

MID-WESTERN UNIVERSITY
EXAMINATIONS MANAGEMENT OFFICE
MAKE-UP EXAMINATION: 2020
BACHELOR OF BUSINESS ADMINISTRATION (BBA)
SEMESTER – III

R.No.....

Subject: Financial Management II
Full Marks: 100

Course Code: MGT 335
Time: 3:00 Hours

SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)

Tick the best answers.

- Q1. The is the measure of total risk.
- coefficient of variation
 - standard deviation
 - covariance
 - correlation coefficient
- Q2. The covariance between the return of two stock $Cov(R_j, R_i)$ is 136 and their standard deviations are 15% and 12% based on this information, correlation coefficient between their return is.....
- 0.8
 - 1
 - 0.5
 - 0.76
- Q3. The cost of capital for bonds and debenture is calculated on:
- before tax basis
 - after tax basis
 - risk free rate of interest deposit
 - none of the above
- Q4. In order to find out the cost of equity capital under CAPM, which of the following is not required:
- beta factor
 - market rate of return
 - market price of equity share
 - risk free rate of return
- Q5. Tax rate is relevant and important for calculation of specific cost of capital of
- equity share capital
 - preference share capital
 - debenture
 - a and b above
- Q6. Capital structure is the proportionate mix of:
- short term and long term financing
 - different components of assets
 - permanent and long term financing
 - long-term assets
- Q7. The degree of financial leverage is the measure of responsiveness of change in net income to change in:
- non operating income
 - operating income
 - EPS
 - Sales
- Q8. A firm using both debt and equity capital is called:
- levered firm
 - unlevered firm
 - multinational company
 - joint venture firm
- Q9. The degree of operating leverage is the measure of responsiveness of change in----- to the change in sales.
- non-operating income
 - operating income
 - EPS
 - profit after tax
- Q10. Use of large debt capital increases theof a firm.
- business risk
 - financial risk
 - interest rate risk
 - systematic risk
- Q11. The merging of two companies' creates additional value which is called----- value.
- energy
 - economic
 - financial
 - synergy

Q12. Target company may accept the proposal of acquiring company. Such takeover is.....

- a. known as friendly takeover
- b. hostile takeover
- c. partially friendly
- d. partially hostile

Q13. A warrant has an exercise price of Rs 15. The underlying common stock has a market price of rs 10. The formula value of warrants would be.....

- a. Rs 5
- b. Rs 0
- c. Rs -5
- d. cannot be determined from the information given

Q14. The conversion value of a convertible bond is defined as the ratio between:

- a. conversion ratio and conversion price
- b. conversion premium and exercise price
- c. conversion ratio and common stock price
- d. conversion ratio and exercise price

Q15. is a call option issued by a company on its securities, usually common stock.

- a. Debenture
- b. Warrant
- c. Futures contract
- d. Extendible note



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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 (8 × 5 = 40 MARKS)

Answer any **EIGHT** questions:

Q1. Consider the following probability distribution of return for stock A and B.

Probability	Stock A	Stock B
0.15	8	7
0.20	5	10
0.30	10	5
0.35	9	3

- a. Calculate the expected rate of return for stock A and stock B. [2]
 b. Calculate the standard deviation and coefficient of variation of each stock. [2]
- Q2. What is portfolio? Why do people want to invest in portfolio? [2+3]
- Q3. The Himalayan Company is financed by two sources of funds: bonds and common stock. The capital structure consists of Rs 3 million worth of bonds and 7 million worth of stock. The bonds have a 14 percent yield to maturity, and the stock is expected to pay Rs. 400000 in dividends this year. The growth rate of dividends has been 12 percent and is expected to continue at the same rate. Calculate the cost of capital in the corporate tax rate on income is 40 percent. [5]
- Q4. The Balance sheet of the Maratha Corporation shows a capital structure as follows:

Bonds(8% interest)	200,000
Common stock	1,800,000
Total claims	2,000,000

Its rate return before interest and taxes on its assets of Rs 2 million is 20%. The value of each share (whether market or book value) is Rs 40. The firm falls in the 40% tax bracket. Calculate its earnings per share. [5]

- Q5. What do you mean by convertibles? Why company issue convertible? [2+3]
- Q6. The Apple Company has warrants outstanding that expire in three years. Each warrant entitles the holders to purchase one share of common stock at an exercise price of Rs 50 per share. Determine the theoretical value and premium over the theoretical value if the respective prices of the common stock and warrants are:
 a. Rs 35 per share and Rs 1.50 per warrant. [2.5]
 b. Rs 55 per share and 12 per warrant. [2.5]
- Q7. Discuss the "Modigliani and Miller theory" with assumption and give your opinion about this theory. [5]
- Q8. Distinguish between operating leverage and financial leverage. [5]
- Q9. Stock A offers expected return of 13% with standard deviation of 7%. Stock B offers an expected returns of 12 % with standard deviation of 9%. The correlation coefficient between the return of stock A and B is perfectly positively correlated. What is the expected return and risk of the portfolio consisting of 40% investment in stock A and remaining in stock B? [5]
- Q10. Write short notes on: [2.5+2.5]
 a. Capital Assets Pricing Model.
 b. Pecking Order Theory

Answer any **THREE** questions:

- Q11. Describe the various theories of the capital structure. Which theory of capital structure is more relevant and important in the Nepalese public limited companies? Discuss. [8+2]
- Q12. In this era of globalization, what are the problems and prospects for merger and acquisitions in a developing country like Nepal? [10]
- Q13. XYZ company ltd. has fixed operating cost of Rs. 20 lakhs and variable cost ratio 70 percent. The balance sheet of the company shows Rs 30 lakhs bank loan which charges 12 percent interest. The company has 1 lakhs share of preferred stock in which dividend of Rs 2 per share is paid. The company has 2 lakhs share of common stock of Rs. 100 par value. The company marginal tax rate is 40 percent. Sales are expected to be Rs 90 lakhs.
- Compute the XYZ degree of operation leverage at Rs. 90 lakhs level of sales. [2.5]
 - Compute the XYZ degree of financial leverage at Rs. 90 lakhs level of sales. [2.5]
 - Compute the XYZ degree of total leverage at the same level of sales. [2.5]
 - If sales decline to Rs. 85 lakhs, forecast XYZ earning per share. [2.5]

- Q14. The ABC Company has warrants issued that allow the holder to purchase 4 shares of stock for a total of Rs. 100 each warrants. Currently the market price per share of the company is Rs 20. Investor holds the following probability beliefs about the stock price 6 months hence.

Market price per share	15	20	22	35
Probability	0.30	0.35	0.20	0.25

- What is the present theoretical value of warrants? [4]
 - What is the expected value of stock price of 6 months hence? [4]
 - What is the expected theoretical value of warrants of 6 months hence? [2]
- Q15. Compute after tax cost of debt and preferred stock assuming tax rate is 30 percent or the following information: [10]
- A bond, sold at par, with 12 percent coupon.
 - ABC Company has sold a perpetual bond that has Rs 1,000 par value and coupon interest of 13%. A new issue would have a Rs 40 flotation cost.
 - A Company can issue perpetual preferred stock at price of Rs 47.50 a share. The issue is expected to pay a constant annual dividend of Rs 4.80

SECTION D: CASE STUDY (15 MARKS)

- Q16. Read a case given below and answer the following questions:

Stock A and B have the following historical returns

Year	Stock A's Return(Ra)	Stock B's Return(Rb)
2001	-14.00	-14.50
2002	18.00	17.80
2003	15.00	30.50
2004	0.50	7.60
2005	7.00	8.30

- Calculate average rate of return for each stock during the period of 2001 through 2005. [2]
- Assume that someone held a portfolio consisting of 50 percent of stock A and 50 percent of Stock B. what would have been the realized rate of return on the portfolio in each year from 2001 through 2005. [3]
- Calculate the standard deviation of returns for the portfolio. [3]
- Calculate the standard deviation of returns for each stock. [3]
- Calculate the coefficient of variation for each stock. [2]
- If you are a risk-averse investor, would you prefer to hold stock A, stock B or the portfolio? Why? [2]

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MAKE-UP EXAMINATION: 2020
BACHELOR OF BUSINESS ADMINISTRATION (BBA)
SEMESTER – III

Subject: Human Resource Management
Total Marks: 100

R.No.
Course Code: MGT 332
Time: 3:00 Hours

SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)

Mark the best answers.

- Q1. Majority of the disputes in industries is (are) related to the problem of:
a. Wages
b. Salary
c. Benefit
d. All of the above
- Q2.is a systematic and planned introduction of employees to their jobs, their co-workers and the organization.
a. Orientation
b. Development
c. Training
d. Placement
- Q3. HRIS stands for:
a. Human Resource Incentive System
b. Human Resource Information System
c. Human Resource Incentive Software
d. Human Research Information System
- Q4.is a process of assigning a specific job to each of the selected candidates:
a. Selection
b. Placement
c. Recruitment
d. Orientation
- Q5.is a process for identifying and developing new leaders who can replace old leaders when they leave, retire or die:
a. Human Resource Management
b. Human Resource Planning
c. Succession Planning
d. Selection
- Q6. The remuneration paid by employers for the services of hourly, daily, weekly, and fortnightly to the employees:
a. Wages
b. Benefits
c. Salary
d. Incentives
- Q7. Skills enhancement processes and activities designed to provide learners with the knowledge and skills needed for their present jobs are called.....
a. Training
b. Development
c. Assessment
d. Reinforcement
- Q8. The outcomes of human resource management is:
a. Readiness for change
b. Increased productivity
c. Quality of work life
d. All of the above
- Q9. Which of the following is a technique used for forecasting HR demand?
a. Markov analysis technique
b. Delphi technique
c. Replacement planning technique
d. Succession planning technique
- Q10. In....., the interviewer uses pre-set standardized questions which are put to all applicants.
a. structured interview
b. unstructured interview
c. behavioural interview
d. mixed interview

- Q11. Performance evaluation can be defined as a process of evaluating...
- a. Past performance
 - b. Present performance
 - c. Future performance
 - d. Past and present performance
- Q12. There is generally an increase in wage or salary takes place. It is sometimes accompanied by a possible change in designation. However, the duties and responsibilities remain more or less the same.
- a. Promotion
 - b. Up gradation
 - c. Rehires
 - d. Transfer
- Q13. The purpose of job evaluation is to determine.....
- a. Time duration of job
 - b. Expenses incurred to make a job
 - c. Worth of job in relation to other jobs
 - d. None of the above
- Q14. A trade union activist or a trouble-maker may be transferred to a remote branch where he cannot continue his activities. This type of transfer is known as...
- a. Remedial transfer
 - b. Penal transfer
 - c. Productive transfer
 - d. Versatility transfer
- Q15. Which of the following is not a characteristic of trade union?
- a. Voluntary association
 - b. Intermediary
 - c. Common goal
 - d. Individual actions



during meetings and doesn't let others contribute. There are times when he has belittled people in meetings and in the hallway. He also talks about his staff "critically" or "negatively" to other managers,

But Jack also is a brilliantly talented person who adds a vast amount of needed knowledge and experience to the company. He is extremely dedicated to the company and lets people know this by his arrival each day at 6:30 a.m. and his departure at 6:00 p.m. He has been with the company for 32 years and he reports directly to the president. Jack has gone to the HR department and complained that the people his supervisors hire are not a good fit for the company. The new employees don't listen and they have a poor work ethic. Jack feels that HR should do a better job screening people.

Questions

- a. What suggestions do you have for the president on how to coach Jack and develop a personal improvement plan? What areas would you suggest be first on Jack's improvement plan? (8)
- b. What kind of timetable would you put in place? How about milestones and consequences? How should Jack be coached and by whom? Is it worth the effort, since he might be retiring soon? (7)

c. ☺☺☺

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SEMESTER – III

R.No.

Subject: Cost Accounting
Full Marks: 100

Course Code: MGT 333
Time: 3:00 Hours

SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)

Tick the best answers.

- Q1. Which one of the followings is the job of contract costing?
- To determine the amount of contract price
 - To explore financial position of a contractee
 - To know the amount of operating result from a contract
 - To fix the number of labour involved in a contract
- Q2. Which one of the followings statement is not true?
- Storage cost of the material is called carrying cost
 - The time require for delivery of material is known as lead time
 - Transportation and sipping cost is ordering cost
 - Fixed cost are controllable cost
- Q3. The following information relates to the process for one month: Input 10,000 units How many units will be achieved as output from the process if 10% normal loss and 100 units abnormal loss is expected?
- 8,900units
 - 8,000 units
 - 9,800 units
 - 9000 units
- Q4. Interest paid on Bank loan is :
- shown in cost accounting
 - shown in financial accounting
 - ignored
 - none of the above
- Q5. The process of separating semi fixed cost into fixed and variable cost is known as:
- allocation
 - apportionment
 - re- apportionment
 - segregation
- Q6. The economic order quantity for a product is 4000 units. The annual ordering cost is Rs 4000. Which one of the followings is true?
- The annual demand for a product is 30000 units.
 - The annual carrying cost is Rs 4,000
 - The average carrying cost per unit is Rs 5
 - The cost of placing an order is Rs 10
- Q7. The workers who are entitled to wages on the basis of their time consumption are called as:
- time workers
 - extra workers
 - casual workers
 - piece workers
- Q8. The canteen expenses is best apportioned to cost centers using:
- floor area of cubic capacity
 - the number of employees
 - the value of machinery
 - the number of kwh
- Q9. From the industries listed below, choose the one most likely to use process costing in accounting for production costs:
- oil refining
 - cement
 - textiles
 - all of the above
- Q10. Re order Level is defined as:
- how much to buy?
 - what to buy?
 - when to buy?
 - why to buy?

- Q11. A high level employees turnover is indication of:
- low productivity
 - low cost of production
- Q12. Total variable cost increases when:
- production increases
 - production decreases
- Q13. Fixed, variable and semi variable cost can be classified on the basis of :
- function
 - behaviour
- Q14. The cost account is an important system developed for:
- shareholder
 - management
- Q15. $\frac{1}{3}$ portion of national profit can be transferred to p\L a/c:
- when the contract just started
 - more than $\frac{1}{2}$ portion of contract completed
 - less than $\frac{1}{2}$ portion of contract completed
 - none of the above
- c. ineffective personnel management
d. effective training
- c. fixed cost per unit decreases
d. prime cost per unit decreases
- c. decision making
d. controllability
- c. financial institution
d. government



Factory Rent	Rs 10,000	Office Rent	Rs 5,000
Selling Department Rent	Rs 15,000	Productive Wages	Rs 25,000
Travelling Expenses	Rs 14,000	Free Sample	Rs 3,000
Purchase of raw material	Rs 50,000	Purchase Expenses	Rs 10,000
Duty and Clearing Charge	Rs 8,000	Manager's Salary	Rs 20,000
Supervisor's Salary	Rs 12,000	Accountant Salary	Rs 8,000
Power Expenses	Rs 7,000	Factory Other Expenses	Rs 2,000
Excise duty on Production	Rs 6,000	Sales	Rs 1,80,000
Closing Stock:			
Raw Material	Rs 6,000		
Work in Progress	Rs 4,000		
Finished Goods	Rs 8,000		
Home Delivery Expenses	Rs 17,000		

The manager has overall charge of the company and his salary is to be allocated as Rs 9,000 to the factory, Rs 7,000 to the office and the rest to the selling department.

Required: - Cost Sheet.

(10)

Q13. The expenditures of Rs 80,000 on material Rs 1,00,000 on labour and Rs 12,000 on overheads have been incurred on a contract upto the end of 31st March 2016. The value of work done and certified is Rs 2,10,000. It is estimated that the contract will be completed by 30th June, 2016 and additional expenditure of Rs 18,000 will have to be incurred to complete the contract. The contract price is Rs 2,80,000.

Required:- Contract Account.

(10)

Q14. The company Ltd. has three production departments X, Y, Z and two service departments S1 and S2. The actual cost for a period are as follows:

Power Rs 1100	Lighting Rs 200	Repairs Rs 6000
Store Overhead Rs 800	Depreciation Rs 30,000	General overhead Rs 12000
Welfare of Staff Rs 3000	Rent Rs 550	

Particulars	X	Y	Z	S1	S2
Direct wages (Rs)	30,000	45,000	60,000	15,000	30,000
Direct Material (Rs)	15,000	30,000	30,000	22,500	22,500
Number of Staff	1500	2250	2250	750	750
Electricity KWH	6,000	4,500	3,000	1,500	1,500
Value of Assets (Rs)	60,000	40,000	30,000	10,000	10,000
Light points	10	16	4	6	4
Area sq. yards	150	250	50	50	50
Service rendered by s1 and s2	50%	30%	20%	-	-

Required: - Apportionment of the overhead cost to the various departments on the most equitable basis (10)

Q15. A product passes through three processes for completion. The raw material introduced 2,000 units @ Rs 50 each in process A.

Particulars	Process A	Process B	Process C
Material (Rs.)	8,000	10,000	5000
Wages (Rs.)	10,000	12,000	5000
Production overhead (Rs.)	8,000	8,400	2750
Normal loss	10%	10%	5%
Actual output	1,900 units	1700 units	1630 units
Scrap Value	Rs 2	Rs 3	nill

Required: a. Process A account b. Process B account c. Process C account

(10)

SECTION D: CASE STUDY [15 MARKS]

Q16. Read a case given below and answer the following questions:

Activity based costing system is concerned with ascertainment of costs. In ABC, resources are assigned to activities based upon consumption and activities are assigned to cost objectives based on consumption. ABC assumes and gives due importance to causal relationship of cost drivers to activities.

In traditional costing system, overhead costs are assumed to be influenced by only level of activity that is units, labour hours and machine hours produced. A company Ltd. makes three main products using broadly the same production method and equipment for each. A traditional product costing system is used at present although an ABC system is being considered. Details of the three products and relevant information for a period are:

Particulars	Product A	Product B	Product C
Output in units	1200	1000	800
Material per unit (Rs)	30	40	20
Wages per unit (Rs)	25	18	11
Machine hrs per unit	4	2	3

The three products are similar and usually produced in each production runs of 40 units and sold in a batch of 30 units. The production overhead is currently absorbed by using a machine hour rate and the total of the production overhead for the period has been analyzed as follows:

Overheads	Cost drivers	Amount (Rs)
Set up cost	No of production run	26250
Store receiving cost	No. of requisition raised	15000
Inspection cost	No. of Production run	5250
Material handling cost	No. of order executed	15750

The number of requisition raised on the stores was 30 for each product and the total number of order executed was 150 each order being for a batch of 20 units.

Questions:

- Calculate the cost per unit of each product by using traditional costing method. (5)
- Find out the rate of each cost driver involved in manufacturing three products. (5)
- Compute the cost of each product under activity based costing method. (2)
- Comment on the reasons for any differences in the cost between traditional and ABC method. (1)
- What will you suggest the management to choose more appropriate method of product costing? Why? (2)



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R.No.

Subject: Tourism and Hospitality Management
Full Marks: 100

Course Code: MGT 334
Time: 3:00 Hours

SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 15 = 15 MARKS) / (TIME: 15 MINUTES)

Tick the best answers.

1. Selling service in Integrated Price is specially done by.....
 - a. travel agency
 - b. tour operator
 - c. wholesalers
 - d. all of the above
2. Display and presentation are the major parts of:
 - a. French service
 - b. Russian service
 - c. Silver service
 - d. English service
3. Products consumable only in the place of production is.....in nature.
 - a. instability
 - b. intangibility
 - c. perishability
 - d. inseparability
4. To make aviation safe, regular, standard and efficient is the function of.....
 - a. CAAN
 - b. NATTA
 - c. TAAN
 - d. MOTCA
5. controls the gardens surrounding the hotel.
 - a. Public area supervisor
 - b. Floor supervisor
 - c. Horticulturist
 - d. Control desk supervisor
6. It is believed that modern tourism started from Spa.
 - a. The Gem Club
 - b. The Sports Club
 - c. The social Club
 - d. The Health Club
7. The guest may have to buy coupon in advance to get needed food.
 - a. Single point service
 - b. Self service
 - c. Assisted service
 - d. Table service to necessary group or individual
8. offers small living rooms with an appropriate environment.
 - a. Downtown hotel
 - b. Resort hotel
 - c. Transit hotel
 - d. Mid-market hotel
9. is a day visitor who stays for less than 24 hours at a place.
 - a. Tourist
 - b. Domestic tourist
 - c. International tourist
 - d. Excursionist
10. is one who assembles the different components of travel and forms a package to suit the needs of tourist.
 - a. Retail travel agency
 - b. Wholesale travel agency
 - c. Full service agency
 - d. Commercial agency
11. The classic five 'A's of tourism are all except:
 - a. Accessibility
 - b. Accommodation
 - c. Attraction
 - d. Affordability

- Q12. Which one of the followings is not a characteristic of the hospitality industry?
- a. Product service mix
 - b. Diversity in culture
 - c. Relationship building
 - d. Technology intensive
- Q13. 'Quick-food' which is easy in preparation and convenient for take away is prepared by.....
- a. Fine dining restaurants
 - b. Casual dining restaurants
 - c. Fast food restaurants
 - d. Bars
- Q14. The duty for confirming airline passages and purchasing airline tickets is concerned with:
- a. Telephone Services Manager
 - b. Reservations Manager
 - c. Chief Concierge
 - d. Front Desk Manager
- Q15. The major challenges of event management are all except:
- a. Place management
 - b. Time management
 - c. Financial management
 - d. Effective human resource management



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Subject: Tourism and Hospitality Management
Total Marks: 100

Course Code: MGT 334
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Students 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 (8 × 5 = 40 MARKS)

Answer any **EIGHT** questions:

1. What is your understanding on tourism? Describe its significance. [2+3]
2. What are the different components of tourism? Describe. [5]
3. Who is a tour operator? Outline the major responsibilities of a tour operator. [1+4]
4. Define the term "Hospitality" and briefly explain the origin and evolution of hospitality industry. [2+3]
5. Describe the major roles that a front office department plays for successful development of a hotel. [5]
6. Describe the types of a room division. [5]
7. What do you understand by food and beverage service? Outline major duties and responsibilities of a food and beverage department of a hotel. [2+3]
8. How does event management help in promoting tourism? [5]
9. Explain the types of various table services. [5]
10. Write short notes on: [2.5+2.5]
a. Manual cleaning equipment
b. Key elements of event management

SECTION C: LONG ANSWER QUESTIONS (3 × 10 = 30 MARKS)

Answer any **THREE** questions:

1. You own an event management company and your company was able to get a contract on organizing a regional event for Karnali province. What are the considerations that you would make while planning the event. Prepare a proper plan including the budget, schedule, duty rosters, security etc. Also, write an execution plan for the event. [10]
2. Prepare an organizational chart of a hotel including various departments, their function and responsibilities. Also explain the importance and role of a hotel industry for overall development of a nation. [10]
3. Define marketing research. Outline the advantages and disadvantages of marketing research in tourism industry. [2+8]
4. Describe your understanding on travel agency. Explain the major types of services provided by travel agency. [2+8]
5. "Tourism development usually incurs costs to a local destination". Discuss this statement with the help of negative impacts of tourism destination to environmental and cultural resources at a local destination. [10]

SECTION D: CASE STUDY (15 MARKS)

1. Read a case given below and answer the following questions:

Service etiquettes and service efficiency

Kedar Raut, a doctoral candidate who had been working on 'Issue of efficiency and effectiveness in Nepalese tourism and hospitality industry' has been waiting for final results on his work. After a continued and hectic schedule, he wanted to relax his evening with some chilled beer in his favorite place, which was a small restaurant

at Old Baneshwor named 'Siris Restaurant'. He was a regular customer there and was accustomed with its menu for the past two years now. This place was well-known for its hospitality among the locals.

After grabbing his usual seat, he waits for the server to take his order. Seeing his regular customer, Mr. Siris welcomes Mr. Raut and asks the waiter 'Kush' to take care of Mr. Raut. Mr. Raut orders the usual along with a chilled bottle of beer. While doing so he notices something in the server's nails. They were uncut and black with dirt. He wanted to comment on it but decided to turn a blind eye.

Few minutes later, Mr. Raut, who was busy updating his status in the social media, a server arrives with a bottle of Carlsberg and a glass. She starts pouring the beer onto his glass while admiring his phone. In doing so she spills the beer all over the table without even noticing. Alarmed with the fizz, Mr. Raut stops her, who then rushes and brings a napkin to soak the excess beer from the table. Un-noticing the fact, the server whips the glass with the same napkin, leaving Mr. Raut in utter shock. In response the server says, "Sir, do not mind the error, we are very good at the Service!". This really amused Mr. Raut leaving him in deep thoughts about the restaurant. He was lost in his thoughts making him unaware of the time but when he checked his watch it had been long before he had ordered his "mutton sadheko". Only after his signal, the server presents him with the order. Unable to stop the hunger, he grabs a piece or two and starts chewing onto the tender mutton. After the series of unexpected events that had occurred with today, Mr. Raut was finally enjoying his afternoon.

To cool the spiciness of mutton, he grabs his glass of beer only to realize a cockroach swimming on the fizz of the beer. Disgusted by it he calls the server who has been witnessing everything. She approaches him with a smile and simply removes the cockroach with a spoon saying even cockroach looks thirsty today. This made everyone laugh and few comments such as "this is common in Nepal" were heard from the crowd. And simple as that the cockroach incident just ended. In despair, Mr. Raut just stands, grabs another glass and fills it with the remaining beer from the bottle. Confused and shocked he completes his lunch and with full curiosity goes to ask the name of the lady server. With a shy smile she says Kusum and adds up, "I hope you like my name the way you like my service". Giving a big laugh Mr. Raut replies a big NO because the service standard and quality does not match.

Finally, Mr. Raut decides to address this situation to the owner with a written grievance. He walks towards the counter and asks for the "comment card" that had a big caption saying, "if the service is good, let your friend know about it; if it is not, do let us know about it". He sighs and continues with his concerns and discontent.

After few days, the owner calls Mr. Raut to apologize. They were genuinely concerned since these incidents had been occurring a few times recently. They told him that the server lately suffered in the quake of 25/4, therefore had problems while dealing with guests. They tried to give her a second chance, but it proved to be futile. Since then, she had been relocated to the store department for lack of improvement.

Questions:

- If you were the owner/manager of the restaurant, what other ways you would use to give this lady an extra chance? [5]
- What were the major hygiene and sanitation issues presented in the case? [3]
- What other behavior of the lady server was found to be undesirable? [2]
- How does service etiquette enhance service encounter? [5]

