

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

R.No.....

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

Course Code: MGT 541
Time: 4: 00 Hours

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

Tick the best answer:

- An economist will define the exchange rate between two currencies as the:
 - The amount of one currency that must be paid in order to obtain one unit of another currency
 - The difference between total exports and total imports within a country
 - The price at which the sales and purchases of foreign goods takes place
 - The ratio of import prices to export prices for a particular country
- India is facing continuous deficit in its balance of payments. In the foreign exchange market, rupee is expected to
 - depreciate
 - appreciate
 - show no specific tendency
 - depreciate against the currencies of the countries with positive balance of payment and appreciate against
- The WTO was established to implement the final act of Uruguay Round agreement of
 - MFA
 - GATT
 - TRIP'S
 - UNO
- _____ is an important reason for economic integration.
 - Geographic proximity
 - Democracy
 - Totalitarianism
 - Common law practice
- In which one of the following types of regional economic integration is internal tariff eliminated with the member countries levying a common external tariff on the goods being imported from nonmembers?
 - Customs union
 - Free trade area
 - Common market
 - Complete economic integration
- Which one of the followings has a single currency managed by a common central bank?
 - ASEAN
 - European union
 - World Trade Organization
 - The Organization for Economic Cooperation and Development
- The country that attracts the largest FDI inflow is:
 - India
 - China
 - USA
 - Brazil
- The firm that operates internationally is able to:
 - earn a greater return from their skills and core competencies
 - realize location economies where they can be performed most efficiently
 - realize greater experience curve economies, which reduces the cost of production
 - all of the above
- Identify a factor that doesn't play an important role in attracting FDI
 - language
 - laws, rules and regulations
 - cost of resources
 - infrastructure related factors

10. According to this theory the holdings of a country's treasure primarily in the form of gold constituted its wealth is:
- a. gold Theory
 - b. ricardo Theory
 - c. mercantilism
 - d. porter's theory
11. Capitalistic, communistic and mixed are the types of
- a. economic system
 - b. political system
 - c. social system
 - d. cultural attitudes
12. India is an:
- a. emerging economy
 - b. developed economy
 - c. less developed economy
 - d. none of these
13. The World Trade Organization was formed in the year _____ with GATT as its basis.
- a. 1992
 - b. 1993
 - c. 1995
 - d. 1994
14. The theory of Mercantilism propagates
- a. encourage imports and exports
 - b. encourage exports and discourage imports
 - c. discourage imports
 - d. none of these
15. Which one of these is the characteristic of a licensing agreement?
- a. The licensor might provide access to some of its patents or trademarks
 - b. The licensor might provide access to technology
 - c. It might be used to avoid the risks of foreign involvement
 - d. All of the above
16. IBRD (International Bank for Reconstruction and Development) is also known as
- a. EXIM Bank
 - b. World Bank
 - c. IMF
 - d. International Financial Bank
17. By entering into international business, a firm expects improvement in
- a. marketing.
 - b. all spheres of marketing, operation and finance simultaneously.
 - c. any or all spheres of marketing, operation and finance.
 - d. finance only.
18. The essential feature of FDI is
- a. investment of a very high value.
 - b. investment in shares.
 - c. investor's influence on the management of the enterprise.
 - d. investment of low value.
19. Which one of the followings is not a component of culture:?
- a. Attitudes
 - b. Beliefs
 - c. Education
 - d. Life expectancy.
20. Non-verbal communication.....
- a. includes written communication.
 - b. has no place in international business.
 - c. includes body language.
 - d. should be learnt by business managers to communicate with foreigners.

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

Answer any **FIVE** questions:

1. Discuss the interrelationship between globalization and international business.
2. Elaborate the risks associated with international business.
3. Explain the basics of factor proportion theory of international trade.
4. Describe the benefits and challenges of foreign direct investment.
5. How is exchange rate determined? Explain.
6. Explain the principles of WTO.
7. Write short notes on: BIPPA and EU.

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

Answer any **TWO** questions:

8. Discuss the opportunities and challenges of doing international business in countries following different political & legal systems. [15]
9. What are the different alternative modes of entering foreign markets for internationalizing the business? Explain in terms of benefits and challenges of each of the strategies. [5+10]
10. Discuss the various dimensions of international business strategies in the functional areas such as production, human resource, marketing, accounting, finance, etc. [15]

SECTION D: CASE STUDY (20 MARKS)

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

Walmart, the world's largest retailer, has built its success on a strategy of everyday low prices and highly efficient operations, logistics, and information systems that keep inventory to a minimum and ensure against both overstocking and understocking. The company employs some 2.1 million people, operates 4,200 stores in the United States and 3,600 in the rest of the world, and generated sales of almost \$400 billion in fiscal 2008. Some \$91 billion of these sales were generated in 15 nations outside of the United States. Facing a slowdown in growth in the United States, Walmart began its international expansion in the early 1990s when it entered Mexico, teaming up in a joint venture with Cifra, Mexico's largest retailer, to open a series of super-centers that sell both groceries and general merchandise.

Initially the retailer hit some headwinds in Mexico. It quickly discovered that shopping habits were different. Most people preferred to buy fresh produce at local stores, particularly items such as meat, tortillas, and pan dulce, which didn't keep well overnight (many Mexicans lacked large refrigerators). Many consumers also lacked cars and did not buy in large volumes as in the United States. Walmart adjusted its strategy to meet the local conditions, hiring local managers who understood Mexican culture, letting those managers control merchandising strategy, building smaller stores that people could walk to, and offering more fresh produce. At the same time, the company believed it could gradually change the shopping culture in Mexico, educating consumers by showing them the benefits

of its American merchandising culture. After all, Walmart's managers reasoned, people once shopped at small stores in the United States, but starting in the 1950s they increasingly gravitated toward large stores such as Walmart. As it built up its distribution systems in Mexico, Walmart was able to lower its costs, and it passed these savings on to Mexican consumers in the form of lower prices. The customization, persistence, and low prices paid off. Mexicans started to change their shopping habits. Today Walmart is Mexico's largest retailer and the country is widely considered to be the company's most successful foreign venture.

Next Walmart expanded into a number of developed nations, including Britain, Germany, and South Korea. There its experiences have been less successful. In all three countries it found itself going head to head against well-established local rivals that had nicely matched their offerings to local shopping habits and consumer preferences. Moreover, consumers in all three countries seemed to have a preference for higher-quality merchandise and were not as attracted to Walmart's discount strategy as consumers were in the United States and Mexico. After years of losses, Walmart pulled out of Germany and South Korea in 2006. At the same time, it continued to look for retailing opportunities elsewhere, particularly in developed nations where it lacked strong local competitors, where it could gradually alter the shopping culture to its advantage, and where its low price strategy was appealing.

Recently, the centerpiece of its international expansion efforts has been China. Walmart opened its first store in China in 1996, but initially expanded very slowly, and by 2006 had only 66 stores. Walmart discovered the Chinese were bargain hunters and open to the low-price strategy and wide selection offered at Walmart stores. In terms of their shopping habits, the emerging Chinese middle class seemed more like Americans than Europeans. But to succeed in China, Walmart also found it had to adapt its merchandising and operations strategy so that it meshes with Chinese culture. For example, Walmart has learned Chinese consumers insist that food must be freshly harvested or even killed in front of them. Walmart initially offended Chinese consumers by trying to sell them dead fish, as well as meat packed in Styrofoam and cellophane. Shoppers turned their noses up at what they saw as old merchandise. So Walmart began to display the meat uncovered, installed fish tanks into which shoppers could plunge fishing nets to pull out their evening meal, and began selling live turtles for turtle soup. Sales soared.

Walmart has also learned that in China, success requires it to embrace unions. In the United States Walmart has vigorously resisted unionization, but it realized that in China unions don't bargain for labor contracts. Instead, they are an arm of the state, providing funding for the Communist Party and (in the government's view) securing social order. In mid-2006 Walmart broke with its long-standing antagonism to unions and agreed to allow unions in its Chinese stores. Many believe this set the stage for Walmart's December 2006 purchase of a 35 percent stake in the Trust-Mart chain, which has 101 hypermarkets in 34 cities across China. Now Walmart has proclaimed that China lies at the center of its growth strategy. By early 2009 Walmart had some 243 stores in the country, and despite the global economic slowdown, the company insists that it will continue to open new stores in China at a "double-digit rate."

Questions:

- a. What strategic moves did Wal-Mart pay off in Mexico but fail in South Korea and Germany? What must Walmart do to succeed in China? Is it on track? [10]
- b. What was the international entry strategy and staffing policy that Walmart used in internationalizing? [10]

THE END

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R.No.

Subject: Financial Institution and Market

Course Code: MGT 546/FIN 546

Full Marks: 100 Pass Marks: 50

Time: 4: 00 Hours

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

Tick the best answer:

1. The capacity of Nepal Rastra Bank to print currency notes is:
 - a. unlimited
 - b. limited by Gold Holding
 - c. limited by Gold and Foreign Exchange Holding
 - d. limited by Gold, Foreign exchange and Government bond holding
2. Which one stock exchange is DJIA (Dow Jones Industrial Average) associated with ?
 - a. NASDAQ
 - b. New York Stock Exchange
 - c. London Stock Exchange
 - d. Shanghai Stock Exchange
3. When we say Market Capitalization, it means:
 - a. summation of paid up capital of all listed companies
 - b. summation of balance sheet of all listed companies
 - c. summation of product of market price and numbers of share
 - d. summation of product of market price and numbers of ordinary shares)
4. In Nepal's context Bank Rate is:
 - a. fixed by NRB
 - b. fixed by banks themselves
 - c. fixed by Nepal bankers association
 - d. fixed by Ministry of Finance
5. Base rate is based on:
 - a. cost of funds
 - b. operating cost
 - c. CRR and SLR loss
 - d. all of the above
6. SLF stands for:
 - a. standard lending facility
 - b. standby lending facility
 - c. standard loan faculty
 - d. standard long term loan facility
7. SLR stands for:
 - a. statutory liquidity facility
 - b. standard liquidity facility
 - c. statutory loan facility
 - d. standard loan facility
8. Investment Banking business is:
 - a. long term lending
 - b. infrastructure lending
 - c. merchant banking
 - d. commercial banking
9. Repo (Repurchase Agreement) is undertaken by NRB for:
 - a. adding liquidity
 - b. reducing liquidity
 - c. helping difficult banks
 - d. to increase interest rates
10. Bankers acceptance is associated with:
 - a. import LC
 - b. export LC
 - c. providing loan
 - d. providing guarantee

11. The calculation of NEPSE is based on:
- market price of 100 biggest companies
 - market price of 100 most profitable companies
 - market price of all ordinary shares
 - market price of all shares
12. Negative Interest Rate refers to:
- offered Interest rates lower than the inflation rate
 - offered Interest rates higher than the inflation rate
 - fixed Deposit rates lower than the saving deposit rate
 - fixed deposit rate lower than the Call deposit rate
13. Co-Operatives in Nepal are regulated by:
- NRB
 - Ministry of Finance
 - National Planning Commission
 - none of them
14. The function of mutual funds is to:
- invest its own capital fund
 - invest its parent company's Fund
 - invest general public's fund
 - invest its staff fund
15. Open ended mutual funds refers to
- getting in open as well getting out also open
 - getting in Open BUT Getting out not open
 - getting in NOT open but Getting out Open
 - none of the above
16. Close ended mutual fund refers to:
- getting in open as well getting out also open
 - getting in open BUT getting out not open
 - getting in NOT open but getting out open
 - none of the above
17. The distinguishing feature of treasury bill is:
- sold at premium
 - sold at discount
 - sold at Par
 - none of the above
18. Hang Seng stock market index is associated with
- Japan
 - China
 - Singapore
 - Hong Kong
19. OTC stands for:
- over the counter
 - over the country
 - only in the counter
 - only in the country
20. Euro Dollar refers to:
- US Dollar instrument issued by US companies in Europe
 - US Dollar instrument issued by Non US companies in Europe
 - US Dollar Instrument issued by European companies in the USA
 - US Dollar instrument issued by Japanese companies in the USA

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

Answer any **FIVE** questions:

1. Financial Markets are generally classified into money market and capital markets. [2]
 - a. Distinguish between these two markets [2]
 - b. What are the general instruments under these markets? [2]
 - c. Explain their nature and features. [2]
2. We see markets being classified into primary markets and secondary markets. [3]
 - a. Explain how they are different from each other [3]
 - b. In your opinion, are they equally important or one is more important than the other one? Explain it by giving your reasons [3]
3. Everywhere banks and financial institutions are not only regulated, rather heavily regulated. [2]
 - a. Why do you think, banks are so heavily regulated? [2]
 - b. In your opinion, do they need to be so heavily regulated? Yes or no? answer it by giving your reasons. [2]
 - c. Explain some of the important regulations which banks have to comply with. [2]
4. We come across different concepts like: Commercial Banking, Corporate Banking and Investment Banking. [3]
 - a. Explain the nature and features of all three types of bankings [3]
 - b. How are they different from each other? Explain [3]
5. What do you understand by: underwriting. Why are they required? What may happen, in the case of any type of issue not being underwritten? [2+2+2]
6. Presently, micro credit has become very popular. [2]
 - a. What are the typical features of micro credit? [2]
 - b. Why is it always associated with poverty alleviation? [2]
 - c. Why is the interest rate of micro credit generally always high as compared to other banking loan? [2]
7. Central Banking is a typical type of function. There are similarities as well as differences in the central banking functions performed by different central banks. [3]
 - a. If you have to segregate typical central banking functions into core functions and peripheral functions, how will you do it? [3]
 - b. Explain, in brief the typical core functions and peripheral functions of a central bank. [3]

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

Answer any **TWO** questions:

8. The number of people interested in stock market is increasing every day. As such many people follow NEPSE Index. [5]
 - a. What is NEPSE Index? [5]
 - b. How is it calculated? Explain by highlighting the process involved in its preparation. [5]

- c. Why do you think currently NEPSE is in downward phase? [5]
9. Nepal Rastra Bank as the central Bank of Nepal is responsible for formulating monetary policy.
- a. How do you define monetary policy? [4]
- b. What are the standard objectives of a typical monetary policy? [4]
- c. What are the tools which NRB uses to conduct its monetary policy? [4]
- d. What are the distinguishing features of current FY's monetary policy? [3]
10. Banks and financial institutions are financial intermediating agencies. They are given quite a big importance in every country.
- a. What do you understand by financial intermediation? [5]
- b. Why are banks important for any economy? [5]
- c. What roles do you think banks play in any economy? [5]

SECTION D: CASE STUDY (20 MARKS)

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

Mutual Fund-Price-14-Jun 2022		
S.N.	Traded Companies	Closing
1	NMB 50	12.70
2	Sanima Equity Fund	12.25
3	Sunrise First Mutual Fund	11.25
4	NMB Hybrid Fund L-1	11.00
5	NIC Asia Growth Fund	10.70
6	NABIL BALANCED FUND-2	10.57
7	NIC Asia Balanced Fund	10.21
8	Siddhartha Investment Growth	10.21
9	NIBL Pragati Fund	10.19
10	Global IME Samunnat Scheme-1	10.11
11	Siddhartha Equity Fund	10.05
12	Nabil Equity Fund	10.00
13	Laxmi Equity Fund	9.63
14	Laxmi Unnati Kosh	9.57
15	CITIZENS MUTUAL FUND 2	9.27
16	Kumari Equity Fund	8.85
17	Citizens Mutual Fund -1	8.50
18	RBB Mutual Fund 1	8.29
19	Nabil Balanced Fund-3	8.12
20	NIC Asia Select Fund 30	8.09
21	Prabhu Select Fund	8.06
22	Sanima Large Cap Fund	8.01
23	NIBL Samriddhi Fund -2	8.00
24	Sunrise Bluechip Fund	8.00
25	Mega Mutual Fund -1	7.90

- a. What are mutual funds? How do they operate? [4]
- b. How many types of mutual funds are there in Nepal? Explain their features. [4]
- c. In terms of mutual funds terminology, what is the meaning of NAV (Net Asset Value)? [4]
- d. How is this NAV calculated? [4]
- e. Presently, why are 13 of the 25 Mutual Funds having Negative NAV? [4]

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

Tick the best answer:

1. Which one bond does not pay coupons but is sold on a discount basis?
 - a. Regular bond
 - b. Perpetual bond
 - c. Zero bond
 - d. Floating rate bond
2. The value of a bond is greater than its par value when
 - a. the coupon rate is less than the yield to maturity.
 - b. the coupon rate is greater than the yield to maturity.
 - c. the coupon rate and yield to maturity are unknown.
 - d. the coupon rate is equal to the yield to maturity.
3. The beta coefficient of the market is always
 - a. greater than one
 - b. equal to one
 - c. smaller than one
 - d. unknown
4. Which one measure of the statistic show relative risk per unit in the expected rate of return?
 - a. Expected rate of return
 - b. Standard deviation
 - c. Variance
 - d. Coefficient of variation
5. The correlation coefficient shows
 - a. direction of movement
 - b. the relative risk in expected return
 - c. degree of relationship
 - d. systematic risk
6. The indifference point is the level of operating profit for two plans at which
 - a. the earnings per share of the two plans are equal
 - b. the dividend per share of the two plans is equal
 - c. the market price under the two plans is equal.
 - d. the profit after taxes of the two plans is equal.
7. What is a correct statement?
 - a. Portfolio risk is minimum when the correlation coefficient is +1.
 - b. Portfolio risk is minimum when the correlation coefficient is 0.
 - c. Portfolio risk is minimum when the correlation coefficient is -1.
 - d. Portfolio risk is not affected by the correlation coefficient.
8. Why do we calculate the beta coefficient of an investment?
 - a. To measure total risk
 - b. To measure market risk.
 - c. To measure unique risk.
 - d. To measure relative risk.
9. The degree of financial leverage shows
 - a. Percentage change in EBIT when EPS changes by 1 percent.
 - b. Percentage change in EBIT when EBT changes by 1 percent.
 - c. Percentage change in EPS when EBT changes by 1 percent.
 - d. Percentage change in EPS when EBIT changes by 1 percent.
10. To get a reasonable result which one statement is true under the Gordon model of stock valuation?
 - a. Growth rate < required rate of return.
 - b. Growth rate > required rate of return.
 - c. Growth rate = required rate of return.
 - d. All of the above.

11. According to the Gordon model of dividend theory, a bird in hand means
- dividend income is immediate and more certain.
 - capital gains are uncertain.
 - capital gains will be received in the future.
 - none of the above.
12. Based on the Walter model of dividend theory, what is the optimal dividend policy if the return on investment (r) is greater than the required rate of return (K)?
- 100% dividend payout.
 - 100% retention.
 - 50% dividend payout and rest retention.
 - An optimal dividend policy does not exist
13. How is book value per share (BVPS) calculate?
- Assets are divided by the number of shares outstanding.
 - Liabilities are divided by the number of shares outstanding.
 - Shareholders' equity is divided by the number of shares outstanding.
 - Net income is divided by the number of shares outstanding.
14. In which condition does opportunity cost of trade credit exist?
- When a discount is not offered.
 - When a discount is offered but not taken.
 - When a discount is offered but taken.
 - In all of the above situations.
15. Under which condition the possibility of calling a bond before maturity be high?
- The market price of the bond is significantly higher than the par value.
 - The market price of the bond is significantly lower than the par value.
 - The market price of the bond is equal to the par value.
 - The market price of the bond is equal to the intrinsic value.
16. A lease under which the lessor contributes some portion to the investment and the rest borrowed from the lender to finance a lease asset is called.....
- direct lease
 - sales and leaseback
 - operating lease
 - leverage lease
17. An appreciation in the value of an investment is called:.....
- capital gain
 - cash gain
 - current yield
 - rate of return
18. The risk-averse investor prefers to invest in securities with
- lowest variance
 - lowest standard deviation
 - lowest coefficient of variation
 - highest expected rate of return
19. The required rate of return and the risk-free rate of return is equal if the beta is
- zero
 - one
 - greater than one
 - less than one
20. An asset is overvalued if
- the required rate of return is equal to the expected rate of return
 - the required rate of return is less than the expected rate of return
 - the required rate of return is greater than the expected rate of return
 - the required rate of return and market rate of return are equal.

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

Answer any FIVE questions:

1. How is a merger different from an acquisition? Also, comment on management and leverage buyout.
2. Suppose a 10-year, 12 percent semiannual coupon bond, with a par value of Rs. 1,000, may be called in 4 years at a call price of Rs. 1,060. The bond sells for Rs. 1,000.
 - a. What is the bond's yield to maturity? [3]
 - b. What is the bond's yield to call? [3]
3. A company presently capitalized with Rs. 500,000 consisting of 5,000 shares of common stock of Rs. 100 each. Additional finance of Rs. 500,000 is required for an expansion program. The following possible financing plans are under consideration.
 Plan 1: Equity financing by issuing Rs. 100 per share.
 Plan 2: Fifty percent through equity of Rs. 100 per share and remaining through debt carrying 12 percent interest. The corporate tax rate is 50 percent.
 - a. Calculate the indifference point in EBIT between the given plan. [3]
 - b. Prepare an income statement and calculate earnings per share under each plan. [3]
4. Sophi Airline's current stock price is Rs 36, and its last dividend was Rs 2.40. Because of Sophi's strong financial position and its consequent low risk, Its required rate of return is only 12 percent. If dividends are expected to grow at a constant rate, g , in the future, and if K_s is expected to remain at 12 percent, what is Sophi's expected stock price 5 years from now?
5. The following stocks are available for investment

Stock	Investment	Beta
A	Rs 2,000	1.60
B	5,000	1.20
C	3,000	0.80

- a. In terms of systematic risk, which one stock is riskier? [2]
- b. Calculate the portfolio beta. [2]
- c. Calculate the required rate of return of the portfolio assuming a risk-free rate of 6 percent and a return of the market is 10 percent. [2]
6. The capital structure of Progressive Company Ltd. consists of an ordinary share capital of Rs. 1,000,000 (shares of Rs. 100 par value) and Rs. 1,000,000 of 10% debentures. The unit sales increased by 20% from 100,000 units to 120,000 units the selling price is Rs. 10 per unit, variable cost amount of Rs. 6 per unit, and fixed operating expenses amount to Rs. 200,000. The income tax rate is assumed to be 35%. You are required to calculate:
 - a. the percentage increase in EPS. [2]
 - b. the degree of operating leverage at 100,000 units and 120,000 units. [2]
 - c. the degree of financial leverage at 100,000 units and 120,000 units. [2]

7. Given that the expected return on the market portfolio is 10 percent, the risk-free rate of return is 6 percent, the beta of stock A is 0.85, and the beta of stock B is 0.20.
- Calculate the required rate of return of both stocks using CAPM. [3]
 - If the expected rate of return of stocks A and B are 10 and 6.5 percent respectively, which one stock should be purchased? Why? [3]

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

Answer any TWO questions:

- What are the major features of common stock? Discuss. [3]
- A manufacturing firm belongs to a risk class for which the appropriate equity return is 10%. It currently has 50,000 outstanding shares selling at Rs. 100 per share. It is contemplating the declaration of a dividend of Rs.8 at the end of the current fiscal year which just started. Given the assumption of Modigliani and Miller, calculate the followings. [3]
 - The price of the share at the end of the year if a dividend is declared. [3]
 - The price of the share at the end of the year if a dividend is not declared. [3]
 - Assume that the firm pays a dividend, has a net income of Rs.500,000, and makes a new investment of Rs.1 million during the period. In such a situation, how many new shares must be issued? [4]
 - The value of the firm if (1) a dividend is declared and (2) a dividend is not declared. Does the value of the firm change as a result of the declaration of the dividend? [5]
- This problem will give you some practice calculating measures of prospective portfolio performance. There are two assets and three states of the economy:

Scenarios	Probability	Rate of return	
		Stock A	Stock B
Recession	0.20	-0.15	0.20
Normal	0.50	0.20	0.30
Boom	0.30	0.60	0.40

- Calculate covariance and correlation coefficient between two stocks. [10]
- Suppose you have Rs 20,000 total amount of investment. If you put Rs 15,000 in stock A and the remainder in stock B, what will be the expected return and standard deviation of your portfolio? [5]

SECTION D: CASE STUDY (20 MARKS)

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

The Nepal Transport Company (NTC) has decided to acquire new equipment. One alternative is to lease the equipment on a 4 years guideline contract for a lease payment of Rs 50,000 per year and payments are made at the end of the year. Alternatively, it could purchase the machine for Rs 200,000 financed by a bank loan with an interest rate of 10 percent, and installments are paid at end of the year. The machine depreciated under MACRS 3-year property class. The cash salvage value at the end will be Rs 200,000. The corporate tax rate is 30 percent.

- What is the cost of leasing? [6]
- What is the cost of purchasing using the table method? [6]
- Should the company lease or purchase machine? [3]
- Why does the company uses the after-tax cost of debt to evaluate leasing and purchasing decisions? [5]

THE END

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

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

Tick the best answer:

- An annual interest payment divided by current price of bond is known as:
 - current yield
 - maturity yield
 - return yield
 - earning yield
- The price of an outstanding bond increases when the market rate:
 - never changes
 - increases
 - earns
 - decreases
- When the price of bond is calculated below its par value, it is classified as:
 - classified bond
 - discount bond
 - compound bond
 - Premium bond
- The required rate of return in calculating bond's cash flow is also classified as:
 - going rate of return
 - yield
 - earning rate
 - both a and b
- An interest rate which is used in the calculation of cash flow of bond is called:
 - required rate of redemption
 - required rate of earning
 - required rate of return
 - required option
- If the current price is Rs.40 and the dividend paid is Rs.10 the dividend yield will be:
 - 25
 - 0.25
 - 4
 - 0.04
- In which one form of market efficiency, the information on past price trend is reflected in the current market price?
 - Semi-strong form of efficiency
 - Weak form of efficiency
 - Strong form of efficiency
 - Market efficiency
- The rate of return which considers the riskiness & an available returns on the investment is classified as:
 - constant dividend
 - constant rate
 - maximum rate of return
 - minimum acceptable rate of return
- The value of stock as concluded with the help of analysis by particular investor is as:
 - particular value
 - intrinsic value
 - fundamental value
 - both b and c
- A formula such as an original investment plus an expected capital gain is used to calculate:
 - final stock
 - expected stock
 - expected final stock price
 - final stock price

11. The risk of two securities with different expected return can be compared with:
 - a. coefficient of variation
 - b. standard deviation of securities
 - c. variation of securities
 - d. none of above
12. Portfolio having two risky securities can be turned risk less if
 - a. the securities are completely positively correlated
 - b. if correlation ranges between zero and one
 - c. the securities are completely negatively correlated
 - d. none of the above
13. Efficient frontier comprises of :
 - a. portfolios that have negatively correlated securities
 - b. portfolios that have positively correlated securities
 - c. inefficient portfolios
 - d. efficient portfolios
14. Efficient portfolios can be defined as those portfolios which for the given level of risk provides
 - a. maximum return
 - b. average return
 - c. minimum return
 - d. none of above
15. Capital market line is
 - a. capital allocation line of market portfolios
 - b. capital allocation line of risk free asset
 - c. both a and b
 - d. none of above
16. The type of risk is avoidable through proper diversification is:
 - a. portfolio risk
 - b. systematic risk
 - c. unsystematic risk
 - d. total risk
17. Which one model predicts that investors will all hold the same portfolio in equilibrium?
 - a. CML
 - b. CAPM
 - c. APT
 - d. Multifactor APT
18. The APT is an equilibrium model developed by:
 - a. Harry Markowitz.
 - b. William sharpe
 - c. Stephen ross
 - d. Richard roll
19. According to single index model the inflation risk is an example of:
 - a. systematic risk
 - b. unsystematic risk
 - c. total risk
 - d. risk not related to common factor.
20. An "aggressive" common stock would have a "beta"
 - a. equal to zero
 - b. less than 1
 - c. greater than 1
 - d. less than 1

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

Subject: Security Analysis and Portfolio Management

Course Code: MGT 548/FIN 548

Full Marks: 100 Pass Marks: 50

Time: 4: 00 Hours

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

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

Answer any FIVE questions:

1. Discuss the risk return characteristics of government securities. If you like to trade in 'Development Bonds' issued by Nepal Government, how would you proceed to buy or sell them?
[6]
2. Assume that for assets Q the standard deviation of return is 5.3 percent and residual standard deviation or standard error around asset Q Characteristic line is 1.89 percent. If the market portfolio standard deviation is 6.4 percent. What is the stock Q beta coefficient? [6]
3. The NIDC capital market has sold 1 million shares of a closed-end fund at Rs 10 per share to investors. Currently, the fund has incurred investment management fee of Rs 500,000. The fund's portfolio is shown below:

Stock	No. of share	Price per share
GIME	50,000	Rs850
NABIL	25,000	650
SBI	10,000	350
SCB	5,000	1500

- a. Calculate the fund's net assets value (NAV) [2]
- b. Would you buy or sell shares of the fund if they are trading at Rs 40 per share? (Ans: Rs69.25 & b [3]
4. Suppose the current expected return on the market is 18 percent and the risk free rate is 14 percent. The expected return and beta for three stock are listed below. Which is overpriced? Which is underpriced? Draw a graph and how you reach your conclusion about which is overpriced- underpriced. [6]

Stock	Expected return	Beta
F	16%	1.2
A	19	1.3
B	13	0.75

5. Consider the following summary statistics about the five investment portfolios.

Portfolio	Average return	Standard deviation	Beta	Correlation
Alpha (A)	7%	3	0.4	0.89
Beta (B)	10	8	1	0.91
Gamma (T)	13	6	1.1	0.90
Delta (D)	15	13	1.2	0.95
Epsilon (E)	18	15	1.4	0.88

Assume that the riskless rate of interest is 3 percent.

- a. Which one of the portfolios performed the best or the worst according to Sharpe measure? [3]
- b. Which one of the portfolios performed the best or the worst according to Treynor performance measure? [3]
6. Suppose Tansen Textile Company sold an issue of bonds with a 10-year maturity, a Rs 1,000 par value, a 10 percent coupon rate, and semiannual interest payments.
 - a. Two years after the bonds are issued, the going rate of interest on bonds such as these fell to 6 percent. At what price would the bonds sell? [3]
 - b. Suppose that, 2 years after the initial offering the going interest rate had risen to 12 percent. At what price would the bonds sell? [3]
7. Discuss the current status of mutual funds in Nepal. How well does the mutual fund industry perform relative to a naive buy and hold investment strategy? [6]

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

Answer any TWO questions:

8. Assume that a single factor model of the following form is descriptive of reality:

$$E(r) = 11\% + b_i(5\%)$$

Also assume that the following two portfolios exist:

portfolio	E(r)	B _i
A	10.5%	0.5
B	15.5	1.5

An undervalued portfolio called Q exists that has beta of 1.4 and an expected return of 18 percent. Show how an investor could take the advantage of the arbitrage opportunity that exists here by constructing a new portfolio called Z that is composed of some to be determined of portfolio A and B. If an investor purchases Rs.1000 of portfolio Z and engages in arbitrage, what riskless gain will they earn? Assume the expected return are all for 1 year. [15]

9. Three automotives analysis, Mr. G. Gurung, Mr. D. Dahal and Mr. N. Nakarmi, are all analyzing the B. Corporations' common stock. They learned that Mr. B Bajracharya, who founded the firm, laid down a no-debt financing policy that the firm adheres to even through Mr. Bajracharya passed away years ago. All the there analysts agree that,
- Mr. Bajracharya has a beta that indicates that a capitalization rate of $k = 12$ percent is appropriate for the stock,
 - Next year's earning per share is expected to be Rs. 7.50 and
 - B. Corporation is expected to retain one third of its earning to finance its expansion.

However, the three analysts foresee the different profit prospects for the Corporate. Mr. Gurung forecasts that the corporation will earn an internal rate of return of 20 percent for the foreseeable future. Mr. Dahal's forecast is more dire; he predicts a 10 percent rate of return, Mr. Nakarmi projects a 12 percent rate of return on Corporation's internal investments. Do the facts and assumptions that the three analysts are using imply significantly the different intrinsic values for Corporation's stock? Explain. [15]

10. Compute the beta coefficient for stock A and B with the information given below:

Stock	Correlation coefficient with market	S.D
A	0.40	0.50
B	0.75	0.60

The variance of market return is 0.20.

- Which one stock has the most total risk [7.5]
- The most undiversifiable risk? [7.5]

SECTION D: CASE STUDY (20 MARKS)

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

The Universe of available security includes two risky stock funds M and N, and T-bills. Data for the universe are as follows:

Stock funds	Expected return	Standard deviation
M	20%	40%
N	30%	60%
T-Bills	8%	0%

Correlation coefficient between M and N is - 0.50

- Draw the opportunity set of fund M and N. [4]
- What would the weight of each stock be to create the minimum variance portfolio? [2]
- Calculate the portfolio risk and return at minimum variance portfolio. [4]
- Find the optimal risky portfolio, P and its expected return and standard deviation. [2]
- Find the slope of the CAL (capital allocation line) supported by T-bills and portfolio P. [4]
- How much does an investor with $A=4$ invest in funds M and N and T- bills? [4]

THE END

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

R.No.....

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

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

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

Tick the **BEST** answers

- The collection of data consisting compensation rates of all the workers, who performed similar jobs in other organizations are classified as
 - KSA survey
 - pay survey
 - job survey
 - skills survey
- Which one theory explains the employee and employer relationship?
 - Agency theory
 - Piece rate theory
 - Gantt- task theory
 - Maslow's need hierarchy theory
- The last step of the compensation process in management is:
 - developing pay structure
 - evaluation of job
 - analysis of job
 - pricing of job
- It is legal to pay the differences on protected personal characteristics like sex, race, color, marital status.
 - True
 - False
 - Slightly true
 - Slightly false
- Which one theory of wage is based on population of the country?
 - Wage-fund theory
 - Subsistence theory
 - Behavioral theory
 - Marginal productivity theory
- is a systematic approach to provide the monetary value to employees.
 - Salary
 - Allowance
 - Compensation
 - Rewards
- The basic compensation given to employees as salaries or wages are called
 - wages
 - variable pay
 - base pay
 - salaries
- According to total rewards approach, the variable pay of the employee is
 - added into base pay
 - subtracted from base pay
 - multiplied with base pay
 - divided to base pay
- The factors that must be considered to price the jobs in any organization includes
 - job importance
 - difficulty of job
 - skills and abilities required
 - all of the above
- The time spent in organization while performing the particular job is classified as
 - seniority
 - career maturity
 - career equity
 - non-equity
- The executive positions are classified as
 - exempt employees
 - non-exempt employees
 - salaried exempt employees
 - non-salaried exempt employees
- The compensation given with the base pay linked to individual team or organizational performance is classified as
 - variable pay
 - salaries
 - base pay
 - wages

13. The perceived fairness of all the procedures and process that are considered to make decisions about employees and their pay is called:
- primacy justice
 - recency justice
 - procedural justice
 - distributive justice
14. The type of rewards employees get in the form of monetary and non-monetary benefits are classified as
- extrinsic rewards
 - leniency rewards
 - primacy rewards
 - intrinsic rewards
15. The compensation philosophy according to which compensations are not paid according to span of service, but considering performance level is called
- recency orientation philosophy
 - entitlement orientation philosophy
 - primacy orientation philosophy
 - performance orientation philosophy
16. The perceived fairness that must be considered in outcomes of performance is classified as
- procedural justice
 - distributive justice
 - variable pay
 - salaries
17. The payments made to employees without taking hours for which they worked into consideration are called
- base pay
 - wages
 - variable pay
 - salaries
18. The benefits offered in traditional compensation approach are usually:
- fixed and tied to tenure
 - variable and tied to tenure
 - benchmarked to other companies
 - none of the above
19. The type of rewards employees get in form of praise for successfully accomplishing goals or completing project is classified as
- primacy rewards
 - intrinsic rewards
 - extrinsic rewards
 - leniency rewards
20. The employees to whom the overtime must be paid under the Law are called
- salaried exempt employees
 - salaried nonexempt employees
 - exempt employees
 - non-exempt employees

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Master of Business Administration (MBA)
Semester - IV

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

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

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

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

Answer any **FIVE** questions:

1. Discuss the roles of a compensation and benefits manager.
2. Distinguish between egalitarian and elitist pay approaches?
3. When is pay leader approach suitable for organizations?
4. What do you mean by compensation management? Explain.
5. State the factors that unions consider while discussing compensation package?
6. What are the three factors to consider while pricing an executive job?
7. What is incentive plan? How does it help to promote organization and employees?

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

Answer any **TWO** questions:

8. What aspects are to be considered while looking at a compensation package from job market perspective? Why are they important? [10+5]
9. Discuss competency-based pay system with appropriate example. [15]
10. Explain the compensation and benefits package with reference to motivation theories. [15]

SECTION D: CASE STUDY (20 MARKS)

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

One of the leading airlines companies in Nepal started its international flight to Varanasi from Kathmandu. It had surplus employees, so it used the same employees that they had, which was kind of incentive for them. However, the company realized that there were complaints from different stakeholders, especially from the customers. Later, they had to stop their service. Recently, they have been rethinking about restarting their international services as there is huge opportunity. This time, in more cities of India and Nepal. While reviewing their compensation package, what they found was that they had offered good salary (based on their performance in local airports) to employees serving at international airports but the service quality was not good enough as they were compared with Indian airlines services and they noticed huge gap in service quality. Their competencies to serve international locations and customers were not sufficient.

Questions

- a. Describe the gap in compensation package and recommend with justifications that competency based compensation package would be better in this context. [5]
- b. Analyze the job market for airport employees in Nepal [5]
- c. Identify and justify critical competencies required for the station managers in Indian airports [10]

THE END

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Master of Business Administration (MBA)
Semester – IV

R.No.....

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

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

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

Tick the best answers

- Which one of the following is not dimensions of job performance?
 - Task performance
 - Behavior transformation
 - Citizenship Behavior
 - Counterproductive Behavior
- The full form of KPI is:
 - Key Performance Initiatives
 - Key Performance Indicators
 - Key Performance Incentives
 - Key Performance Improvement
- Knowing what to do and how to do it included cognitive, physical, perceptual, motor, and interpersonal skills refers to:
 - declarative knowledge
 - theoretical knowledge
 - technical knowledge
 - procedural knowledge
- The yardsticks used by raters to evaluate how well employees have achieved their objectives refers to:
 - performance objectives
 - performance milestones
 - performance standards
 - performance tools
- The main purpose of performance management is to:
 - increase sales
 - improve financial performance
 - enhance corporate reputation
 - improve employee performance
- Performance review is also called the following, except:
 - performance appraisal
 - performance assessment
 - performance evaluation
 - performance cycle
- An approach to help companies optimize the performance of their employees and the organization as a whole is called:
 - performance consulting
 - performance counseling
 - performance evaluation
 - performance planning
- A form of payment from an employer to an employee, which is directly related to the performance output of an employee is called:
 - performance linked compensation
 - performance linked salary
 - performance bonus
 - performance incentive
- The performance improvement in a company can occur at different levels as follows, except:
 - individual level
 - team level
 - industry level
 - organizational level
- The objective setting cycle in performance development plan does not involve:
 - planning
 - appraisal
 - reviewing
 - meeting
- PMS stands for:
 - performance management system
 - performance measurement system
 - performance marking system
 - performance monitoring system
- CPM refers for:
 - common performance management
 - corporate performance management
 - collaborative performance management
 - coordinated performance management

13. KSA in a Job description means:
- a. key strategic assets
 - b. key specific abilities
 - c. knowledge skills and abilities
 - d. knowledge skills and attributes
14. Fill in the blank: **Performance** = Declarative Knowledge X Procedural Knowledge X
- a. attitude
 - b. aptitude
 - c. skills
 - d. motivation
15. The information about facts and things (including information regarding a given task's requirements), labels, principles and goals refers to:
- a. declarative knowledge
 - b. procedural knowledge
 - c. theoretical knowledge
 - d. practical knowledge
16. How well an objective has been achieved refers to its:
- a. quantity
 - b. quality
 - c. efficiency
 - d. effectiveness
17. MBO Stands for:
- a. management by observation
 - b. management by originality
 - c. management by objectives
 - d. management by opinion
18. The process that corrects undesirable behavior is called:
- a. reprimand
 - b. warning
 - c. counselling
 - d. discipline
19. Fill in the blank: exists in order to motivate employees to work towards achieving strategic goals which are set by entities.
- a. reward systems
 - b. appraisal systems
 - c. performance meetings
 - d. appraisal meetings
20. ESOP stands for:
- a. employee specific operation plan
 - b. employee stock option plan
 - c. employee stock option process
 - d. employee stock option provision

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Master of Business Administration (MBA)
Semester – IV

R.No.....

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

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

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

Tick the best answers

1. Which one of the following is not dimensions of job performance?
 - a. Task performance
 - b. Behavior transformation
 - c. Citizenship Behavior
 - d. Counterproductive Behavior
2. The full form of KPI is:
 - a. Key Performance Initiatives
 - b. Key Performance Indicators
 - c. Key Performance Incentives
 - d. Key Performance Improvement
3. Knowing what to do and how to do it included cognitive, physical, perceptual, motor, and interpersonal skills refers to:
 - a. declarative knowledge
 - b. theoretical knowledge
 - c. technical knowledge
 - d. procedural knowledge
4. The yardsticks used by raters to evaluate how well employees have achieved their objectives refers to:
 - a. performance objectives
 - b. performance milestones
 - c. performance standards
 - d. performance tools
5. The main purpose of performance management is to:
 - a. increase sales
 - b. improve financial performance
 - c. enhance corporate reputation
 - d. improve employee performance
6. Performance review is also called the following, except:
 - a. performance appraisal
 - b. performance assessment
 - c. performance evaluation
 - d. performance cycle
7. An approach to help companies optimize the performance of their employees and the organization as a whole is called:
 - a. performance consulting
 - b. performance counseling
 - c. performance evaluation
 - d. performance planning
8. A form of payment from an employer to an employee, which is directly related to the performance output of an employee is called:
 - a. performance linked compensation
 - b. performance linked salary
 - c. performance bonus
 - d. performance incentive
9. The performance improvement in a company can occur at different levels as follows, except:
 - a. individual level
 - b. team level
 - c. industry level
 - d. organizational level
10. The objective setting cycle in performance development plan does not involve:
 - a. planning
 - b. appraisal
 - c. reviewing
 - d. meeting
11. PMS stands for:
 - a. performance management system
 - b. performance measurement system
 - c. performance marking system
 - d. performance monitoring system
12. CPM refers for:
 - a. common performance management
 - b. corporate performance management
 - c. collaborative performance management
 - d. coordinated performance management

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Semester - IV

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

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

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

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

Answer any **FIVE** questions:

1. Show your understanding with the term performance management contribution with suitable examples.
2. Explain the relationship between performance management and strategic planning.
3. What are the different factors to be considered during the Performance Development Planning (PDP) meeting? Explain.
4. State and explain the Approaches to Measuring Performance with relevant examples.
5. What are the differences between task and contextual performances? Explain.
6. Discuss the characteristics of good performance standards.
7. In your opinion who should provide performance information in an appraisal process?

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

Answer any **TWO** questions:

8. You are a principal in a college with more than 20 faculty members and 10 support personnels. The students in the recent survey has provided a feedback of poor performance in the roles of the faculties and the support staff. As a Principal, how can you diagnose the causes of poor performance in the college? Also provide solutions to those issues. [8+7]
9. Suppose you are an owner and managing director of a 5 star hotel in Kathmandu with more than 150 employees working at different levels. You are required to design an appropriate method of staff performance appraisal method in your organization. Which method do you choose and why? Justify. [8+7]
10. Performance problems can occur at the different levels in an organization. Show your in-depth understanding about the methods and techniques required to Improving Performance at Organizational Levels in an IT Company in Nepal. [15]

SECTION D: CASE STUDY (20 MARKS)

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

The Bad Apple

The probationary review is an important aspect of performance management. No matter how good your hiring processes are, mistakes do happen. The probationary period is when you can catch mistakes—but only if you take it seriously. For this case we hear from a leader in a women's clothing chain. He had done all the due diligence in hiring an HR manager. The new hire had been given the thumbs up from all four interviewers, had a strong resume, and got a good reference from his previous employer. However, as per policy, the job was contingent upon the new hire passing a probationary review in three months. The leader, knowing that they would be held accountable for doing a proper review, started gathering feedback on the new employee's performance. The initial

indications were worrying. The new hire seemed to have problems working with women—and this was a business where the majority of employees were women. The leader was concerned, and you can guess where the story ended. It turned out the new hire was a mistake. He failed the probationary review and was sent on his way. Interestingly the leader later heard through the grapevine that the previous employer was sure the fellow would not work out in the new job. Somehow this conviction did not dissuade them from giving him a glowing reference. Annoying as this sounds, it confirms that letting the person go was the right decision. This is a straightforward story, but it should raise a round of applause for performance management. Had it not been for the process the leader probably would have felt they were too busy to closely watch this new employee and not make the effort to dig for more data when warning signs appeared. When performance management works it gets people to pay attention and act in a timely way. Far too often probationary reviews are a mere formality and in the years ahead people wonder how some incompetent got past probation and struggle with whether it is worth all the hassle to try to get rid of them now. By detecting the bad apple early, the system saved the company a lot of grief.

Question:

- a. What went wrong in the hiring process? Give your opinion. [10]
- b. If you were in the decision making role, how would you do it differently? Elaborate. [10]

THE END

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

R.No.....

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

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

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

Tick the best answers

1. Which one of the followings is not the function of Human Resource Development?
 - a. Organization Development
 - b. Employee Training and Development
 - c. Career Development
 - d. Health and education
2. Experiential learning, active participation, or physical movement in learning activities such as role-play, drama or moving around is called:
 - a. didactic
 - b. auditory
 - c. kinesthetic
 - d. none of the above
3. An iterative instructional design process used by instructional designers to consider all of the elements leading to the best result is:
 - a. training Cycle
 - b. systematic approach to training
 - c. ADDIE
 - d. none of the above.
4. Which one of the followings is the correct description of development?
 - a. A generalized, individual learning experience
 - b. Skills that apply to an employee's current job
 - c. Preparation of the employee for future responsibility
 - d. An attempt to modify behavior
5. New challenges to Training and Development include:
 - a. increasing pressure to show that training has ROI—more rigorous evaluation
 - b. training must be designed and delivered in a shorter time frame
 - c. e-learning strategies growing and strategic partnering with outside vendors
 - d. all of the above.
6. A performance gap is a development/training gap if it is a
 - a. skill and Knowledge gap
 - b. skill, Knowledge and/or Attitude gap
 - c. attitude gap
 - d. none.
7. A fifth dimension added to the original Kirkpatrick Model of training evaluation is:
 - a. result
 - b. productivity
 - c. return on Investment
 - d. efficiency
8. Diverging, assimilating, converging and accommodating are the different types of
 - a. learning styles
 - b. learning methodologies
 - c. training techniques
 - d. development approaches
9. EAPs in HRD refers to:
 - a. employee assistance programs
 - b. employee assistant programs
 - c. empowerment assisting programs.
 - d. early applied programs
10. Creating opportunities for practice and follow-up are activities fall under:
 - a. pre-training activities
 - b. during-training activities.
 - c. after-training activities
 - d. socialization activities

11. Which one of the followings is true of training needs assessments?
 - a. They are concerned with employee skill gaps, not attitudes.
 - b. They can be eliminated if management knows what training is needed.
 - c. They serve as base line for evaluating training effectiveness.
 - d. They do not consider the conditions under which training is conducted.
12. The most effective method(s) to gauge the 'behavior' domain in the Kirkpatrick model of training evaluation is:
 - a. observation of performance
 - b. tests
 - c. 360 degree survey
 - d. both a and c
13. An important advantage of on-the-job training is that it:
 - a. learns from external subject experts
 - b. allows employees to learn at their own rate without any pressure to produce
 - c. provides immediate transfer of training
 - d. none.
14. According to the principle of training, training needs to be validated prior to
 - a. planning
 - b. implementation
 - c. evaluation
 - d. none
15. Coaching and job rotation are methods that are discussed under:
 - a. on- the-job training method
 - b. off-the-job training method
 - c. both on-the-job and off-the-job method
 - d. none
16. The elements of good training objectives are:
 - a. they are stated in behavioral terms
 - b. they specify the conditions, constraints, and time limitations
 - c. they specify the standards of acceptable performance
 - d. all of the above.
17. Determining the appropriateness of training given the business strategy is an activity that is discussed during:
 - a. organizational Analysis
 - b. task Analysis
 - c. person analysis
 - d. none
18. The correct order in a typical ISD framework is:
 - a. analysis, design, evaluation, development, implementation
 - b. analysis, development, implementation, design, evaluation
 - c. analysis, design, development, evaluation, implementation
 - d. analysis, design, development, implementation, evaluation.
19. Training in which employees learn their job on the equipment they will be using but the training is conducted away from the actual work floor by bringing equipment or tools to certain place where training is provided but not work place is called:
 - a. wilderness training
 - b. programmed Instruction
 - c. vestibule training
 - d. job Instruction Training
20. Training providers include:
 - a. colleges of further education;
 - b. independent training organizations (Private training institutes)
 - c. training organizations that deliver apprenticeships leading to nationally recognized qualifications, receive government funding
 - d. all of the above

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

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

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

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

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

Answer any FIVE questions:

1. Explain why Human Resource Development function is important in organizations. Identify the key elements of HRD. [4+2]
2. What is andragogy? Explain the key adult learning principles. [2+4]
3. Explain a typical training cycle with a appropriate example [6]
4. Explain reinforcements and increasing recognition that training and development (T&D) is important for impacting the organizational employee's output. Why organizations are hesitant to invest in T&D
5. What is the importance of training evaluation in an organization? Which one domain does the Kirkpatrick model of training evaluation attempt to measure? [3+3]
6. Explain any three key professional codes to be followed by the service providers. [3+3]
7. Write short notes on : [3+3]
 - a. Differences between on-the-job and off-the-job training methods
 - b. Kolb's Learning cycle

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

Answer any TWO questions:

8. Explain briefly the role of the key strategic partners (Top Managers, Line managers and HRD Managers) in making HRD functions successful in organizations. What role would you assign to the newly formed HRD Department for achieving better HRD outcomes and impact? [7+8]
9. What key factors significantly affect transfer of training? Explain the pre-training, during-training and after-training activities for effective transfer of learning. [3+6+6]
10. Present a list of key trends that is gaining ground and cracking new codes for the future in the Learning and Development realm. Which challenges are being confronted by developing country managers like Nepal. [5+10]

SECTION D: CASE STUDY (20 MARKS)

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

Sulakshena Pahadi had been managing the Budget Department for Nepal Financial Services, Inc. Because the work experience, gained here was so helpful, much of the budget analysis work done in the department was performed by a group of management trainees. The trainees tended to be recent college graduates who were ambitious; they expected the budget work experience to be the pathway into the more prestigious Auditing Department.

Sulakshena managed under the assumption that by keeping her office door "open," her employees would bring any problems to her attention. As a result, she stayed in her office and seldom met with the trainees. Instead, she would glance over the budget reports they submitted and return them through her secretary without comment.