

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2080
Master of Business Administration (MBA)
Semester - IV

R.No.....

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

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

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

Tick the **best** answer:

1. Which one bond does not have a finite maturity?
 - a. Regular bond
 - b. Perpetual bond
 - c. Zero bond
 - d. Floating rate bond
2. The value of a bond is equal to 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. A stock is aggressive if the beta coefficient is
 - a. greater than one
 - b. equal to one
 - c. smaller than one
 - d. equal to zero
4. Which measures the statistic absolute total risk of an investment?
 - a. Beta
 - b. Standard deviation
 - c. Variance
 - d. Coefficient of variation
5. The covariance between returns of two assets shows
 - a. direction of movement
 - b. the relative risk in expected return
 - c. degree of relationship
 - d. systematic risk
6. When does the indifference point of operating profit exist?
 - a. If the earnings per share of the two plans are equal
 - b. If the dividend per share of the two plans is equal
 - c. If the market price under the two plans is equal.
 - d. If the profit after taxes of the two plans is equal.
7. The portfolio risk is minimum if
 - a. the correlation coefficient is +1.
 - b. the correlation coefficient is 0.
 - c. the correlation coefficient is -1.
 - d. the correlation coefficient is unknown.
8. Why do we find 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 total leverage shows
 - a. percentage change in EBIT when EPS changes by 1 percent.
 - b. percentage change in net income when EBT changes by 1 percent.
 - c. percentage change in EPS when EBT changes by 1 percent.
 - d. percentage change in sales if EPS changes by 1 percent.
10. When does a reasonable result exit under constant growth 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
 - a. dividend income is immediate and more certain.
 - b. capital gains are uncertain.
 - c. capital gains will be received in the future.
 - d. 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 smaller than the required rate of return (K)?
 - a. 100% dividend payout.
 - b. 100% retention.
 - c. 50% dividend payout and rest retention.
 - d. An optimal dividend policy does not exist.
13. How can book value per share (BVPS) be calculated?
 - a. Assets are divided by the number of shares outstanding.
 - b. Liabilities are divided by the number of shares outstanding.
 - c. Shareholders' equity is divided by the number of shares outstanding.
 - d. Net income is divided by the number of shares outstanding.
14. Which one is a spontaneous source of financing?
 - a. Bank loan.
 - b. Trade credit.
 - c. Inventory financing.
 - d. Line of credit.
15. Call of a bond is highly possible if.....
 - a. the market price of the bond is equal to the intrinsic value.
 - b. the market price of the bond is significantly higher than the par value.
 - c. the market price of the bond is significantly lower than the par value.
 - d. the market price of the bond is equal to the par value.
16. A lease under which contributes some portion of the investment and the rest is borrowed from the lender to finance a lease asset is called.....
 - a. direct lease
 - b. sales and leaseback
 - c. leverage lease
 - d. operating lease
17. An appreciation in the value of an investment is called.....
 - a. capital gain
 - b. cash gain
 - c. current yield
 - d. rate of return
18. The risk-neutral investor prefers to invest in securities with has the.....
 - a. lowest variance
 - b. lowest standard deviation
 - c. lowest coefficient of variation
 - d. highest expected rate of return
19. The required rate of return is equal to the market rate of return if the beta is
 - a. zero
 - b. one
 - c. greater than one
 - d. less than one
20. An asset is fairly priced if
 - a. the required rate of return is equal to the expected rate of return
 - b. the required rate of return is less than the expected rate of return
 - c. the required rate of return is greater than the expected rate of return
 - d. the required rate of return and market rate of return both are equal.

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R.No.
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Time: 4: 00 Hours

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SECTION B: SHORT ANSWER QUESTIONS (2x6 = 30 MARKS)

Answer any FIVE questions:

1. What do you mean by merger and acquisition? Also, explain the process of merger and acquisition. [2+4]
2. Thatcher Corporation's bonds will mature in 10 years. The bonds have a face value of Rs 1,000 and an 8 percent coupon rate, paid semiannually. The price of the bonds is Rs 1,100. The bonds are callable in 5 years at a call price of Rs 1,050. What is the yield to maturity? What is the yield to call? [3+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. [4]
 - b. Prepare an income statement and calculate earnings per share under each plan. [2]
4. The SophiAirlines is experiencing a period of rapid growth. Earnings and dividends are expected to grow at a rate of 20 percent during the next 2 years, at 15 percent in the third year, and at a constant rate of 6 percent thereafter. Sophi's last dividend was Rs 1.15, and the required rate of return on the stock is 12 percent.
 - a. Calculate the value of the stock today. [3]
 - b. Calculate the value of the stock at the end of the first year. [3]
5. At present, suppose the risk-free rate is 10 percent and the expected return on the market portfolio is 15 percent. The expected returns for four stocks are listed here, together with each stock's expected betas.

Stock	Expected Return	Expected Beta
Stillman Zine Corporation	17.0%	1.3
Union Paint Company	14.5	0.8
National Auto Mobile Company	15.5	1.1
Parker Electronics, Inc.	18.0	1.7

On the basis of these expectations, which stocks (if any) are overvalued? Which are undervalued? [6]

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. Nepal Oil Corporation (NOC) purchases Petroleum from Indian Oil Corporation (IOC) on terms of 2/10 net 30. The daily purchase of NOC is Rs 12 million.

- a. If NOC foregoes the discount, what is the annual percentage cost of not taking the discount? [3]
 b. If NOC foregoes the discount, what is the effective annual cost of not taking the discount? [3]

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

Answer any TWO questions:

8. What are the major features of preferred stock? How does the preferred stock differ from the common? Discuss. [7+8]
9. 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 following.
- a. The price of the share at the end of the year if a dividend is declared. [2]
 b. The price of the share at the end of the year if a dividend is not declared. [2]
 c. 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? [2]
 d. 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? [9]
10. You have observed the following returns over the past five years of stocks A and B:

Year	Stock A	Stock B
2000	14%	13%
2001	19	7
2002	-16	-5
2003	3	1
2004	20	11

- a. Calculate the average returns and standard deviation of each stock. [4]
 b. Calculate the coefficient of variation of each stock. [2]
 c. Calculate the covariance and correlation between stocks A and B. [4]
 d. What is the average return for a portfolio consisting of 60 percent of stock A and 40 percent of stock B? [2]
 e. Calculate the portfolio standard deviation based on part (d). [3]

SECTION D: CASE STUDY (20 MARKS)

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

Lease financing is an important source of long-term financing where the owner of an asset gives another person, the right to use that asset against periodic lease payments for certain years. The owner of the asset is known as lessor and the user is called the lessee. The National Tea 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 10,000 per year and payments are made at the end of the year. Alternatively, it could purchase the machine for Rs 40,000 financed by a bank loan with an interest rate of 10 percent, and installments are paid at the end of the year. The machine depreciated under MACRS 3-year property class. The cash salvage value at the end will be Rs 10,000. The corporate tax rate is 40 percent.

- a. What is the cost of leasing? [8]
 b. What is the cost of purchasing? [8]
 c. Should the company lease or purchase the machine? [2]
 d. Why does the company uses the after-tax cost of debt to evaluate leasing and purchasing decisions? [2]

THE END

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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

- Human Resource Development, as a function, can be considered as:
 - extended function of human resource management.
 - coordinative function of human resource management.
 - subset of human resource management.
 - none of the above.
- The correct order in a typical ISD framework is:
 - analysis, design, evaluation, development, implementation
 - analysis, development, implementation, design, evaluation
 - analysis, design, development, evaluation, implementation
 - analysis, design, development, implementation, evaluation
- ADDIE is:
 - learning style framework
 - an iterative instructional design process
 - teaching methodology
 - none of the above.
- Which one of the followings is the correct description of education?
 - Acquisition of knowledge through a process of receiving or giving systematic instruction.
 - Skills that apply to an employee's current job.
 - Preparation of the employee for future responsibilities.
 - An attempt to modify behavior.
- The terms 'Formative' and 'Summative' in the learning process are used in the context of:
 - learning objectives
 - evaluation of learning
 - transfer of learning
 - none of the above.
- If there is no underlying issue in the knowledge, skills and attitude dimensions and yet the individual has a poor performance, the gap is most likely to be a:
 - management issue
 - developmental issue
 - resource, procedural or work design issue
 - recruitment or promotion policy issue.
- The Kirkpatrick Model, probably the best known model for analyzing and evaluating the results of training and educational programs had originally
 - three domains
 - four domains
 - five domains
 - six domains
- Which one is not an adult learning principle?
 - Adult learners come with a wealth of knowledge and experience.
 - Adult learners are autonomous and prefer to be self-directed.
 - Adult learners are goal oriented who are focused more on the problem solving than the subject.
 - Adult learners are extrinsically motivated to learn.

9. One of three learning domains in Bloom's Taxonomy that includes physical skills such as movement, coordination, manipulation, dexterity, grace, strength, speed is called:
- cognitive domain
 - psychomotor domain
 - affective domain.
 - none of the above.
10. Socialization or 'Meeting of Minds' is an activity during the:
- pre-training activity.
 - during-training activity.
 - post-training activity.
 - none of the above.
11. Career development in organizations is the sole responsibility of the:
- individual
 - organization
 - HRM department
 - all of the above.
12. The most effective method(s) to gauge the 'behavior' domain in the Kirkpatrick model of training evaluation is:
- degree survey
 - both observation of performance
 - tests
 - 360 a and c
13. According to the theory of learning, Reinforcement in learning increases the likelihood that the learnt behavior will be.
- implemented.
 - repeated.
 - internalized
 - sustained.
14. One of the conditions of learning is to develop a learning atmosphere that tolerates:
- uncertainty
 - ambiguity
 - shifts in styles
 - none of the above.
15. Internship, apprenticeship are training methods that are meant for:
- operatives
 - managers
 - executives and the c-suite
 - both b and c.
16. The elements of good training objectives are:
- they clarify expectations.
 - they provide a measurable way to track learners' progress throughout the training program
 - they create an alignment with the overall goals and objectives of the company or organization, and establish relevance to the learners' job roles.
 - all of the above.
17. Training on 'Computer operations' falls under:
- technical skills category, procedural skills subcategory
 - technical skills category; mechanical skills subcategory
 - technical skills category; professional skills subcategory
 - general skills category; basic skills subcategory
18. The factors that can affect transfer of learning include:
- similarity: commonalities between original learning and new, such as environment and other memory cues.
 - critical attributes: characteristics that make something unique.
 - association: connections between multiple events, actions, bits of information, and so on; as well as the conditions and emotions connected to it by the learner.
 - all of the above.
19. If you want to reinduct an individual who is joining the organization after a long leave (sabbatical), it is called:
- retraining
 - remedial training
 - refresher training
 - re-entry training
20. According to the Kolb's learning style inventory, out of all four learning styles, _____ tend to be the greatest risk-takers (strongest in Concrete Experience and Active Experimentation). They are good at thinking on their feet and changing their plans spontaneously in response to new information.
- convergers
 - divergers.
 - assimilators
 - accommodators

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

Answer any **FIVE** questions:

1. Discuss the need and importance of Human Resource Development (HRD) in the present industrial scenario of Nepal.
2. Present an illustration of Kolb's learning cycle.
3. Explain the key distinction between training and development. Which can be used for evaluating the effectiveness?
4. Explain the importance of training needs assessment. When is a performance gap a development/training need?
5. Explain the advantages and disadvantage of job rotation as a training method.
6. Elucidate the primary reasons of employees' resistance to change in organizations.
7. Write short notes on
 - a. Functions/elements of Human Resource Development
 - b. Quality Management Systems for training providers.

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

Answer any **TWO** questions:

8. Briefly highlight the key global trends in the Human Resource Development realm that are posing new challenges for the HRD/Learning and Development practice.
9. Explain the differences between on-the-job and off-the-job training methods. Explain any two training types under each methods with a brief mention on the advantages and disadvantages for each.
10. Briefly explain the role(s) of a training service provider. What key professional codes of conduct should the service providers implement and adhere to while carrying out their duties in a manner that is accountable, professional, ethical and responsible to promote a positive learning experience?

SECTION D: CASE STUDY (20 MARKS)

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

Rashmi Sharma is a manager at Goodwill Financial Services Company in Kathmandu. Rashmi has recently been promoted to the position of a Manager. She manages about 20 employees in her unit. She reports to the Deputy Director, Rajeev BK. Rashmi is a hardworking lady who is proactive and assertive in her dealings. It's almost a year now and she is not happy, with the way the employees took initiatives in the execution of their job roles. Upon discussion with Mr. Rajeev, she found that Mr. Rajeev also felt the same about the employees. Both felt that the employees were very bureaucratic and less entrepreneurial in their approach. They waited around for their bosses' approval, and did not feel empowered to make decisions on their own. As an outcome, decisions were not swifter. Mr. Rajeev asks Rashmi to immediately organize a training workshop to address the behavioral issues. Rashmi decides to do some investigation on this so that she could feed these inputs to the training providers. After asking leaders in the organization why this was the case, she discovered that the

problem had more to do with: ineffective decision-making processes that failed to clarify which leaders and groups owned which decisions; narrowly distributed authority, concentrated at the top of the organization (access to basic information was limited to high-ranking managers), people weren't behaving in a disempowered way because they didn't know better; no measurable expectations that employees make decisions; no technologies to quickly move information to those who needed it to make decisions; multiple levels of approval were required for even tactical decisions. She realized that a lack of skills had very little to do with their problem. She is under tremendous pressure to design a training workshop for the employees. Though the company seemed eager to invest, Rashmi is in a dilemma. She is still wondering whether training program was the right way to introduce the new behavior they wanted their employees to learn. She always believed that learning is a consequence of thinking, not teaching. She wants to think deeply and would not do anything that could backfire, making management out of touch. When she shared the obvious concerns with Mr. Rajeev, she got the classic response, "Yes, yes, of course we know those issues, but we think if we can get the training workshop going, we'll build momentum and then get to those later." Rashmi is somewhat perplexed.

Question

- a. Should Rashmi go ahead with the idea of designing a training workshop for the employees? Why?
- b. Is training the solution to the problem? Reason your explanation using an appropriate conceptual framework.

THE END

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Subject: Service Marketing
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Course Code: MGT 554/MKT 548
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SECTION A: MULTIPLE CHOICE QUESTIONS (1 × 20 = 20 MARKS)/ (TIME: 20 MINUTES)

Tick the best answer

1. Which one of the followings is not a tangible dominant?
 - a. Detergents
 - b. Automobiles
 - c. Investment Management
 - d. Soft drinks
2. Select the name of the country having maximum percent of GDP attributed to services.
 - a. United States
 - b. China
 - c. Germany
 - d. India
3. _____ is not an element of physical evidence.
 - a. Employee dress
 - b. Employee training
 - c. Equipment
 - d. Facility design
4. _____ is not an element of people.
 - a. Motivation
 - b. Teamwork
 - c. Flow of activities
 - d. Customer training
5. _____ is the difference between customer expectations and perceptions.
 - a. Customer delight
 - b. Customer satisfaction
 - c. Customer gap
 - d. The supplier gap
6. SSTs stands for:
 - a. Stable Service Technologies
 - b. Social Service Technologies
 - c. Smart Service Technologies
 - d. Self Service Technologies
7. Which one of the followings is difficult to evaluate?
 - a. Jewellery
 - b. Auto repair
 - c. Furniture
 - d. Clothing
8. _____ can be characterized as pure service.
 - a. Teaching
 - b. Banking
 - c. Saloon
 - d. There's not such thing like a pure service
9. Intangibility, perishability, inseparability & variability are the characteristics of _____.
 - a. products
 - b. services
 - c. goods
 - d. both a&b
10. _____ is defined as the caring, individualized attention that the firm provides to its customers.
 - a. Empathy
 - b. Responsiveness
 - c. Sympathy
 - d. Assurance
11. Charging customers different prices for essentially the same service is called _____.
 - a. Price discrimination
 - b. Price determination
 - c. Price segmentation
 - d. Price settlement

12. Which one of the followings is not a type of service encounters?
- a. Remote encounters
 - b. Phone encounters
 - c. Face to face encounters
 - d. Check in Encounters
13. The distinct characteristic of services is ____
- a. inseparability
 - b. perishability
 - c. intangibility
 - d. variability
14. Service marketing is the same as ____.
- a. digital marketing
 - b. retail marketing
 - c. ambush marketing
 - d. relationship marketing
15. ____ are the only service distributors which do not require direct human interactions.
- a. Electronic channels
 - b. SSTs
 - c. Direct service channels
 - d. Speculative channels
16. ____ is the main reason for difficulty in Services Marketing.
- a. Separability
 - b. Intangibility
 - c. Availability
 - d. Demand Supply Gap
17. In Services marketing, all of the followings are the examples of services except ____.
- a. insurance & banking
 - b. income tax filing
 - c. salon
 - d. computer software
18. In this pricing strategy mostly services are sold at different prices by the same provider in different markets is known as ____.
- a. price differentiation
 - b. price discrimination
 - c. market pricing
 - d. marketing myopia
19. Total customer value consists of all of the following components except ____.
- a. personal value
 - b. product value
 - c. service value
 - d. image value
20. ____ is the environment in which the service is delivered and where the firm and customer interact and any tangible components that facilitate performance or communication of the service.
- a. Physical evidence
 - b. Process
 - c. Place
 - d. People

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

Answer any **FIVE** questions:

1. In segmentation of any service, what are the most common bases to use? Provide the examination for each of them. [4+2]
2. What is the difference between enhancing and facilitating supplementary services? Give examples of each, relatives to services you got recently. [4+2]
3. What is meant by "distributing services?" How can an experience or something intangible be distribution? Discuss with some of your relevant examples. [2+3+1]
4. What can you learn from the service marketing communications funnel? Discuss with some examples. [4+2]
5. What are the typical design elements of service blueprint? Select a service of your choice and illustrate. [4+2]
6. How can the frontline employees be effectively motivated to deliver service excellence? Provide with a few institutional best practices case incidents. [4+2]
7. How do customers typically respond to service failure? Discuss the common response patterns. [6]

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

Answer any **TWO** questions:

8. Select a company of your choice from any service category. Identify the variables that the company has used to segment their customers. Support your answers with examples from the company. [12+3]
9. Select a service organization of your choice and find out what its pricing policies and methods are. In what respects are they similar to different from what has been discussed in classroom? [9+6]
10. Identify some specify examples of firms in your community (or region) that significantly change their product and/or marketing mix in order to increase patronage during low demand periods. [15]

SECTION D: CASE STUDY (20 MARKS)

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

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

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

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

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

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

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

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

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

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

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

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

Questions:

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

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2080
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. How does performance management differ from performance appraisal?
 - a. Performance management focuses on continuous improvement, while performance appraisal is a one-time evaluation.
 - b. Performance management is only applicable to senior executives, while performance appraisal is for all employees.
 - c. Performance management and performance appraisal are interchangeable terms.
 - d. Performance management involves assigning blame, while performance appraisal provides rewards and recognition.
2. Which one of the followings can contribute to a performance gap?
 - a. Clear and effective communication
 - b. Adequate resources and support
 - c. Lack of skills or knowledge
 - d. Sufficient motivation and enthusiasm
3. Out of the followings which one is an advantage of a 360-degree feedback system?
 - a. Easy to implement and administer
 - b. Provides a comprehensive view of an employee's performance
 - c. Reduces bias and subjectivity in evaluations
 - d. Limited scope for personal development
4. is an example of an intrinsic reward in performance management.
 - a. Monetary bonus
 - b. Promotion to a higher position
 - c. Public recognition and praise
 - d. Sense of achievement and personal satisfaction
5. is the purpose of performance appraisals in performance management.
 - a. To assign blame for underperformance
 - b. To evaluate employee performance and provide feedback
 - c. To rank employees against each other
 - d. To determine employee salaries based on personal preferences
6. Out of followings which is not a characteristic of an effective performance management system?
 - a. Clear performance expectations and goals
 - b. Ongoing feedback and coaching
 - c. Inflexible and rigid performance criteria
 - d. Employee involvement
7. is an example of a key performance indicator (KPI).
 - a. Number of vacation days taken by an employee
 - b. Employee satisfaction survey results
 - c. Revenue generated by a sales team
 - d. Number of hours worked by an employee
8. is a potential challenge of performance management.
 - a. Improved communication and collaboration
 - b. Difficulty in measuring subjective criteria
 - c. Enhanced employee motivation and morale
 - d. Increased employee job satisfaction

9. is the role of a performance management system in talent development.
- Identifying high-potential employees
 - Determining employee job titles
 - Assigning employees to specific projects
 - Tracking employee attendance records
10. Out of the followings which is an example of an extrinsic reward in performance management?
- Employee recognition
 - Career development opportunities
 - Salary increase
 - Personal satisfaction from a job well done
11. Which one of the followings is a benefit of performance management?
- Increased employee turnover
 - Improved employee engagement
 - Decreased organizational productivity
 - Higher absenteeism rates
12. approach to performance management emphasizes continuous feedback and coaching throughout the year.
- Traditional annual performance reviews
 - Performance improvement plans (PIPs)
 - 360-degree feedback
 - Ongoing performance conversations
13. Out of the following approaches which one is more effective in closing a performance gap?
- Individual-focused interventions
 - Blaming the organization for the gap
 - Ignoring the gap and hoping for improvement
 - Disciplinary actions and reprimands
14. is an example of a performance improvement plan (PIP).
- An employee training program
 - A reward and recognition program
 - A documented plan outlining steps for an employee to improve performance
 - A performance evaluation form
15. When the actual performance of the employees are measured then it will be compared with.....
- standard
 - other members
 - previous performance
 - group performance
16. The actual performance is compared with the standard performance to.....
- identify the gap
 - give them training
 - improve performance
 - career planning
17. One of the main reasons for the negative attitude of employees towards performance appraisal is:
- It is associated with pay
 - It gives away how bad they are
 - It tends to become subjective because of poor implementation
 - It is not useful for any other organizational activity
18. Which one of the followings is an important component of effective performance management?
- Micromanaging employees' daily tasks
 - Providing consistent and constructive feedback
 - Punishing employees for minor mistakes
 - Withholding recognition and rewards
19. What usually occurs when employees rate themselves for performance appraisals?
- Ratings are reliable but invalid.
 - Ratings are subject to halo effects.
 - Logrolling leads to unrealistic ratings.
 - Ratings are higher than when provided by supervisors.
20. is the ultimate goal of addressing a performance gap.
- Maintaining the status quo and avoiding change
 - Assigning blame for the underperformance
 - Enhancing individual and organizational performance
 - Discouraging individuals from seeking improvement

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2080
Master of Business Administration (MBA)
Semester - IV

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

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

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

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

Answer any **FIVE** questions:

1. Define performance management and discuss its important role for creating a high-performance culture that is focused on achieving the organization's goals and objectives. [2+4]
2. Describe the performance management cycle with reference to the human resources practices of Nepalese commercial banks. [6]
3. Illustrate the different KPIs (key performance indicators) and performance metrics of the human resources department of a five star hotel that indicate the effective application of the performance management system. [3+3]
4. Describe the effective and constructive ways of giving performance ratings and feedback to employees. [6]
5. Explain the application of the SMART framework for setting achievable objectives for employees that align with the organization's mission and goals. [6]
6. Classify the different steps human resource managers can apply to identify performance gaps as well as its root causes in their organization. [3+3]
7. Define performance expectations. Explain the contribution of verifiable and mutually understood performance expectations to effective performance management in an organization. [2+4]

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

Answer any **TWO** questions:

8. Differentiate between performance appraisal and performance management. Describe different performance appraisal methods and techniques with relevant criteria, parameters, and examples. [7+8]
9. Explain the negative consequences of a poorly implemented performance management system with a contextual analysis in the Nepalese financial sector. [15]
10. Performance coaching is a process in which a trained coach works with individuals or teams to enhance their performance in a specific area or achieve specific goals. Illustrate the essential components of performance coaching and explain different coaching strategies that can be utilized by business organizations to enhance the performance of their employees. [7+8]

SECTION D: CASE STUDY (20 MARKS)

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

Kathmandu Software is a mid-sized technology firm that specializes in Software Development Company. The company has experienced rapid growth in the past few years, expanding its workforce to meet increasing client demands. However, the management team has noticed a decline in overall employee performance and productivity. In order to address this issue, the company has decided to implement a performance management system. The performance management system will include regular performance evaluations, goal setting, and feedback sessions. The company aims to improve employee performance, boost motivation, and align individual goals with organizational objectives. The system will be rolled out to all employees across different departments. The implementation of the performance management system had a positive impact on

the company's productivity, employee engagement, and customer satisfaction. The objectives and KPIs helped the employees to understand what was expected of them, and the performance evaluation process helped them to receive feedback on their performance. The PIPs (Performance Improvement Plans) has helped the employees to improve their performance, and the training and development programs helped them to enhance their skills and knowledge. The implementation of the performance management system helped Global Software Company to improve the performance of its employees and increase its productivity. The objectives and KPIs, performance evaluation, PIPs, training and development, and performance appraisal were the key components of the system. The company was able to create a culture of continuous improvement, which helped it to achieve its strategic goals and objectives.

Questions:

- a. Discuss why it is necessary for Kathmandu Software Company to implement effective performance management systems for organizational productivity and growth. [5]
- b. Describe the potential benefits of an effective performance management system for the Kathmandu Software Company. [5]
- c. Analyze what different challenges Kathmandu Software Company might face during the implementation of the performance management system, and how they can be overcome. [4+2]
- d. Explain the different steps that Kathmandu Software Company can take to ensure that its performance management system is fair, relevant and transparent. [4]

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2080
Master of Business Administration (MBA)
Semester - IV

R.N.....

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

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

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

Tick the best answer

1. _____ the duty of the sales coordinator ensures proper information regarding the sales and sales personnel are disseminated to the management.
a. Reporting
b. Order Satisfaction
c. Coordination
d. Sales Support
2. The cost of sales is equal to _____.
a. cost of production
b. cost of production plus cost of distribution
c. cost of distribution
d. net profit-cost of distribution
3. _____ is one of the duties of the sales coordinator which ensures collaboration with other departments.
a. Sales implementation
b. Sales strategy
c. Coordination
d. Sales support
4. _____ is the step in personal selling where the salesperson will discuss product features and why customer should purchase the product.
a. Follow-up
b. Presentation
c. Prospecting
d. Approach
5. Exponential smoothing is _____ sales forecasting method.
a. quantitative
b. qualitative
c. hybrid
d. random
6. Moving Averages is _____ sales forecasting method.
a. qualitative
b. quantitative
c. hybrid
d. random
7. Selecting the market factors to analyze and eliminating the market segment that do not contain prospective buyer are the steps of analysis of _____.
a. Segment potential
b. Market potential
c. Sales potential
d. Market segment potential
8. A _____ is an estimate of revenue, in a future period under a particular marketing program and an assumed set of economic and other factors outside the unit for which the forecast is made.
a. segment forecast
b. market forecast
c. sales forecast
d. market segment forecast
9. When _____ approach is applied there is limited time and the salesperson has to present his/her points in the limited time available.
a. need situation
b. mental state
c. need discovery
d. stimulus response

10. _____ refers to the unit, role, activities and processes within a sales organization that support, enable, and drive front line sales teams to sell better, faster, and more efficiently.
- Sales operations
 - Sales budget
 - Sales escalation
 - Sales targeting
11. _____ is a gathering or forum scheduled by a company's sales department.
- Sales meeting
 - Sales territory
 - Sales grouping
 - Segmenting
12. A _____ is a special selling campaign offering incentives in the form of prizes or awards beyond those in the compensation plan.
- Sales share
 - Sales contest
 - Sales quota
 - Sales revenue
13. The skills needed to perform the job are detailed in the _____.
- Job analysis
 - Job description
 - Job specification
 - Job definition
14. _____ a baseline numerical sales goal representative and/or teams are expected to hit in a given time period.
- Sales territory
 - Performance appraisal
 - Sales formulation
 - Sales quota
15. A _____ is the customer group or geographical area for which an individual salesperson or a sales team holds responsibility.
- sales territory
 - performance appraisal
 - sales formulation
 - sales quota
16. A vertical marketing system is a form of collaboration between the different parts of a supply chain.
- Vertical Marketing System
 - Multichannel Marketing System
 - Horizontal Marketing System
 - Symmetrical Marketing System
17. _____ of the channel member is a major factor in selecting channel partner. It's important to gauge the channel member's ability to sell the company's products in the designated sales territory.
- Industry experience
 - Sales potential
 - Financial strength
 - Size
18. _____ is intermediary who acts on behalf of a service principal.
- Retailer
 - Wholesaler
 - Sales outlet
 - Agent
19. _____ ultimately aims to deliver the product to the customer efficiently and safely.
- Sales marketing
 - Sales declaration
 - Sales promotion
 - Marketing logistics
20. _____ will know more about the customer needs and choices.
- Retailers
 - Wholesalers
 - Manufacturer
 - Production Managers

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2080
Master of Business Administration (MBA)
Semester - IV

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

Course Code: MGT 553/MKT 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. Why is selling skills important? Explain in detail. [6]
2. Some business advertisings support personal selling. Justify. [6]
3. The main objective of mental state approach is to bring the customer to the desired mental state for closing a sale. Discuss. [6]
4. Discuss the importance of sales control. [6]
5. What are the factors that support to determine the sales force size? Explain.
6. How can sales meeting help in achieving the organizational goals? [6]
7. Discuss the role of logistics management in distribution management. [6]

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

Answer any **TWO** questions:

8. What is personal selling? Discuss the theories and philosophies of personal selling. [3+12]
9. Define sales channel. What are the characteristics and importance of different channel intermediaries? Explain. [3+12]
10. What determines the levels of distribution or distribution network for a product or service? Explain with suitable examples. [12+3]

SECTION D: CASE STUDY (20 MARKS)

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

Ambika Hardware

Ambika Hardware is well known hardware supplier in town of Itahari. Mr. Surya Aryal is the owner of the firm. Mr. Aryal had established Ambika Hardware 20 years ago. He is a well known personality in the town. He has been known for his integrity. He is a firm believer that customer should get the product at affordable price. He believes that person should spend on utility rather than the cosmetic things. Hence, most of the product ranges are of affordable range.

Ambika Hardware is a prominent player in hardware market with about 20 percent market share in the region. However, Ambika Hardware used to have more than 60 percent market share before. As per Mr. Aryal unhealthy competition and lack of integrity of the competitor has cost his firm loss in the market share. Mr. Aryal believes that giving commissions to the agent and salesperson is unethical and they may mislead the customer for their own benefit.

The firm gets its supplies from Mahabir Suppliers. The Mahabir Suppliers is wholesaler which directly gets its supplies from the manufacturer/producer. Ambika Hardware is a good client of Mahabir Suppliers. Ambika Hardware has never defaulted their payment. Mr. Aryal is man of his word and makes early payments. Mahabir Suppliers also provides a good offer to Ambika Hardware and it is obvious since 65% of their total sales are made through Ambika Hardware.

Mr. Aryal believes that you should never pressurize the customer. He believes customer will turn up to the store if they require the product. Hence Mr. Aryal asks his sales person not to follow up any customer after the sales are being made. He does not believe in giving target to the sales person. The salespersons on the other hand are not satisfied. The other hardware provides the sales person commission in the sales but Mr Aryal only provides fixed salary. They also believe that the customer choice has changed and people want change. As per the sales person, customers nowadays can pay premium for the distinct materials/ products. They think the lack of product range can also be one of the causes of decrease in the market share.

Questions

- a. Do you think Mr. Aryal's focus on affordability is the cause of decrease in market share of the firm? Explain. [7]
- b. Suggest a compensation technique which can be beneficial for both firm and salesperson. [6]
- c. Suggest how the firm can manage distribution in a more efficient and effective way. [7]

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2080
Master of Business Administration (MBA)
Semester - IV

R.No.....

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

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

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

Tick the **BEST** answers

1. Compensation mainly refers to therewards that employees receive in exchange for their work.
 - a. intrinsic
 - b. extrinsic
 - c. tangible
 - d. all of the above
2. Compensation is reflected through.....
 - a. monetary benefits
 - b. non-monetary benefits
 - c. both of them
 - d. none of them
3. The collection of data consisting compensation rates of all workers, who performed similar jobs in other organizations are classified as:
 - a. KSA survey
 - b. job survey
 - c. pay survey
 - d. skills survey
4.are also called 'payments by results'.
 - a. Allowances
 - b. Claims
 - c. Incentives
 - d. Fringe benefits
5. Which one of the followings is not a component of discretionary benefits?
 - a. Income protection programs
 - b. Health protection programs
 - c. Pay for knowledge programs
 - d. Paid time off
6. is paid when the employees exit after serving a particular period of time
 - a. Base pay
 - b. Claims
 - c. Gratuity
 - d. Allowances
7. Out of the followings which one is a type of perquisites?
 - a. Gain sharing
 - b. Club membership
 - c. Medical allowance
 - d. Gratuity
8.is offered by the employer to the employee for free of cost.
 - a. Base pay
 - b. Incentive
 - c. Benefit
 - d. Perk
9.is the ratio of fixed pay to variable pay in an employee's compensation.
 - a. Base pay
 - b. Variable pay
 - c. Pay mix
 - d. Compensation
10.is a statement of the minimum acceptable human qualities necessary to perform a job properly.
 - a. Job description
 - b. Job specification
 - c. Job content
 - d. Job assessment

11. The purpose of compensation includes:
 - a. assisting in recruitment
 - b. job performance
 - c. job satisfaction
 - d. payment for works performed
12. is a tendency to rate the performance high or low on all factors.
 - a. Interpersonal bias
 - b. Halo error
 - c. Leniency error
 - d. Similarity error
13. The performance appraisal method in which evaluations are made by oneself, supervisors, employees, team members, customers, suppliers and the like stakeholders is called.....
 - a. checklist appraisal
 - b. the critical incident appraisal
 - c. 360° appraisal
 - d. management by objective appraisal
14. When a whole year's performance is judged based on the recent performance, it is called.....
 - a. attribution error
 - b. recency effect
 - c. central tendency
 - d. halo effect
15. The factor that must be considered to price the jobs in any organization includes.
 - a. Job importance
 - b. Difficulty of job
 - c. Skills and abilities required
 - d. All of the above
16. is rating the employees based on managerial attitude.
 - a. Attribution error
 - b. Recency effect
 - c. Central tendency
 - d. Halo effect
17. It is added to the base pay to ascertain the total pay.
 - a. Basic pay
 - b. Variable pay
 - c. Long term pay
 - d. Time based pay
18. is the remuneration designed for business leaders, senior management and top-level employees of a company.
 - a. Basic pay
 - b. Executive pay
 - c. Major pay
 - d. Piece rate pay
19. Which one of the followings is not a component of executive compensation?
 - a. Annual core compensation
 - b. Stock compensation
 - c. Overtime and minimum wages required under the Fair Labor Standard Act
 - d. Enhanced protection program benefits and perquisites
20.theory states that in long run wages sum to maintain a worker and his family
 - a. Residual claimant
 - b. Exploitation
 - c. Subsistence
 - d. Wage fund

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2080
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. Define compensation. Discuss the major issues of compensation design. [1+5]
2. What are the three factors to consider while pricing an executive job? [6]
3. What are the common errors in performance appraisal? Discuss. [6]
4. Should the job evaluation depend on an appraisal of the job holder's performance? Why? [6]
5. Explain the major methods of wages fixation. [6]
6. Write the major types of employee benefits. [6]
7. Write short notes (Any two of the followings) [3+3]
 - a. Collective bargaining
 - b. Job evaluation
 - c. Wage matrix

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

Answer any **TWO** questions:

8. What do you understand by minimum wage? Describe the major provisions relating minimum wage determination in Nepal. [5+10]
9. Western countries are relying on Asian countries for cheaper labor supply. Software and digital industry is no more an exception to this. Accordingly, they target Nepali software industry resulting in tough competition for competent workforce in software companies. Assume that you are the HR Manager in one of the software companies which is planning to go aggressively into this business and tap the best manpower from the market. What are some of the areas that you will consider while designing the compensation package? [15]
10. Analyze the role of a sound compensation strategy from the perspective of employee motivation. [15]

SECTION D: CASE STUDY (20 MARKS)

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

Mike Philip has always considered himself a good employer. He recruits graduates fresh out of school and train them to become his executives and managers. He pays them good salary and offers them opportunities for career advancement and professional growth. He cares about them with respect. But a chat one morning with his Finance Manager gets Mike worried. Though he knows that the company has been losing senior employees, Mike thought that it is inevitable, given that the industry is becoming increasingly competitive and newer companies are entering the market and hiring away his employees.

'But we are losing the long-timers,' Larrie Mur, the Finance Manager said, 'those who have been with us five, ten years or more. It's such a waste because we have invested so much in these people, and our training budget is getting bigger every year because we keep young people to replace the old ones who go. "But I thought our employees are happy. We make this company a happy place to work; we stress on good employee relations; we have our sports day, family gathering, annual

dinner. Everyone is friendly with everyone else. The new recruits always give me good feedback on how much they like it here." That's the thing Mike; you love training so much that you focus on getting young people into the company because you are looking for people to train all the time. But once they're skilled, they move out from your radar and you focus on the next batch of trainees. Of course the new recruits love you, but you're neglecting the older people – "No, I'm not! They're like old friends to me," Mike said. "Well, old friends or not, people can't live on sweet smiles and friendly words alone," Larrie said cryptically. "What do you mean by that?" Mike asked. Larrie is an old friend, having joined the company the same month that Mike became the Managing Director ten years ago following the death of his father. The company, a manufacturer of electrical items, has been in Mike's family for generations. Mike is the third generation engineer in his family. Look, Mike, I have been working here for years and yet, my salary is lower than the two factory managers who joined three years ago. Head hunters have been dangling bigger pay for me to join other companies. I have not accepted because I like working here. But the offer keeps getting bigger and I am tempted. And maybe that's what has been happening to our long-timers who leave; the offers from outside could be too tempting. And you are making this company a rich source of potential workers for our competitors to poach for professional staff because you train the employees very well. Back at his office, Mike mulls over the problem. He has always believed that a friendly working environment is the means to retain people, but he realizes that, as a technical man, he has not paid much attention to the compensation and reward system of the company. Perhaps the pay structure of the company is becoming less competitive because the newer companies entering the industry are willing to pay high salary for the experienced workers. This has probably pushed the prevailing market rates up. Maybe it is time the company conduct a review of its compensation and reward system so that it could stem the loss of the older, experienced and highly-skilled employees. Mike decides to meet with the HR Manager to discuss the matter. He realizes he doesn't really have a good understanding of the compensation and reward system in general, having basically left it aside to focus on technical aspects of the business.

Questions:

- a. What are the positive and negative sides of the case? [5+5]
- b. Describe the salary inequity faced by the company and suggest three types of benefit the company could offer to the employees. [5+5]

THE END

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2080
Master of Business Administration (MBA)
Semester - IV

R.N.....

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

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

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

Tick the best answer

1. A customer will choose a brand based on how compelling the _____ was as compared to other brands.
 - a. difference
 - b. similarity
 - c. sameness
 - d. uniqueness
2. Good _____ offers various benefits to the brand and the company.
 - a. communication
 - b. variety
 - c. positioning
 - d. placement
3. A _____ is a group or set of things that have similar characteristics.
 - a. brand
 - b. category
 - c. product
 - d. service
4. If the brand positioning is conceptualized and executed well, it can be used by the company in various _____ activities.
 - a. Marketing
 - b. Commercial
 - c. Social
 - d. Promotion
5. A good positioning is something that must be _____ to the customer.
 - a. visible
 - b. believable
 - c. reasonable
 - d. invisible
6. Brand element is also known as _____.
 - a. awareness
 - b. recall
 - c. identity
 - d. image
7. A _____ is a graphic mark, emblem or symbol commonly used by commercial enterprises, organizations and even individuals to aid and promote instant public recognition.
 - a. logo
 - b. slogan
 - c. tag line
 - d. symbols
8. _____ are short phrases that communicate descriptive or persuasive information about a brand.
 - a. Punchlines
 - b. Tag lines
 - c. Messages
 - d. Slogans
9. Packaging is called as the _____ P of marketing mix.
 - a. first
 - b. third
 - c. fourth
 - d. fifth
10. Brand awareness consists of brand recognition and brand _____.
 - a. growth
 - b. recall
 - c. presence
 - d. identity

11. Achieving the right brand identity means creating brand _____ with customers.
 a. salience
 b. resonance
 c. awareness
 d. loyalty
12. Brand _____ is a customer's personal opinion about a brand.
 a. judgment
 b. image
 c. identity
 d. personality
13. Brand resonance and the relationships that consumers have with brands have two dimensions: intensity and _____.
 a. growth
 b. activity
 c. judgment
 d. creativity
14. The strategic brand management process starts with understanding what the brand represents and how it is _____ with respect to its competitors.
 a. positioned
 b. targeted
 c. segmented
 d. promoted
15. Building brand equity through leveraging secondary brand associations is a _____ approach.
 a. direct
 b. special
 c. procured
 d. indirect
16. In the channel of distribution, particularly _____ are able to create an image of their store in the minds of the customer.
 a. Wholesaler
 b. Retailer
 c. Distributor
 d. Dealer
17. _____ branding is a type of co-branding.
 a. Ingredient
 b. Product
 c. Service
 d. Personality
18. Licensing creates contractual arrangements whereby firms can use the names, logos, characters, etc. to market their own brands for some _____ fee.
 a. variable
 b. monthly
 c. quarterly
 d. fixed
19. The _____ from which brand originates can also be linked to the brand to generate secondary associations.
 a. product
 b. industry
 c. country
 d. region
20. Which is not the advantage of strong brands?
 a. Improved perception of product performance
 b. Increased marketing communication effectiveness
 c. More elastic consumer response to price increase
 d. More elastic consumer response to price decrease

Mid-West University
Examinations Management Office
Surkhet, Nepal
End-Semester Examination-2080
Master of Business Administration (MBA)
Semester - IV

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

Course Code: MGT 552/MKT 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. There is thin line between sales and branding. Explain with an example.
2. How would you spend your first week as Brand Manager of Pathao?
3. Make the 5-pointer plan to build a brand for a new setup for Education Consultancy.
4. As a brand manager what could be the steps taken to realign the company brand which has got negative in market?
5. How can "good word of mouth" impact the brand of the company? Explain.
6. How can as an entrepreneur you can change brand perception?
7. How is brand differing from packaging? Illustrate with examples.

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

Answer any **TWO** questions:

8. How has branding of Pathao helped the driver in Nepalese market and how is in driver getting advantage out of it? Explain in detail.
9. Technology is the key to any successful business these days. How can a educational college rebrand itself using technology?
10. Successful global brands have very specific attributes that contribute to their success. Please specify some of these attributes for retail stores in general.

SECTION D: CASE STUDY (20 MARKS)

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

Who's The Fairest of Them All?

In June 1999, the FMCG major Hindustan Lever Ltd. (HLL) announced that it would offer 50% extra volume on its Fair & Lovely (F&L) fairness cream at the same price to the consumers. This ve was seen by industry analysts as a combative initiative to prevent CavinKare's Fairever from gaining popularity in retail markets. HLL's scheme led to increased sales of F&L and encouraged consumers to stay with F&L and not shift to the rival brand. In December 1999, Godrej Soaps created a new product category fairness soaps by launching its FairGlow Fairness Soap.

The product was successful and reported sales of more than Rs. 700 million in the first year of its launch. Godrej extended the brand to fairness cream by launching FairGlow Fairness Cream in July 2000. By 2001, CavinKare's Fairever fairness cream, with the USP of 'a fairness cream with saffron' acquired a 15% share, and F&L's share fell from 93% (in 1998) to 76%. Within a year of its launch, Godrej's FairGlow cream became the third largest fairness cream brand, with a 4% share in the Rs. 6 billion fairness cream market in India.

The other players, including J.L. Morrison's Nivea Visage fairness cream and Emami Group's Emami Naturally Fair cream, had the remaining 5% share. Clearly, the fairness cream and soaps market was witnessing a fierce battle among the three major players - HLL, CavinKare, and Godrej - each trying to woo the consumer with their attractive schemes.

Background

In 1975, HLL launched its first fairness cream under the F&L brand. With the launch of F&L, the market, which was dominated by Ponds (Vanishing Cream and Cold Cream) and Lakme (Sunscreen Lotion), lost their dominant position. The dominance of HLL's F&L continued till 1998, when CavinKare launched its Fairever cream in direct competition with F&L.

Within six months of its launch, Fairever captured more than 6% of market share. The success of Fairever attracted other players. Every product in this segment was witnessing growth higher than the overall personal care product category growth. The fairness cream market was growing at 25% p.a., as compared to the overall cosmetic products market's growth of 15% p.a. In 2000, there were 7 main brands in the fairness product market across the country.

Fair (Ness) Wars

In 1998, CavinKare launched Fairever fairness cream. The company took care to stick to the herbal platform that its consumers had come to associate with all CavinKare products. Fairever seemed to be an instant success. Fairever's market share jumped from 1.23% in 1998 to 8.13% in 1999. The brand was expected to grow from Rs 160 million 1999 to Rs 560 million in 2000. Its success attracted many players, including Godrej (FairGlow) and Paras Chemicals (Freshia). Existing products like Emami Naturally Fair and F&L were promoted with renewed vigor.

In December 1999, Godrej launched FairGlow fairness soap and created a new product category. The soap claimed to remove blemishes to give the user a smooth and glowing complexion. FairGlow was positioned as a twin advantage soap - a clean fresh bath and the added benefit of fairness. In early 2000, Godrej Soaps launched Nikhar, which was based on the ancient Indian formula of milk, besan and turmeric.

Though Nikhar and FairGlow were positioned differently - Nikhar targeted fairness and FairGlow claimed to protect skin naturally - the objective of both was the same, get more of a stagnating market. In April 2000, HLL introduced Lux Skincare soap, positioned on the sunscreen platform. Priced at Rs.14 for a 75gm cake, it was able to garner only a 0.5% share by 2000 end. In comparison, the mother brand Lux had a share of 14%.

Retailers claimed that sales for the Lux variant were poor as it promised only protection from ultraviolet rays. While this soap prevented one from growing darker, it did not promise to enhance the complexion. By 2000 end, F&L cream seemed to be losing ground not only to other creams but also to FairGlow soap. The switch from cream to soap was largely because soaps were perceived to be less harmful to the skin than cream.

HLL did not have a product in its soap portfolio for this segment, and this was where Godrej seemed to have gained. However, in 2001, HLL followed Godrej's footsteps and launched Fair & Lovely Fairness Soap. This intensified the competition. F&L's extension into soaps was in tune with HLL's strategy to develop and grow the premium segment of the market. Since the growth in the toilet soap market had slowed down, the industry felt that premium soaps would re-energise the market. Sangeeta Pendurkar, Marketing Manager, HLL, said, "We are targeting the 50,000 tonne premium soaps market with F&L. We believe F&L soap will synergise with F&L cream as research reveals that the usage of both will deliver better fairness." Analysts felt that though FairGlow had the first mover

advantage, F&L soap's growth potential could not be underestimated given the strong equity of the mother brand.

In 1999, HLL and CavinKare hiked the price of F&L and Fairever by Re. 1 from Rs.25 and Rs.26 respectively. In 2000, Fairever was back to its original price to maintain price parity. Many stockists said that this was done to push the product against F&L. A stockist commented, "The company was trying out this price to compete with F&L and other new brands that have come in. But we did not see higher sales due to this and the company reverted to its original price." F&L too followed suit. During 2000-01, while the fairness cream market was growing at an average of 15% higher than competing products. Meanwhile, in January 2000, HLL filed a patent infringement suit for Rs.100 million in the Kolkata High Court against Cavin Kare Ltd.

Fairever's growth had slowed down. Analysts felt that this was mainly because Fairever was priced higher than competing products. HLL alleged that Cavin Kare was using its patented F&L formula without its knowledge or permission. HLL obtained an ex-parte stay on Cavin Kare, but CavinKare got the stay vacated in a week's time. It also filed a patent revocation application in the Chennai High Court and defended the suit on the grounds that HLL's patent was not valid. Cavin Kare further claimed that the ingredients contained in the composition were 'prior art' and that the new patent was not an improvement of the earlier patent, which had expired in 1988. In September 2000, the companies suddenly opted for an out-of-court settlement

Cavin Kare gave an undertaking to the court that the company would not "manufacture and/or market either by themselves or by their agents any fairness cream by using silicone compound in combination with other ingredients covered in patent no. 169917 of the plaintiff (HLL), namely Niacinamide, Parsol MCX, Parsol 1789, with effect from September 15, 2000." HLL also gave an undertaking that it would not interfere with the sale of the cream manufactured on or before September 15, 2000, lying with the wholesalers, re-distribution stockists, and retailers.

Promotional Wars

During 2000-01, with major players entering the market, the existing products were promoted with renewed vigor through price reductions, extra volumes, etc. Many products were marketed aggressively. While F&L advertisements projected fairness comparable to the moon's silvery glow, Fair Glow offered the added benefit of a blemish-free complexion. But Fairever, which sold at a higher price, did not initiate any promotional activities. B. Nanda kumar, President (Marketing) CavinKare, explained, "We will not tailor our product to the competition. We'll do so for the consumer. Freebies are not the only way to garner sales." However, analysts believed that CavinKare did not undertake any promotional activities due to lack of financial muscle.

On February 14, 2000, as a part of its promotional activities, Godrej Soaps announced the 'Godrej Fair Glow Friendship Funda'5 in various colleges in Maharashtra. In August 2000, it launched the 'Fair Glow Express,' the first branded local train in India, in Mumbai, in partnership with Western Railways. In December 2000, Godrej took its Fair Glow brand to the web by launching www.fairglow.com. Later, it launched a unique online promotional scheme - 'the Fair Glow Face of the Fortnight.' Every fortnight, one winner was selected and showcased on the website. The winner also won prizes like perfume hampers, gold and pearl jewellery, holiday for two etc. In early 2001, Godrej Soaps also launched its Fair Glow cream in an affordable sachet (pouch pack). The 9gm sachet was priced at Rs. 5, and claimed to give around 15-20 applications per pack. It was initially launched in South India, and was expected to enter other markets very soon.

The Wars Continue Unabated

In early 2001, three major players - HLL, Cavin Kare and Godrej - competed fiercely to penetrate the market further with their attractive schemes. A growing number of pharma and OTC drug companies like Emami, Ayurvedic Concepts, Paras etc. also entered this segment.

Companies were also facing competition from Amway, Avon, Modicare etc., which were into direct selling. The market was seeing a major convergence of product categories with the emergence of more and more variants to fill every conceivable niche. This heightened competition forced companies to increase their advertisement spends.

HLL re-launched F&L and quadrupled its advertising expenditure. Cavin Kare more than doubled its ad spends from Rs.215 million in 1999 to Rs.500 million in 2001. Godrej and Emami too planned to raise their ad spends. But even as ad spends increased, fakes entered the market.

Fair & Lovely's fakes were rampant with names like Pure & Lovely and Fare & Lovely. Fairever's copies were Four Ever, For Ever or Fare Ever. In early 2001, HLL launched Nutririch Fair & Lovely Fairness Reviving Lotion to protect its brand from any threat in the premium segment. The new product was claimed to be scientifically formulated to protect the skin from harmful ultraviolet rays and enhance natural fairness. The new formula, containing Triple UV Guard Sun protection system and the fairness ingredients Vitamin B3 and milk proteins, promised to restore and protect the natural skin colours from the sun's darkening effects.

The product was also claimed to contain Niacinamide making it the only patented formula fairness cream. It was targeted at women in the age group of 18-35 and was priced at a premium. A 50ml pack was priced at Rs.38 and a 100ml pack at Rs.68. HLL also launched 'Pears Naturals Fairness cream' at the same time. By mid 2001, the fairness concept was no longer restricted to creams and soaps, but had expanded to talcs also. Emami was test marketing a herbal fairness talc in the South.

The rapid expansion of the fairness business had two consequences: cutthroat competition and a flurry of copycats. Every company - from the market leader to the new entrants - was forced to rethink its marketing strategies, spend lavishly on advertisements, and even seek legal action against unfair claims. Even though there was no scientific backing for the manufacturer's claims that their products enhanced fairness, prevented darkening of skin, or removed blemishes, sales of fairness products continued to gallop.

Dr R.K. Pandhi, Head of the Department of Dermatology, AIIMS, Delhi, said, "I have never come across a medical study that substantiated such claims. No externally applied cream can change your skin colour. Indeed, the amount of melanin in an individual's skin cannot be reduced by applying fairness creams, bathing with sun-blocking soaps or using fairness talc." In 2001, the organised market of branded fairness cream products was worth about Rs 6 billion. The unbranded and fakes market was estimated to be Rs 1.5 billion. The market was big and the potential was even bigger. In India, beauty seemed to be associated with fairness more than with anything else. With such an attitude firmly entrenched in the minds of millions of people, the fairness products market would see fair days ahead.

- a. Analyze the case using SWOT. [10]
- b. What would you do as a Brand Manager to uplift the name of the company? [10]

THE END