

Mid-West University  
**Examinations Management Office**  
Surkhet, Nepal  
Final Examination-2079  
Master of Business Administration (MBA)  
Semester - III

R.No.....

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

Course Code: MGT 531  
Time: 4:00 Hours

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

*Tick the best answers.*

1. Which one of the followings is NOT a major element of the strategic management process?
  - a. Formulating strategy
  - b. Implementing strategy
  - c. Evaluating strategy
  - d. Assigning administrative tasks
2. What is meant by the term 'Stakeholder'?
  - a. A person who is not related with a business
  - b. A person who is related with a business
  - c. A person who owns a business
  - d. A person who purchases the shares of a business
3. The various organizational routines and processes that determine how efficiently and effectively the organization transforms its inputs into outputs are called:
  - a. strengths
  - b. core competencies
  - c. capabilities
  - d. customer value
4. While defining strategic management, the most important thing to remember is that it is:
  - a. not as easy as you think
  - b. a living evolving process
  - c. more conceptual than practical
  - d. a way of determining responsibilities
5. An organization's strategy:
  - a. remains set in place longer than the mission and objectives
  - b. generally forms over a period of time as events unfold
  - c. tends to be formed at the same time the mission is developed and objectives are formulated
  - d. is usually conceived at a single time when managers sit down and work out a comprehensive strategic plan for the next 3-5 years
6. The primary focus of strategic management is:
  - a. strategic analysis
  - b. the total organization
  - c. strategy formulation
  - d. strategy implementation
7. Which one of the followings defines what business or businesses the firm is in or should be in?
  - a. Business strategy
  - b. Corporate strategy
  - c. Functional strategy
  - d. National strategy
8. Which one of the followings is at the core of strategic management?
  - a. Choosing which organizational objectives to focus on
  - b. Being alert for opportunities to change work responsibilities
  - c. Adapting the organization to a changing external environment
  - d. Choosing whether to make decisions autocratically or on the basis of participation
9. The corporate level is where top management directs:
  - a. all employees for orientation
  - b. its efforts to stabilize recruitment needs
  - c. overall strategy for the entire organization

- d. overall sales projections
10. Which one of the followings is NOT in the Porter's Five Forces model?
    - a. Potential development of substitute products
    - b. Bargaining power of suppliers
    - c. Rivalry among stockholders
    - d. Rivalry among competing firms
  11. The environmental segments that comprise the general environment typically will NOT include
    - a. demographic factors.
    - b. sociocultural factors.
    - c. substitute products or services.
    - d. technological factors.
  12. Product differentiation refers to the:
    - a. ability of the buyers of a product to negotiate a lower price.
    - b. response of incumbent firms to new entrants.
    - c. belief by customers that a product is unique.
    - d. fact that as more of a product is produced the cheaper it becomes per unit.
  13. Which one of the followings is NOT an entry barrier to an industry?
    - a. expected competitor retaliation
    - b. economies of scale
    - c. customer product loyalty
    - d. bargaining power of suppliers.
  14. New entrants to an industry are more likely when (i.e., entry barriers are low when...)
    - a. it is difficult to gain access to distribution channels.
    - b. economies of scale in the industry are high.
    - c. product differentiation in the industry is low.
    - d. capital requirements in the industry are high.
  15. Suppliers are powerful when:
    - a. satisfactory substitutes are available.
    - b. they sell a commodity product.
    - c. they offer a credible threat of forward integration.
    - d. they are in a highly fragmented industry.
  16. The highest amount a firm can charge for its products is most directly affected by
    - a. expected retaliation from competitors.
    - b. the cost of substitute products.
    - c. variable costs of production.
    - d. customers' high switching costs.
  17. According to the five factors model, an attractive industry would have all of the following characteristics EXCEPT:
    - a. low barriers to entry.
    - b. suppliers with low bargaining power.
    - c. a moderate degree of rivalry among competitors.
    - d. few good product substitutes.
  18. Internal analysis enables a firm to determine what the firm
    - a. can do.
    - b. should do.
    - c. will do.
    - d. might do.
  19. An external analysis enables a firm to determine what the firm
    - a. can do.
    - b. should do.
    - c. will do.
    - d. might do.
  20. Which one group would be classified as a stakeholder?
    - a. Banks
    - b. Suppliers
    - c. Employees
    - d. All of these

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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 strategic management process.
2. Explain the benefits of engaging in strategic management.
3. Critically explain the usefulness/ value of SWOT analysis.
4. Discuss why organizational culture is so important in formulating strategies.
5. Explain value chain analysis and its relevance in formulating strategies.
6. Identify and discuss the three types of "Integration Strategies."
7. Differentiate between market penetration, market development, product development and differentiation strategies.

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

Answer any **TWO** questions:

8. Describe Michael Porter's "Five Forces Model" of industry structure/ profitability. Conduct an analysis of any industry of your own choice using the model. [5+10]
9. Make a distinction between vision and mission statements. Explain the various essential components of a good vision and mission statements. [5+10]
10. Explain the difference between business level, corporate level and functional strategies. [15]

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

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

Liu Zhang was apprehensive about taking a job at the Chun Si Enterprises in Zhongshan where thousands of factories manufacture goods for Western companies. The company manufactures and sells handbags mainly to Wal-Mart, Target and K-Mart. The western companies were advertising the decent workplace conditions and fair salary of their suppliers despite the fact that most of the Chinese companies located at Zhongshan, including Chun Si Enterprises, were poor regarding the workplace related CSR.

Liu joined the factory and quickly realized that the factory was even worse than his imagination. The factory charged \$45 a month for food and lodging in a crowded dorm. Health and Safety measures at workplace were also poor. Liu also found that the factory's 900 workers were locked in the walled factory compound making themselves virtual captives. Recently, news in the Times Magazine published the fact that western companies including Wal-Mart is promoting the businesses like Chun Si where workers are severely exploited. This deteriorated the image of not only the Chun Si but also the Wal-Mart and other western companies.

**Questions**

- a. Discuss the critical Corporate Social Responsibility (CSR) issues confronted by Chun Si Enterprises and the western companies. What are the challenges associated with these issues? [5+5]
- b. What are your suggestions to Chun Si and western companies, including Wal-Mart, to improve their Corporate Social Responsibility(CSR) performance in order to survive and excel in this hyper-competitive world of business? [10]

THE END

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

*Tick the best answers.*

1. Variations in the items produced in a factory may be due to :
  - a. chance causes
  - b. assignable causes
  - c. both a and b
  - d. none of the above
2. The telecom industry seeks locations that have:
  - a. good electronic movement of data
  - b. low cost labor
  - c. adequate availability of labor
  - d. all of the above
3. ISO series is a family of..
  - a. standards for quality management systems
  - b. standards for health management systems
  - c. standards for safety management systems
  - d. all of the above
4. The person who introduced standardized, interchangeable parts was:
  - a. Eli Whitney
  - b. Henry Ford
  - c. Adam Smith
  - d. William Edwards Deming
5. A company that is organized across international boundaries with decentralized authority is substantial autonomy at each business via subsidiaries, franchise, or joint ventures has:
  - a. a global strategy
  - b. a transnational strategy
  - c. an international strategy
  - d. a multi domestic strategy
6. What is the Japanese term for continuous improvement?
  - a. kaizen
  - b. Ishikawa
  - c. fishbone
  - d. both a and b
7. Which one of the followings is a determinant to product quality?
  - a. Design
  - b. Product/Service conformity to design
  - c. Ease of Use
  - d. All of the Above
8. Which one is NOT a consequence of poor quality?
  - a. Productivity
  - b. Loss of Business
  - c. Costs
  - d. None of the Above
9. The consequences of poor quality products or services may result in:
  - a. less liability
  - b. baldrige
  - c. injuries and defective output
  - d. lower costs
10. An eyeglass repair shop would be best matched with which one basic process type?
  - a. Continuous
  - b. Job Shop
  - c. Batch
  - d. Project
11. Productivity in the service sector has proven difficult to improve because service work is :
  - a. typically labor intensive
  - b. frequently individualized process
  - c. often difficult to mechanize and automate
  - d. all of the above

12. The relatively few activities that make a difference between a firm having and not having a competitive advantage are known as:
- a. activity maps
  - b. SWOT
  - c. critical success factors
  - d. response strategy
13. For the production of petroleum products, which one of the following process technologies is suitable?
- a. Product technology
  - b. Assembly line technology
  - c. Continuous flow technology
  - d. Batch technology
14. Which one of the following layouts is used in universities?
- a. Product layout
  - b. Process layout
  - c. Fixed position layout
  - d. Combination layout
15. Which one of the following methods is best considered intangible costs related to a location decision?
- a. Factor rating method
  - b. Locational break even analysis
  - c. Both of above
  - d. None of above
16. Listing products in descending orders of their individual dollar contribution to the firm is called:
- a. product by value analysis
  - b. value analysis
  - c. value engineering
  - d. design data base
17. Measurements taken at the various points in the transformation process for control purposes are called:
- a. plans
  - b. directions
  - c. controls
  - d. feedback
18. Budgeting, analysis of investment proposals, and provision of funds are the activities associated with the \_\_\_\_\_ function.
- a. operation
  - b. marketing
  - c. purchasing
  - d. finance
19. The benefits of CAD/CAM include:
- a. shorter design time
  - b. production cost reduction
  - c. product quality improvement
  - d. all of the above
20. In which one phase of the product life cycle the high investment in the advertisement will be justified?
- a. Start up
  - b. Growth
  - c. Maturity
  - d. Decline

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

Answer any **FIVE** questions:

1. What are the differences, between production and operations management? Explain with suitable examples.[6]
2. The accounts receivable department has documented the following defects over a 30-day period:

Category	Frequency
Invoice amount does not agree with the check amount	108
Invoice not on record (not found)	24
No formal invoice issued	18
Check (payment) not received on time	30
Check not signed	8
Invoice number and invoice referenced do not agree	12

What techniques would you use and what conclusions can you draw about the defects in the accounts receivable department? [6]

3. Productivity can be measured in a variety of ways, such as by labor, capital, energy, material usage, and so on. At Modern Lumber, Inc., Art Binley, president and producer of apple crates sold to growers, has been able, with his current equipment, to produce 240 crates per 100 logs. He currently purchases 100 logs per day, and each log requires 3 labor-hours to process. He believes that he can hire a professional buyer who can buy a better-quality log at the same cost. If this is the case, he can increase his production to 260 crates per 100 logs. His labor-hours will increase by 8 hours per day. What will be the impact on productivity (measured in crates per labor-hour) if the buyer is hired? [6]
4. We need 1,000 electric drills per year. The ordering cost for these is \$100 per order and the carrying cost is assumed to be 40% of the per unit cost. In orders of less than 120, drills cost \$78; for orders of 120 or more, the cost drops to \$50 per unit. Should we take the advantage of the quantity discount? [6]
5. The following set of seven jobs is to be processed through two work centers in Hard King's printing company. The sequence is first printing, then binding. Processing time at each of the work centers is shown in the table:

Jobs	Printing [hours]	Binding [hours]
T	15	3
U	7	9
V	4	10
W	7	6
X	10	9
Y	4	5
Z	7	8

- What is the optimal sequence for these jobs to be scheduled? Solve graphically. [6]
6. How does a traditional adversarial relationship with suppliers change when a firm makes a decision to move to a few suppliers? Explain. [6]
7. What one type of process is used for making each of the following products? [6]
- a. Beer
  - b. Wedding invitations
  - c. Automobiles
  - d. Paper

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

Answer any TWO questions:

8. Although most organizations may make the location decision infrequently, there are some organizations that make the decision quite regularly and often. Provide one or two examples. How might their approach to the location decision differ from the norms? Discuss [15]
9. You are given the following details of ABC project: [5+5+5]

Activity	Preceding activity	Time in days
A	-	40
B	-	70
C	AB	40
D	B	30
E	A	20
F	C	10
G	EF	50
H	DF	60
I	GH	30
J	I	40

- a. Draw the CPM diagram
  - b. Find out the critical activities
  - c. Construct the slack table
10. What is facility layout? Explain its types with suitable examples and diagrams. [3+12]

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

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

Dell Computer, with close supplier relationships, encourages suppliers to focus on their individual technological capabilities to sustain leadership in their components. Research and development costs are too high and technological changes are too rapid for any one company to sustain leadership in every component. Suppliers are also pressed to drive down lead times, lot sizes, and inventories. Dell, in turn, keeps its research customer-focused and leverages that research to help itself and suppliers. Dell also constructs special Web pages for suppliers, allowing them to view orders for components they produce as well as current levels of inventory at Dell. This allows suppliers to plan based on actual end customer demand; as a result, it reduces the bullwhip effect. The intent is to work with suppliers to keep the supply chain moving rapidly, products current, and the customer order queue short. Then, with supplier collaboration, Dell can offer the latest options, can build-to-order, and can achieve rapid throughput. The payoff is a competitive advantage, growing market share, and low capital investment.

On the distribution side, Dell uses direct sales, primarily via the Internet, to increase revenues by offering a virtually unlimited variety of desktops, notebooks, and enterprise products. Options displayed over the Internet allow Dell to attract customers that value choice. Customers select recommended product configurations or customize them. Dell's customers place orders at any time of the day from anywhere in the world. And Dell's price is cheaper; retail stores have additional costs because of their brick-and-mortar model. Dell has also customized Web pages that enable large business customers to track past purchases and place orders consistent with their purchase history and current needs. Assembly begins immediately after receipt of a customer order. Competing firms have previously assembled products filling the distribution channels (including shelves at retailers) before a product reaches the customer. Dell, in contrast, introduces a new product to customers over

the Internet as soon as the first of that model is ready. In an industry where products have life cycles measured in months, Dell enjoys a huge early-to-market advantage.

Dell's model also has cash flow advantages. Direct sales allow Dell to eliminate distributor and retailer margins and increase its own margin. Dell collects payment in a matter of days after products are sold. But Dell pays its suppliers according to the more traditional billing schedules. Given its low levels of inventory, Dell is able to operate its business with negative working capital because it manages to receive payment before it pays its suppliers for components. These more traditional supply chains often require 60 or more days for the cash to flow from customer to supplier—a huge demand on working capital.

Dell has designed its order processing, products, and assembly lines so that customized products can be assembled in a matter of hours. This allows Dell to postpone assembly until after a customer order has been placed. In addition, any inventory is often in the form of components that are common across a wide variety of finished products. Postponement, component modularity, and tight scheduling allow low inventory and support mass customization. Dell maximizes the benefit of postponement by focusing on new products for which demand is difficult to forecast. Manufacturers who sell via distributors and retailers find postponement virtually impossible. Therefore, traditional manufacturers are often stuck with product configurations that are not selling while simultaneously being out of the configurations that are selling. Dell is better able to match supply and demand.

One of the few negatives for Dell's model is that it results in higher outbound shipping costs than selling through distributors and retailers. Dell sends individual products directly to customers from its factories. But many of these shipments are small (often one or a few products), while manufacturers selling through distributors and retailers ship with some economy of scale, using large shipments via truck to warehouses and retailers, with the end user providing the final portion of delivery. As a result, Dell's outbound transportation costs are higher, but the relative cost is low (typically 2% to 3%), and thus the impact on the overall cost is low. What Dell has done is build a collaborative supply chain and an innovative ordering and production system. The result is what Dell likes to refer to as its value chain—a chain that brings value from supplier to the customer and provides Dell with a competitive advantage.

#### Discussion Questions

- a. How has Dell used its direct sales and build-to-order model to develop an exceptional supply chain? [5]
- b. How has Dell exploited the direct sales model to improve operations performance? [5]
- c. What are the main disadvantages of Dell's direct sales model? [5]
- d. What are the lessons you learnt from this case? [5]

**THE END**



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

*Tick the best answers.*

1. Which one of the followings is correct?
  - a. Satisfies become dissatisfiers over time
  - b. Satisfies become delighted over time
  - c. Dissatisfied becomes satisfiers over time
  - d. Dissatisfiers become delighters over time
2. Which one of the followings is not a prevention cost?
  - a. Design review
  - b. Process capability study
  - c. Staff training
  - d. Part selection better reliability
3. Quality Function Deployment is a planning tool used to fulfill:
  - a. supplier expectation
  - b. employee expectation
  - c. customer expectation
  - d. organization's expectation
4. In  $2^K$  factorial designs, K is...
  - a. level
  - b. factor
  - c. both
  - d. none of the above
5. Scatter diagram presents ...
  - a. impact of independent variable to dependent variable
  - b. method of organizing errors
  - c. a processing steps
  - d. relation between two variables
6. Cause and effect diagram is a contribution of ....
  - a. Juran
  - b. Kaoru Ishikawa
  - c. Feigenbaum
  - d. Crosby
7. Which one of the following statements is false?
  - a. Kaizen means gradual and orderly change for the better
  - b. Kaizen is process oriented
  - c. Kaizen focuses on small improvements using conventional knowledge and tools
  - d. Kaizen focuses on large capital investments
8. The idea of trilogy was developed by ...
  - a. Crosby
  - b. Juran
  - c. Conway
  - d. Masaki Imai
9. Which one of the followings is not a principle of TQM?
  - a. The customer defines quality, and customer satisfaction is the top priority.
  - b. Top management must provide the leadership for quality
  - c. Quality is a strategic issue, and requires a strategic plan
  - d. Quality is the responsibility of quality control department

10. According to Deming, quality problems are:
- a. due to management
  - b. due to method
  - c. due to machine
  - d. due to material
11. Service assurance is
- a. confidence with customer
  - b. customer has trust
  - c. employee has knowledge
  - d. All of the above
12. Where was TQM developed?
- a. USA
  - b. UK
  - c. Japan
  - d. Korea
13. Which one of the followings would be considered an appraisal cost of quality?
- a. Training workers to perform their jobs
  - b. Purchasing better tools for workers to perform their jobs
  - c. Running a functional test on each item before it is boxed for shipment
  - d. Repairing an item under the warranty
14. Who is responsible for increasing quality of the product?
- a. Supplier
  - b. Chief executive officer
  - c. Operation manager
  - d. Everyone directly indirectly involves in the organization
15. Which one is not included in quality dimension?
- a. Service
  - b. Conformance
  - c. Loyalty
  - d. Durability
16. To which one aspect of the organization quality is applied?
- a. Products only
  - b. Products and services
  - c. People and product
  - d. Products, services, and people
17. What is quality? Select a correct option.
- a. Meeting and exceeding the customer's expectations.
  - b. Adding factors to make the customer happy.
  - c. The degree to which the project meets requirements.
  - d. Conformance to management's objectives.
18. Which one of the followings would be considered an, internal failure cost of quality?
- a. Training workers to perform their jobs.
  - b. Purchasing better tools for workers to perform their jobs.
  - c. Re-work cost
  - d. Running a functional test on each item before it is boxed for shipment
19. Just-in Time (JIT) origin and development was in ...
- a. U.S.A.
  - b. Japan
  - c. German
  - d. U. K
20. Diamond represents \_\_\_\_\_ while plotting flow chart.
- a. step in activity
  - b. decision making
  - c. direction of flow
  - d. none of the above

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

Answer any **FIVE** questions:

1. Discuss the relevance of total quality management in Nepalese service industries. [6]
2. How does an employees satisfaction relate to customer satisfaction? [6]
3. Write a TQM plan to implement in community college. [6]
4. Describe experimental design and its application. [3 + 3]
5. What is the difference between traditional and modern concept of quality? [6]
6. Define the terms internal and external customer. [6]
7. Write short notes (on any two):
  - a. Pareto analysis [3]
  - b. Cause and effect analysis [3]
  - c. Flow charts [3]

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

Answer any **TWO** questions:

8. The following data is given the weight of an automobile part. The five samples of four items were taken on random sample basis (at an interval of 1 hour each).

Sample number	Weight of the parts in gram			
1	14	8	12	12
2	11	10	13	8
3	11	12	16	13
4	15	12	14	11
5	10	10	8	8

Required:

- a. Draw control charts for mean and range. Is the process under control? [5 + 5 + 1]
  - b. Describe the use of control chart for variables and attributes [2 + 2]
9. Give your personal opinion regarding the usefulness Deming's and Crosby's philosophies in this business age. [5 + 5 + 5]
10. Organization performance depends on customer satisfaction. Customer satisfaction is subjective i.e., customer satisfaction is hard to measure but organization performance is easily measured. Regarding this matter, discuss the quality management and improvement initiatives in Nepal. [8+7]

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

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

Coca-Cola was founded in 1886 by pharmacist Dr John S Pemberton in Atlanta, Georgia. Coca-Cola Company is the World's largest marketer, distributor, and manufacturer of non-alcoholic

beverage syrups and concentrate, and produces close to 400 brands. Currently Coca-Cola Company is based in Georgia with subsidiaries all over world with a strong product portfolio including well-known brands such as: Sprite, Coke Zero, Fanta, Oasis, Abbey Well water, and Power Ade. The brand development strategy of Coca-Cola included brand and product development, but also techniques strategies in order to keep up with the switching and changing trends of its consumers. Earlier, this brand believed in affordability, availability, and acceptability. However, brand development strategy of Coca-Cola was reworked to match a higher loyalty and equality.

Coca-Cola (2011) states that 'to ensure such consistency and reliability, the Coca-Cola system is governed by the Coca-Cola operating requirements (KORE)'. It aims to achieve the highest standards in product quality, health, and safety environmental standards at Coca-Cola. Coca-Cola uses both Quality Control (QC) and Quality Assurance (QA) throughout its production process. QC mainly focuses on the production line itself, whereas QA focuses on its entire operation process and related functions, addressing potential problems very quickly. In QC and QA, state of the art computers checks all aspects of the production process, maintaining consistency and quality by checking consistency of the formula, the creation of the bottle (blowing), fill levels of each bottle, labeling of each bottle, overall increasing the speed of production and quality checks, which ensures that product demands are met. QC and QA helps reduce the risk of defective products reaching a customer, problems are found and resolved in the production process, for example, bottles that are considered to be defective are placed in a waiting area of inspection. QA also focuses on the quality of supplied goods to Coca-Cola, for example sugar, which is supplied by Tate and Lyle, Coca-Cola inform that they have never had a problem with their suppliers. QA can also involve the training of staff ensuring that employees understand how to operate machinery. Coca-Cola ensures that all members of staff receive training prior to their employment, so that employees can operate machinery efficiently. Machinery is also under constant maintenance, which requires highly skilled engineers to fix problems, and help Coca-Cola maintain high outputs.

Coca-Cola also uses Total Quality Management (TQM), which involves the management of quality at every level of the organization, including suppliers, productions, customers etc. This allows Coc-Cola to retain/regain competitiveness to achieve increased customer satisfaction. Coca-Cola uses this method to continuously improve the quality of their products. Teamwork is very important and Coca-Cola ensures that every member of staff is involved in the production process, meaning that each employee understands that job/roles, thus improving morale and motivation, overall increasing productivity. TQM practices can also increase customer involvement as many organizations, including Coc-Cola relish the opportunity to receive feedback and information from their customers. Overall, reducing waste and costs, provides Coca-Cola with a competitive advantage.

**Questions:**

- a. Quality control and quality assurance helps reduce the risk of defective products. Comment on it. [5]
- b. Why is involvement of every level of organization needed for total quality management? [5]
- c. Total quality management practices can also increase customer involvement as many organizations. Justify it. [5]
- d. Why is quality assurance focused on the quality of supplied goods to Coca-Cola? [5]

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

Tick the best answers.

1. An individual who initiates, creates and manages a new business is called \_\_\_\_\_.
  - a. a leader
  - b. a manager
  - c. an entrepreneur
  - d. a professional
2. Trademarks relate to \_\_\_\_\_.
  - a. the practice and knowledge acquired through experience
  - b. the protection of proprietary information of commercial value
  - c. the right to reproduce one's own original work
  - d. brand identity
3. Which one could provide an individual with the motivation to start a new business venture?
  - a. The financial rewards.
  - b. A desire to be independent.
  - c. Risk-taking
  - d. All of the above.
4. Which one of the following factors would not be included in a PESTLE analysis?
  - a. Government re-cycling policy.
  - b. Proposed reduction in interest rates.
  - c. Competitor activity.
  - d. Demographic changes
5. Which one industrial sector tends naturally to promote small-scale businesses and entrepreneurship, and has generally lower barriers to market entry?
  - a. Service.
  - b. Manufacturing.
  - c. Distribution.
  - d. Agriculture.
6. Why are small businesses important to a country's economy?
  - a. They give an outlet for entrepreneurs.
  - b. They can provide specialist support to larger companies.
  - c. They can be innovators of new products.
  - d. All of the above.
7. A business arrangement where one party allows another party to use a business name and sell its products or services is known as \_\_\_\_\_.
  - a. a cooperative.
  - b. a franchise.
  - c. an owner-manager business.
  - d. a limited company.
8. Which one of the followings is the reason for business failure \_\_\_\_\_.?
  - a. lack of market research.
  - b. poor financial control.
  - c. poor management.
  - d. all of the above.
9. The use of informal networks by entrepreneurs to gather information is known as \_\_\_\_\_.
  - a. secondary research.
  - b. entrepreneurial networking.
  - c. informal parameters.
  - d. marketing
10. Good sources of information for an entrepreneur about competitors can be obtained through \_\_\_\_\_.
  - a. websites.
  - b. product information leaflets.

- c. company reports and published accounts.  
d. all of the above.
11. A new venture's business plan is important because \_\_\_\_\_.
- it helps to persuade others to commit funding to the venture.
  - it can help demonstrate the viability of the venture.
  - it provides a guide for business activities by defining objectives.
  - all of the above.
12. Primary data is \_\_\_\_\_.
- the most important data.
  - the data that is collected first.
  - new data specifically collected for a project.
  - data that is collected second.
13. Innovation can best be defined as \_\_\_\_\_.
- the generation of new ideas.
  - the evolution of new ideas.
  - the opposite of creativity.
  - the successful exploitation of new ideas.
14. Which one of these statements best describes the context for entrepreneurship?
- Entrepreneurship takes place in small businesses.
  - Entrepreneurship takes place in large businesses.
  - Entrepreneurship takes place in a wide variety of contexts.
  - Entrepreneurship does not take place in social enterprises.
15. Entrepreneurs are motivated by \_\_\_\_\_.
- money.
  - personal values.
  - pull influences.
  - All the above.
16. Which one of the followings is described as one of the Big Five personality traits?
- tolerance of others.
  - need for achievement.
  - propensity to leadership.
  - locus of control.
17. Which one of the followings is least likely to influence the timing of new business births?
- Government policies.
  - Profitability.
  - Consumer expenditure.
  - Weather conditions.
18. Which one of the following statements is false?
- Market segmentation is a useful process for small businesses to undertake.
  - Selling is essentially a matching process.
  - A benefit is the value of a product feature to a customer.
  - It is a good idea for small businesses to compete solely on price.
19. The purpose of all good small business strategy is \_\_\_\_\_.
- to increase turnover.
  - to increase profitability.
  - to achieve competitive advantage.
  - to achieve stated objectives.
20. Which one of the followings is a recognized disadvantage of setting up as a start-up as compared with other routes to market entry?
- less satisfaction of the owners.
  - less help from various agencies.
  - there are more funds required.
  - there is a high failure rate.

Mid-West University  
**Examinations Management Office**  
Surkhet, Nepal  
Final Examination-2079  
Master of Business Administration (MBA)  
Semester - III

Subject: Entrepreneurship and Technology Management  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 534  
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 differentiate between entrepreneurs and employees.
2. As a budding entrepreneur, what will be the most important thing to be considered? Explain.
3. Why is business plan important?
4. How has technology helped an entrepreneur? Discuss.
5. How easy is it to expand the business for an entrepreneur?
6. What is the difference between Seed Money and Venture Capital.
7. Entrepreneurs are the blood for today's financial eco system. Explain.

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

Answer any *TWO* questions:

8. How do you think entrepreneurial start up like sastodeal.com has grown so well and can you think of a startup for yourself? Explain it.
9. Discuss the challenges faced by employees, which makes them bend towards opening their own venture.
10. Devise a business plan for a newly launched fragrances company in Nepalese market.

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

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

Advances in computing, the advent of the Internet and the emergence of new technologies such as the smartphone can be considered the basis for the latest industrial revolution. This situation has led to the emergence of new forms of creative destruction. One form of creative destruction is being achieved by new companies engaged in what has become known as the 'sharing economy'. This involves new entrepreneurial companies such as the taxi firm Uber exploiting the technology to support Web platforms that bring together individuals who have under-utilised assets with people who would like to rent those assets in the short term (Cusumano 2015).

Uber started life in San Francisco as a private limousine service. Then in 2010 the company launched a smartphone app that enabled potential customers to call for a ride, get a price quote and then accept or reject it. The providers of the ride are independent drivers who pay Uber a commission for being linked to customers. The regulations that apply to conventional taxi companies do not usually apply to Uber drivers, so these individuals can provide customers with lower-cost rides in smaller, less expensive cars. To expand their fleet of drivers Uber now helps individual drivers get loans to buy new cars enabling them to deliver the service. Not being required to meet certain regulations in relation to the provision of transportation services, such as insurance, training of drivers and licences, means Uber can always outcompete the existing taxi firms. This capability is understandably perceived as a source of creative destruction to the point that legal action to ban the company has been introduced in some cities across the world. Uber drivers can also decline to provide service when they

do not like the requested destination. This also is a behaviour that existing taxi companies cannot exploit since they are obliged to offer standardised prices and provide service to anyone who calls (Das 2015; Gevero & Alves 2015). Another example of the sharing economy is provided by Airbnb. This started in 2007 in San Francisco when the founders had extra rooms to rent and decided to offer a low-cost air mattress and bed and breakfast to attendees at a local conference. They created a website targeting cities with conferences and signed up people with spare rooms. Subsequently the company has expanded by offering the service to anybody looking for low-cost accommodation. By September 2014, Airbnb had expanded to 800,000 room listings in 190 countries and claims to have attracted 17 million customers. This has been achieved by a massive expansion in the company's accommodation portfolio which now ranges from cheap spare bedrooms to luxury vacation homes (Helm 2014). Not surprisingly the hotel industry has reacted strongly to this threat by demanding that city regulators take action over what may be breaches of regulations regarding private hosting and subletting (Fox 2016). There is also the potential for a major loss in tax revenues in those cities where there are a large number of hotels generating a high level of value added taxes. A similar problem exists at a national level because firms are required to pay corporation tax and it is possible that some Airbnb operators are not declaring this source of income to their governments (Kurtz 2014).

**Questions:**

- a. How well has the company been able to establish its brand? [10]
- b. Please do a SWOT analysis of the case. [10]

**THE END**



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Master of Business Administration (MBA)  
Semester - III

R.No. ....

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

Course Code: MGT 535  
Time: 4:00 Hours

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

Tick the best answers.

1. Specific performance is an order from the court not issued in one of the following circumstances:
  - a. in case the contract has been signed for providing services relating to personal expertise, skill or knowledge
  - b. in case the amount paid in cash as compensation for breach of contract is not adequate
  - c. in case the court can clearly identify the performance of contract
  - d. in case where contract can easily be stipulated
2. The remedy available in case of the breach of a negative term of contract:
  - a. suits for specific performance
  - b. suits for quantum merit
  - c. suits for injunction
  - d. suits for rescission
3. 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
4. What are the types of liquidation?
  - a. Mandatory and voluntary
  - b. Compulsory and mandatory
  - c. Regulatory and proceedings
  - d. Compulsory and voluntary
5. Delegated legislation is
  - a. made by judiciary
  - b. made by parliament
  - c. made by executives
  - d. made by foreign country
6. A contract can be made
  - a. impliedly
  - b. verbally
  - c. writing
  - d. all of the above
7. A private limited company can issue its shares to the public provided
  - a. it increases its capital
  - b. it converts itself in public limited company
  - c. it increases the number of shareholders
  - d. it resolves a decision through Annual General Meeting to issue in the public
8. Interns can be hired by:
  - a. publishing vacancy announcement
  - b. head hunt by HR department
  - c. entering into agreement between the company and educational institution
  - d. none of the above
9. How many types of partnership are there?
  - a. 2
  - b. 3
  - c. 4
  - d. 5

10. A limited liability is :  
 liability limited to the number of purchased shares  
 a. liability limited to the work instructed  
 b. liability towards the employees  
 c. liability towards the shareholders
11. Force majeure means  
 a. force used by the government  
 b. act of god  
 c. force of public  
 d. major force used by the police
12. How many days does labor law provide for fathers as paternity leave?  
 a. 10 days  
 b. 15 days  
 c. 21 days  
 d. 12 days
13. 'Benefit and detriment' are the elements of:  
 a. acceptance  
 b. consideration  
 c. free consent  
 d. none of the above
14. The basis of partnership business is:  
 a. partnership agreement  
 b. registered certificate  
 c. memorandum of association  
 d. articles of association
15. IPO means  
 a. Initial public offering  
 b. International public organization  
 c. Intentional public office  
 d. Initial public organization
16. FITTA means  
 a. Foreign Investment and Technology Transfer Act  
 b. Foreign Investment and Transfer and Technology Act  
 c. For Information Technology Transfer Act  
 d. Foreign Information on Technology Talk Association
17. What do you mean by equity investment?  
 a. Investment in shares  
 b. Investment in technology  
 c. Investment in loan  
 d. None of the above
18. If an employee is absent for 30 days without approval shall be  
 a. warned  
 b. increment shall be deducted  
 c. terminated  
 d. suspended
19. International Women's, compulsorily, grants a leave.  
 a. True  
 b. False  
 c. Only for women  
 d. For both men and women
20. MOA means  
 a. Memorandum of Association  
 b. Means of Agreement  
 c. Meeting of Association  
 d. None of the above

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Master of Business Administration (MBA)  
Semester - III

Subject: Corporate Law

Full Marks: 100 Pass Marks: 50

Course Code: MGT 535

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. Differentiate between arbitration and mediation.
2. Point out the features of intellectual properties.
3. What should be done to have a fair competition between the businesses?
4. How are thin provident fund and gratuity are calculated and deposited in to social security fund?
5. Illustrate how a counter offers terminate the original offer.
6. Define corporate personality with an example.
7. Differentiate between partnership organization and company.

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

Answer any *TWO* questions:

8. Disciplinary action against misconduct by an employee is a tool for controlling the behavior of employees by the employer. How do you think the provisions of misconduct and punishments have been stated in the Labor Act 2074? [15]
9. For the economic development of any country, FDI is crucial. How do you think FDI has been portrayed in the law books in terms of investment sectors, investment amount, ways of investment, and repatriation? [15]
10. If a contract is caused by fraud, it will be regarded as a voidable contract. However, there are circumstances when the contract is not made on the basis of fraud even though it seems like a fraud. Explain those instances are not regarded as fraud with appropriate examples. [15]

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

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

MishalHamedKanoo, is an Emirati business magnate and currently serves as the Chairman of The Kanoo Group based in UAE and Oman. Kanoo was listed as one of the Top 100 Powerful Arabs 2017, Power 100, Rich List 2009, and The World's Richest Arabs. Kanoo is the 4th generation to run the Kanoo family business. Mr. Mishal is on holiday with his family members in Singapore .

During holidays trip Mr. Mishal meet you. You are also doing business in Nepal. You have a investment company in Nepal. Mr. Mishal tells that he really interested to doing business in Nepal by bringing foreign investment. Mr. Mishal requested you to make him understand foreign investment prospective in Nepal. He wants to understand process of incorporation of foreign company in Nepal and he was also interested in understanding if foreigners are allowed to get work permit and work in Nepal? What welfare benefitsavailable for workers? If everything goes well, Mr. Mishal will be producing oil in Nepal in joint venture with your company.

You as a businessman in Nepal, it is a good prospect for you to work with Mr. Mishal. You do not want to lose this opportunity. You want to convince Mr. Mishal to invest in Nepal by not being untruthful and lying but explaining exiting process, laws and situation of Nepal. So you have to following things to be explained to Mr. Mishal:

- a. Process of incorporation of foreign company in Nepal.
- b. Work permit for foreign workers focusing on restriction of number of years to work in Nepal.
- c. Provision regarding welfare benefits.
- d. Provision regarding foreign allowed for investment.

The company Act 2063, Foreign Investment and Transfer Technology Act 2075 and Labor Act 2074 are to be taken into consideration while answering above questions.

**THE END**

Mid-West University  
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Semester - III

R.No. ....

Subject: Organization behavior  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 535.  
Time: 4:00 Hours

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

Tick the best answers.

1. \_\_\_\_\_ are the dependent variables in OB.
  - a. Organizational culture and conflict
  - b. Productivity and absence
  - c. Conflict and power
  - d. Leadership and group decision making
2. Basic law of behavior of a single individual is best studied by
  - a. Psychology
  - b. Sociology
  - c. Anthropology
  - d. Organizational behavior
3. Friendship group is
  - a. An informal group.
  - b. A formal group.
  - c. A task group.
  - d. A command group.
4. Which of the following theory is contingency leadership theory?
  - a. Fiedler model of leadership
  - b. University of Michigan Studies
  - c. Trait theories
  - d. Ohio state studies
5. Who propounded the ERG theory of motivation?
  - a. Alderfer Clayton
  - b. Victor Vroom
  - c. David McClelland
  - d. Ken Blanchard
6. Which of the following create actual diversity at workplace?
  - a. Age differences
  - b. Gender difference
  - c. Differences in personality and values
  - d. Occupations and experiences
7. My supervisor gave promotion to a less deserving candidate; I dislike his action and thus I am looking for a new job. Which is affective component is this statement?
  - a. My supervisor gave promotion to the candidate.
  - b. I am looking for a new job.
  - c. I dislike action of my supervisor.
  - d. No affective component is there
8. In which condition do you expect high productivity?
  - a. Low cohesiveness and low performance norms.
  - b. High cohesiveness and high performance norms.
  - c. High cohesiveness and low performance norms.
  - d. Low cohesiveness and high performance norms.
9. When you find conflict between any two employees in an organization, what option would you prefer?
  - a. Avoiding conflict
  - b. Bringing them together to identify the cause and settling conflict accordingly
  - c. Stimulating conflict further to identify who has deviant behaviour
  - d. Investigating the conflict and taking action against the wrongdoer
10. Nabina is a relationship officer in a company. She responsively behaves with outsiders, performs beyond expectation and takes initiatives to solve organizational problems. Which of the following is not true about her?
  - a. She is a good job performer.
  - b. She acts with superior citizenship behavior.
  - c. She possesses withdrawal behavior.

- d. She serves as a role model in behavioral adjustment and training.
11. In which stage of group formation, the members accept existence of the group but resist the constraints it imposes on individuals?
    - a. Forming
    - b. Storming
    - c. Norming
    - d. Performing
  12. Traits approach to leadership is important because.....
    - a. it is a traditional theory of leadership.
    - b. there are specific set of traits contributing to effective leadership
    - c. certain traits can predict leadership and emergence of leaders.
    - d. leaders act based on specific traits which they deliberately apply.
  13. Centralization and decentralization are important elements of structure that relate to.....
    - a. the degree to what the activities are subdivided into separate jobs.
    - b. the basis in which the jobs are grouped together.
    - c. the position where decision making authority lie.
    - d. the number of employees to whom a manager can effectively direct.
  14. Which one is the cognitive component of attitude?
    - a. Beliefs and opinion
    - b. Emotions and feelings
    - c. Actions and behavior
    - d. All of the above
  15. Choose the correct ones from the following statements based on Myers-Briggs Type Indicator.
    - i. Extraverted people are quiet, sociable and assertive.
    - ii. People with high level of sensing trait follow routine and order.
    - iii. Judging types are flexible and spontaneous.
    - iv. Thinking types use reason and logic to handle problems.
    - a. i and ii are correct.
    - b. ii and iv are correct.
    - c. ii and iv are correct.
    - d. i and iii are correct.
  16. Why do you think motivation is important concept in OB?
    - a. Without positive motivation people do not work in an organization.
    - b. Motivation is complex and dynamic psychological element in workplace affecting employees' behavior.
    - c. It is the prime duty of a manager to keep employees motivated in jobs.
    - d. It is the motivation that creates positive energy in people for putting increased efforts in their jobs.
  17. In an organization, the CEO finds continuous decline in sales and lack of internal coordination in responding to inter-departmental problems. What type of team would you normally prefer to solve the problem?
    - a. Problem solving team
    - b. Self-managed team
    - c. Cross functional team
    - d. Virtual team
  18. Identify correct statement with respect to Fiedler's model of leadership.
    - a. Task structure in least effective factor to determine leadership style.
    - b. Task oriented leadership is most suitable in moderately favorable situation.
    - c. Relationship oriented leadership is suitable in unfavorable situation.
    - d. Relationship oriented leadership is suitable in moderately favorable situation.
  19. How do you understand the strong culture in an organization?
    - a. Culture which is forcefully imposed by management.
    - b. Culture naturally developed there.
    - c. Culture in which core values are intensely held and widely shared.
    - d. Culture that cannot be ordinarily changed.
  20. What would you prefer to ensure higher motivation in your employees?
    - a. A good level of fixed salary
    - b. Creating autonomous working environment
    - c. Alignment of employees' personal interests with organizational goal
    - d. Supervision

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Semester - III

Subject: Organization behavior  
Full Marks: 100 Pass Marks: 50

Course Code: MGT 535.  
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. Why is organization behavior (OB) a complex aspect of management? Who needs to know about OB and why? [3+3]
2. Write, with a suitable example, the meaning of attitude. Give your Explain attitude behavior relationship. [3+3]
3. Give the concept of perception. Briefly explain the factors that influence perception. [2+4]
4. What is motivation? How do you justify the relevance of Maslow's Theory in organizational contest? Give your opinion. [2+4]
5. Why is organization change important? Why do people resist change? How can we overcome such resistance? [2+4]
6. State the meaning of value. How does it affect one's behavior? Why is it important in an organization? [1+3+2]
7. Write short notes on any two of the followings [2x3=6]
  - a. Resistance to change
  - b. Organizational citizenship
  - c. Formal group Vs informal group

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

Answer any TWO questions:

8. Give the meaning of leadership. Present your stand in relation to trait approach to leadership. Enumerate the Fielder's model of leadership and also provide your critical evaluation on the model. [3+3+6+3]
9. Do you agree that communication is one of the most important parts determining overall organizational performance? Give your arguments. As a manager of a company, predominantly consisting of young employees, what tools and techniques would you like to use to promote effective communication for productive organizational climate? [15]
10. What do you understand by personality? Write a comprehensive essay on Big Five Personality Model. [3+12]

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

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

**COOL PRODUCTS**

**Mr. Vasudevis** a general Manager of Cool Products, a company dealing in production and distribution of packed condiments in the state of Madhya Pradesh. The Co. was established in the year 2000 and has been performing well. Over the past five years the Co. has introduced excellent production processes, quality control, established its own distribution network, and has been able to achieve good consumer response for the products they manufacture and distribute. The company is a market leader in the state of M.P. Seeing the success of the business, the management has decided to expand the same in the state of Rajasthan. They have identified Kota as the place for establishing production unit. The head of the unit will hold the rank of GM. The post is tenable by marketing or production manager since the job involves skill of productivity and

marketing. The management has invited you to select a person to head Kota unit. The management have handed over to you profiles of two managers. Mr. Varun is production manager, and Mr. Avinash is the marketing manager. Both are working with Cool Products since its inception. You as a consultant, required to select one of them. You do not have personal knowledge about them and have to take the decision based of their write-ups only. The write up of the managers are as under.

**Mr. Varun Tyagi**

Mr. Varun is a mechanical engineer passed out from MACT Bhopal (now MANIT). He has about 10 years of service in food preservation industry. Prior to this appointment he was working with 'Pare Masala' a famous condiment manufacturer of Pune. Varun is hard working, sincere, honest and a dependable engineer. He is foresighted, technically sound and can work independently under stress and strain. He had been able to handle employee grievances in the present organization successfully to the satisfaction of employees and management has been critical about the decision he had taken on their behalf. He enjoys good rapport in the Industry and has been consultant to couple of industries in the state of MP and Maharashtra. He is straight forward and goes by the rule of law when in difficulty. He has a pleasant personality and workers fall back on him when in difficulty. Varsha-his wife is a nursing graduate and works in one of the private nursing homes. Families of employees, very frequently consult her and she therefore enjoys personal influence over the families of 'Cool Products'. Mr. Varun has been able to complete his targets of production every year and has been contributory factor for the growth of the Company.

**Mr. Avinash**

Mr. Avinash Kale belongs to Nagpur and comes from farmers' family. His father was a poor man and taught his only son with a great difficulty. Avinash has done MBA from IMS Indore in the year 1996. His performance in academics has been excellent. He stood first in IMS among the marketing boys that year. Mr Avinash is very calculative and thinks ten times before taking any decision. He evaluates the pros and cons of the issue at hand before proceeding further. He is very professional and keeps his sales team on the tender hooks and ensures monthly sales at any costs. He is hard task master as it relates to his job and can bend either way if situation so demands. He is very obedient and keeps the tag of management move, their daily schedule and any important event that is likely to take place. People in Cool Products say that Avinash knows everything in the organization before it is formally announced. He is considered to be a management man. He implements instructions of the management in letter and spirit. He maintains distance from workers and is not interested beyond the task he is supposed to do. But the task he does well and therefore he is liked by higher ups. One may say he is a task oriented leader. He is a smooth sailer, a diehard salesman, visionary, opportunist, a soft spoken executive who never hurts anyone in his dealings, a-tight rope walker. He has good communication skills. He has been recently married to a lady who is employed as Assistant Sale Tax Officer in Bhopal. She belongs to state provincial services cadre. She also has a bright career as she is a topper in her batch.

- a. What Pisces of information do Bhupal and Pune provide you regarding varun? [5]
- b. What is the similar personality trait between Varun and Varsha? [5]
- c. Which Company decided to expand it business and why? Also mention the place it chose. [2+3]
- d. Among all the three excellently successful professionals discussed in the passage when do you prefer and why? [5]

**THE END**



Mid-West University  
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Final Examination-2079  
Master of Business Administration (MBA)  
Semester - III

R.No.....

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

Course Code: MGT 536  
Time: 4: 00 Hours

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

Tick the *best answers*.

- The free trade among countries can be restricted by:
  - import taxes
  - trade barriers
  - import quotas
  - all of the above
- A global dependency exists when
  - massive crop failures require buying food from another country
  - a country buys tools from another country because it does not have the technology to make the goods
  - doctors travel to another country to provide healthcare because there is a shortage of medically trained professionals in that country
  - all of the above
- Which one of the followings is not the benefit of international business ?
  - Expanded business opportunities
  - Increased sources of raw materials
  - Decreased competitions
  - Improved political relations
- An example of a cultural factor that can affect international business is
  - the weather is too hot for selling ice cream products without refrigeration units
  - consumer protection laws require expensive packaging
  - the major religion prohibits the use of alcohol in any food products
  - none of the above
- An example of exporting would be
  - the products sold by a company in Mexico for purchase by Italian consumers
  - products made and sold in Japan
  - a European country's tax on products bought by Polish consumers
  - products that were made in Poland and bought by Polish consumers
- Which one of the followings is an example of trade barriers?
  - Efforts by a government to encourage exporting among businesses in its country
  - Consumers who prefer buying products from domestic companies to foreign companies
  - A limit on the number of foreign automobiles a country allows to be imported
  - A sales tax on the products made and sold within a country
- A cultural factor affecting international business activities would be
  - the availability of natural resources
  - government policies toward business
  - stability of the money supply
  - family relationships

8. The economic conditions of a country refers to its
- type of government
  - decisions regarding the use of resources
  - social relationships among the country's people
  - policies toward regulation of business
9. A political factor affecting international business activities would be
- the general education level of a country's population
  - a country's commonly used language
  - religious beliefs
  - the type of government
10. What was the first economic theory of international trade to be developed?
- the theory of mercantilism
  - the theory of comparative advantage
  - the theory of absolute advantage
  - the Heckscher-Ohlin theory
11. According to Adam Smith, the trade between countries should happen \_\_\_\_\_.
- naturally according to the market forces
  - under government regulation
  - using factors that are available
  - only when a country has an absolute advantage
12. If a nation has an open economy, it means that the nation:
- allows private ownership of capital.
  - has flexible exchange rates
  - has fixed exchange rates
  - conducts trade with other countries
13. A multinational is a firm that controls and manages production facilities in
- both developed and developing countries
  - at least two countries
  - one country but relies on multiple markets for the consumption of goods it produces
  - at least two developed countries and one developing country
14. Which one of the followings would be an example of foreign direct investment from the United States to Taiwan?
- a U.S. bank buys bonds issued by a Taiwan computer manufacturer.
  - a U.S. car manufacturer enters into a contract with a Taiwan firm to make and sell it spark plugs.
  - Microsoft hires a Taiwanese computer programmer to debug some software for it.
  - The state of California rents space in Taipei for one of its employees to use promoting tourism in
15. If a German manufacturer of household appliances wants to take advantage of the cheaper labor available in the Czech Republic, which one of the following actions will not serve that purpose?
- build a manufacturing subsidiary there and employ Czech workers.
  - build a plant in the Czech Republic and send all German workers to operate it.
  - license a Czech firm to produce its products under its own label.
  - contract for a Czech firm to do some of the processing for it.
16. Removing barriers or restrictions set by the government is called:
- liberalization
  - investment
  - favorable trade
  - free trade
17. Subsidiaries consider the regional environment for policy / strategy formulation is known as
- polycentric approach
  - regionocentric approach

- c. ethnocentric approach
  - d. geocentric approach
18. ....corporation produces in the home country or in a single country and focuses on marketing these products globally or vice versa.
- a. Global
  - b. International
  - c. Transnational
  - d. None of the above
19. Theory of Mercantilism propagates
- a. to encourage exports and imports
  - b. to encourage exports and discourage imports
  - c. to discourage exports and imports
  - d. to discourage exports and encourage imports
20. Free international trade maximizes world output through
- a. countries specializing in production of goods they are best suited for.
  - b. reduction in taxes.
  - c. increased factor income.
  - d. encouraging competition.

Mid-West University  
**Examinations Management Office**  
Surkhet, Nepal  
Final Examination-2079  
Master of Business Administration (MBA)  
Semester - III

Subject: International Business Strategy

Course Code: MGT 536

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 (5X6 = 30 MARKS)**

Answer any **FIVE** questions:

1. Discuss the implication of different legal systems on international business.
2. How does socio-cultural environment impact international business operation? Explain.
3. Why should one consider international financial environment while drafting international financial strategies? Discuss.
4. Describe the various alternative modes of entering into the foreign market.
5. Briefly discuss the international marketing strategies.
6. Explain the successive regional economic integration stages with real life examples.
7. Describe the principles of WTO.

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

Answer any **TWO** questions:

8. "International business has been the buzzword in the present era of globalization, yet international business is not free from the impending challenges and risks". Discuss [15]
9. Discuss the various international trade theories that evolved over the years and suggest the most appropriate trade theory for the present time. Justify your answer with supporting logic. [15]
10. How is international business affected under different political systems and ideologies in terms of opportunities and threats? Discuss. [15]

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

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

**Coca-Cola is the largest-selling soft drink in the world, but sales vary by nation. For example, Americans consume almost 30 gallons (135 liters) of Coke annually, in contrast to Europeans who drink less than half this amount, and in some countries, such as France, Italy, and Portugal, the average is in the range of 10 gallons. In the 1990s, Coke took a number of steps to increase its European sales.**

One of these was to replace local franchisors who had become too complacent with more active, market-driven sellers. In France, for example, Pernod, a Coca-Cola franchisee, was forced to sell some of its operations back to Coke which, in turn, appointed a new marketing manager for the country. In addition, Coke's price was lowered and advertising was sharply increased. As a result, per capita consumption in France went up.

In England, Beecham and Grand Metropolitan used to be Coke's national bottlers but that was turned over to Cadbury Schweppes, most famous for its Schweppes mixers. The latter immediately began a series of marketing programs that resulted in sales tripling within three years.

In Germany, the pace has been even faster. Beginning in the early 1990s Coke identified Germany as one of its primary targets and began building a distribution network there to both package and sell Coke locally. Meanwhile, throughout the entire country the company has taken even bolder steps including the replacement of an inefficient bottling network and the institution of a new, well-financed marketing campaign. As a result, Germany became Coke's largest and most profitable market in Europe.