Sharma, a sales person from Mega Tech, develops a list of potential customers and evaluates them on the basis of their ability, willingness, and authority to purchase copy machines. This process is called:
- Customer search
  - Sales preparation
  - Approaching the customer
  - Prospecting
15. When City Express Financial Services sends a direct marketing letter to consumers and encloses a reply card so the mail recipient can request more information on financial planning, it is engaging in:
- cold calling
  - approaching
  - prospecting
  - pre-approach
16. Agni Refrigeration in Kathmandu sells refrigerated display cases for flowers. When its salesperson asks a retailer, "Do you want to order the two-door model 350F or the Model 719F with the single door?" Which stage of the selling process has he excuted?
- Approach
  - Presentation
  - handling objections
  - close
17. The consultative selling approach is based on the sales person:
- Having a limited product line
  - Assessing customer needs early in process
  - Using a scripted sales approach
  - Basing the sales pitch on price and convenience
18. What is captive product pricing?
- Setting prices across an entire product line
  - Pricing bundles of products sold together
  - Pricing products that must be used with the main product
  - Pricing low-value by-products, to get rid of them
19. Designing sales force strategy and structure, recruit and select, training, compensation, supervise and evaluation are the major steps of:
- Designing sales force
  - Sales force management
  - Sales force strategy
  - Structure of sales force
20. You have five years of past sales data; however, there have been changes to products and target market focus over the past few years when compared to the previous period. What forecasting method would take this into account and still be simple to use?
- Exponential Smoothing
  - Delphi Method
  - Moving Averages
  - Regression Analysis



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Surkhet, Nepal  
Final Examination-2078  
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Semester - IV

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Subject: Sales Management  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 553/MKT 547  
Time: 4: 00 Hours

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*You are required to answer in your own words as far as applicable. The figures in the margin indicate full marks.*

**SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)**

Answer any **FIVE** questions:

1. How can top management keep the sales manager abreast of changes in the environment that affect the company? How can the sales manager pass on such information to the sales force?
2. "Sales budgets assist managerial control of activities." Describe this statement, bringing out clearly how far this assists managerial control at different levels.
3. Define market potential. How does it differ from sales potential?
4. Discuss the advantages and disadvantages of paying a sales force on a commission-only basis.
5. "Sales quota becomes the basis for planning production, work force size and financial management." Comment.
6. Describe the personal selling process with a neat diagram.
7. As a sales representative, you are required to develop an annual sales plan for your territory. What would you include in your plan?

**SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)**

Answer any **TWO** questions:

8. The choice of organizational structure is influenced by factors such as: Size of the company, nature of the products, nature and density of the market, ability of executives and financial condition of the company. Explain how each of these conditions may affect the choice of structure.
9. A manufacturer of small aircraft designed for executive transportation in large companies has decided to implement the concept of a selling center. What people in this company should be on the selling teams? What problems is this firm likely to encounter when it uses team selling?
10. A manufacturer of playground equipment now uses its own sales force to sell directly to customer groups such as city park departments, school districts, private day nurseries and companies that maintain day care centers for employees' children. This producer would like to install a telemarketing system to reduce some of its field-selling costs. What problems is this seller likely to encounter in the telemarketing move? What recommendations do you have for solving these problems?

**SECTION D: CASE STUDY (20 MARKS)**

11. Read the **Case** given below and answer the following questions:

Wal-Mart has become the largest grocery chain in the United States, with sales of \$115 billion in one recent year—roughly double those of Kroger, its nearest competitor—the nation's other grocers are pulling out all the stops to remain competitive with the giant, low-price retailer. Kroger itself, which has more than 2,500 stores under several different names, is relying on customer loyalty programs and a

broad product mix. Kroger customers can rack up gift points on a special MasterCard or qualify for a frequent-shopper gasoline discount. In some outlets they can pick up a television or some deck furniture along with milk and eggs, while Kroger's "Marketplace" stores offer office supplies and fine jewelry. Those looking for specialty foods can find them in Kroger's Fresh Fare markets, which are concentrated in California, while low-price shoppers browse its Food4Less stores for no-frills, warehouse-style grocery shopping.

Piggly Wiggly stores are investing in sensors that use fingerprint recognition technology to trigger payments from the customer's bank account or credit card. Bloom supermarkets offer hand-held scanners that customers can use to check out items as they shop, stopping at a checkout station where the total has already been calculated. On the low-tech front, Bloom is also promoting a Recipe of the Week at the front of the store and offering 20-minute parking just outside for those who want to use the supermarket as a convenience store. Managers give out their business cards and respond to e-mail, and employees are instructed to form friendly relationships with the regular shoppers.

And just in case there aren't enough supermarket chains in the picture, Tesco, the grocery powerhouse from Britain and the world's fifth-largest retailer, is spending more than \$4.5 million on a chain of mini supermarkets to open on the West Coast. Tesco's midsized food marts will compete against all the established U.S. grocers, as well as Home Depot's new gas station/convenience stores, an expanded U.S. roster of Canada's Circle K stores, and an aggressive upgrading of existing convenience stores run by industry leader 7-Eleven, now owned by a Japanese firm. Observers say Tesco is likely to try to make its name by relying on high-tech conveniences, such as the ability to order groceries via cell phone, which British shoppers already enjoy.

In the meantime, Wal-Mart is challenging Kroger on its own turf by opening Supercenters in Ohio, Kentucky, and Indiana. The retail giant is also moving aggressively into yet another food market—the organic-foods market, in which stores such as Whole Foods Market and Trader Joe's have reigned until now. Whole Foods is expected to reposition itself as a low-cost purveyor of traditionally expensive organic and specialty foods in response to Wal-Mart's entry.

### **Questions:**

- a. One retail expert says that because it's planning to locate where Wal-Mart has a relatively small presence, "Tesco is beating them to the punch" in California. Do you agree? How important is location in retailing, and why?
- b. "The Kroger's of this world are working very hard to create a reason to shop in the traditional supermarkets," said a food industry consultant. "It's about food. It's about what's for dinner tonight. It's about ease of shopping." Wal-Mart, however, competes on price. What do you think grocery shoppers are really looking for? How can Wal-Mart's competitors provide it?

**THE END**

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R.N.....

Subject: Service Marketing  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 554/MKT 548.  
Time: 4: 00 Hours

**SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 20 = 20 MARKS)/ (TIME: 20 MINUTES)**

*Tick the best answer*

1. Services are characterized by all of the following characteristics except for:
  - a. Intangibility
  - b. Homogeneity
  - c. Perishability
  - d. Inseparability
2. Marketing problems caused by inseparability include all of the following except for:
  - a. The service provides a physical connection to the service
  - b. The involvement of the customer in the production process
  - c. Service standardization and quality control are difficult to achieve
  - d. The involvement of other customers in the production process
3. Customer satisfaction can be defined by comparing:
  - a. Predicted service and perceived service
  - b. Predicted service and desired service
  - c. Desired service and perceived service
  - d. Adequate service and perceived service
4. Minimizing the amount of role conflict and role ambiguity experienced by employees will help reduce the size of this gap is known as:
  - a. Knowledge gap
  - b. Standards gap
  - c. Delivery gap
  - d. Communications gap
5. The consumer decision process consists of:
  - a. Stimulus, problem awareness, and purchase stages
  - b. Pre-purchase, consumption, and post-purchase stages
  - c. Problem awareness, evaluation of alternatives, and post-purchase behavior
  - d. Stimulus, information search, and post-purchase behavior
6. Service consumers tend to be more brand loyal than goods consumers because:
  - a. More choices are available
  - b. Brand loyalty lowers the amount of perceived risk
  - c. Each service provider provides many brands
7. Location of the provider is the major driver in the consumer selection process. Customers ultimately determine the services by.....
  - a. The type of competitors
  - b. The levels of marketing effectiveness and operational efficiency
  - c. The cycle of fluctuations
  - d. The price of the competitors.
8. A buyers perception of value is considered a trade-off between
  - a. Product value and psychic cost
  - b. Total customer value and total customer cost
  - c. Image value and energy cost
  - d. Service value and monetary cost

9. Which of the following is not a criterion for effective price discrimination?
  - a. The segments should be identifiable, and a mechanism must exist to price them differently
  - b. Different groups of consumers should have similar responses to price
  - c. Segments should be large enough to be profitable
  - d. Incremental revenues should exceed incremental costs
10. Which pricing strategies encourage the customer to expand his/her dealings with the service provider?
  - a. Relationship pricing
  - b. Price bundling
  - c. Benefit-driven pricing
  - d. Efficiency pricing
11. The plan for differentiating the firm from its competitors in consumers eyes is referred to as the firms
  - a. Communication mix
  - b. Positioning strategy
  - c. Publicity
  - d. Target marketing
12. Which of the following is not a communication objective during the maturity and decline stages of the product life cycle?
  - a. Encourage repeat purchases
  - b. Provide ongoing contact with customers
  - c. Prepare the way for personal selling efforts
  - d. Express gratitude to the existing customer base
13. The advantage that the E-marketing communications carries is.....
  - a. Reaching a widely dispersed audience
  - b. Being cost-effective
  - c. Being personalized
  - d. More customer satisfaction
14. Disadvantage of e-marketing is:
  - a. High cost
  - b. Low reach
  - c. Loss of personal contact
  - d. Less satisfaction
15. Which of the following is not a component of service firms physical evidence?
  - a. Parking
  - b. Employee appearance
  - c. Billing statements
  - d. In-house process equipmen
16. One of the advantages of requiring employees to wear uniforms is that it reduces the customers' perception of:
  - a. Intangibility
  - b. Inseparability
  - c. Heterogeneity
  - d. Socialization
17. Which of the following is not an advantage of requiring employees to wear uniforms?
  - a. Identifies the firm's personnel
  - b. Provides price expectations to customers
  - c. Implies a coherent group structure
  - d. Provides a physical symbol that embodies the group's ideas and attributes
18. \_\_\_\_\_ is the study of the use of physical evidence to create service environments and their influence on the perceptions and behaviors of individuals.
  - a. Ergonomics
  - b. Environmental psychology
  - c. Physics
  - d. Physical sociology
19. Direct labour cost and sales commissions cost incurred in services are called as.....
  - a. Fixed costs
  - b. Variable costs
  - c. Average costs
  - d. Marginal costs
20. The organization must effectively plan to \_\_\_\_\_ fear, uncertainty and doubts that might occur in the minds of customers during the course of acquisition.
  - a. Minimize
  - b. Maximize
  - c. Study
  - d. Balance

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**SECTION B: SHORT ANSWER QUESTIONS (5X6 = 30 MARKS)**

Answer any **FIVE** questions:

1. What is the difference between enhancing and facilitating supplementary services? Give examples of each, relative to services you have got recently.
2. What is meant by “distributing services?” How can an experience or something intangible be distributed? Discuss with some of your relevant examples.
3. What can you learn from the Service Marketing Communications Funnel? Discuss with some examples.
4. What are the typical design elements of a service blueprint? Select a service of your choice and illustrate.
5. Discuss the 5Ws used in service communication along with the integrated service communications model used in any service business.
6. Why is customer loyalty an important driver of profitability for service firms? Discuss.
7. When was the last time you were truly satisfied with an organization’s response to your complaint? Describe in detail what happened and what made you satisfied.

**SECTION C: LONG ANSWER QUESTIONS (2X15 = 30 MARKS)**

Answer any **TWO** questions:

8. Select a company of your choice from any service category. Identify the variables that the company has used to segment their customers. Support your answers with examples from the company.
9. Select a service organization of your choice and find out what its pricing policies and methods are. In what respects are they similar to or different from what has been discussed in classroom?
10. Identify some specific examples of firms in your community (or region) that significantly change their product and/or marketing mix in order to increase patronage during low demand periods.

**SECTION D: CASE STUDY (20 MARKS)**

11. Read the **Case** given below and answer the following questions:

**The Burger House and Crunchy Fried Chicken: Go there for fried chicken, but not burgers**

Ever since KFC opened in Kathmandu, a lot of Nepali entrepreneurs have started similar food joints. While KFC appealed to a higher class with their premium price range; joints like KKFC, Chicken Station and Burger House and Crunchy Fried Chicken have been appealing to Nepalis with a tighter budget.

Even though both KKFC and Chicken Station have stood out amongst the crowd in Kathmandu, a newly opened chain Burger House and Crunchy Fried Chicken is slowly catching up with outlets in most parts of the city. One of the busiest outlets is the one in Pulchowk.



The place is quite open and spacious; however, it could be a bit neater. At a time when most restaurant owners give a lot of attention towards décor, the owner here did not. It's a fast-food joint, but most people don't mind that was Instagram worthy. If you compare it with its competitors, it's a bit unattractive – however, the service is fast and the food is decent, all that for a reasonable price. No complaint!



The place serves more than just burger and fried chicken, which is quite odd. It seems like the joint is trying to appeal to all type of customers, but it has not given attention to detail its specials, which can cost them in the future. While people will still have momo and pizza at this eatery, those items are not going to be better than the places which serve momo and pizza.

However, you can choose all the 'specials' as well: the hot and spicy chicken, the chicken strips and the grilled chicken burger. But sadly, you cannot always appreciate them.

The hot and spicy chicken wings is disappointing as it is neither hot nor spicy. It is basically fried chicken which comes with a hot sauce. The chicken on its own was nice and juicy. But had it been like the hot as spicy chicken served in other parts of the world, it would have been much better. Taste-wise, the dish is quite nice; however, some pieces of chicken could taste a bit stale. In such cases, you can avoid the dish altogether and just get the normal fried chicken instead; because the hot sauce isn't that special.

Along with that, you can also try chicken strips. This is a dish that you can really like. The chicken is tender full of flavour, but a bit dry on its own. It comes with the same hot sauce, which again isn't anything special. You can take it with mayonnaise instead. In that case, it could be a good starter and as it is boneless, will be ideal for the kids too.

Lastly, you can try the grilled chicken burger. That again is disappointing, but far better from burgers served at various restaurants across town. However, as the place is a 'burger house', you could expect the burgers to be far better. The grilled meat is nothing special as is the preparation. As a customer, you wish they had more variants when it comes to burgers.

You can also try the buffalo wings and fried chicken burger in the beginning, but both of those items are not at all special. The buffalo wing is overpowering and tastes more like chicken chilly; the burger is dry like a dish that you would avoid altogether. The eatery serves a host of other continental and American dishes like pasta, salads and boiled chicken.

As the place is called Burger House and Crunchy Fried Chicken, one would expect the items on its name to be good. However, the owners have not given much attention to them. The fried chicken is good; but apart from that, there isn't much to like about it. The place does get its fair share of visitor and that is due to its price. The place is extremely reasonable which is why one can see a lot of college kids around. It's on par with places like Chicken Station, but when it comes to quality, it still has a long way to go before it replaces foreign brands like KFC. The popularity of The Burger House is growing day by day and today it has franchise network of 80+ locations all over the country.

### **Questions:**

- a. Discuss the success factors of The Burger House to remain in the market and to gain more franchise network. How do you evaluate its products and its services to satisfy the needs of its target market? Explain. [10]
- b. As the new entrant will be coming in the market, suggest the strategies and ways for The Burger House so that to improve its product lines, service offerings and remain in the top of the market in the days to come. Discuss with your own capacity and experiences. [10]

**THE END**