

KATHMANDU UNIVERSITY  
End Semester Examination  
December, 2024

Marks Scored:

Level : B.E.

Year : IV

Exam Roll No. :

Time: 30 mins.

Course : MGTS 402

Semester : I

F. M. : 10

Registration No.:

Date : 31-Dec-2024

SECTION "A"

[20Q. × 0.5 = 10 marks]

Choose the most appropriate answer and **encircle**.

- Which of the following best describes the impact of the shift to a service economy on entrepreneurship?
  - Reduced entrepreneurial opportunities due to the dominance of large corporations in the service sector.
  - Increased focus on product-based businesses as services have less demand.
  - Expansion of entrepreneurial opportunities by creating niches for personalized, experience-driven, and technology-enabled services.
  - Minimal impact on entrepreneurship, as the shift primarily affects employment, not business creation.
- What does the term quid pro quo most accurately refer to in a business or professional context?
  - An agreement where one party benefits without reciprocating.
  - A situation involving an exchange of goods, services, or favors of equivalent value.
  - A unilateral decision made by a higher authority in a company.
  - An informal understanding with no obligations between parties.
- Which of the following best highlights the relationship between creativity and innovation in a business context?
  - Creativity is the generation of novel ideas, while innovation is their successful implementation.
  - Innovation is the process of generating ideas, and creativity is applying them in practical scenarios.
  - Both creativity and innovation focus solely on developing new products.
  - Creativity and innovation are unrelated processes in business.
- What is the primary purpose of the Big Idea Sketch Pad in entrepreneurship?
  - To draft financial projections for a new venture.
  - To map out the detailed operational plan of a business.
  - To visualize and evaluate key components of a business idea, such as customer, value proposition, and revenue streams.
  - To create marketing campaigns for launching a product.
- \_\_\_\_\_ is a technique that involves selling a product for a low price and charging a higher price for the accessories that accompany it.
  - Byproduct pricing
  - Captive-product pricing
  - Optional-product pricing
  - Delivered pricing
- In the context of entrepreneurship, what does the term "Valley of Death" refer to?
  - The stage where a startup achieves profitability but struggles to scale operations.
  - The phase where a startup faces financial instability before it generates consistent revenue.
  - The period when a startup secures funding but fails to use it effectively.
  - The situation where market competition forces a startup to shut down operations.

7. If the acid test ratio of any business firm is 0.75:1, what is the value of accounts payable and total current liabilities?

Cash	49855	Account payable	-----
Account receivable	216489	Notes payable	83920
Inventory	412191	Accrued wages	38150
Prepaid expenses	<u>8450</u>	Accrued interest payable	<u>93200</u>
Total Current Assets	686985	Total current Liabilities	-----

- a. 152580 and 367850  
 b. 59524 and 274794  
 c. 159524 and 274794  
 d. 151122 and 366392
8. What is the index of retail saturation (IRS), if the number of customers in the trading area is 25,875, the average expenditure per person for the product in the trading area is 42 and total square feet of selling space allocated to the product in the trading area is 6000?  
 a. 143.71  
 b. 172.12  
 c. 163.71  
 d. 181.12
9. A company produces a product with a selling price of \$50 per unit, variable cost of \$30 per unit, and fixed costs of \$20,000. How many units must the company sell to break even?  
 a. 500 units  
 b. 1000 units  
 c. 800 units  
 d. 750 units
10. Which of the following best describes the purpose of the Business Model Canvas?  
 a. To create a detailed operational plan for a business.  
 b. To provide a framework for evaluating competitors' strategies.  
 c. To visually map out the key components of a business, including value proposition, customers, and revenue streams.  
 d. To design marketing campaigns for product promotion.
11. Which of the following best describes the role of an accelerator as a source of financing for startups?  
 a. Providing long-term equity investments without mentorship or resources.  
 b. Offering startups short-term funding, mentorship, and resources in exchange for equity.  
 c. Granting interest-free loans with no additional support to early-stage businesses.  
 d. Focusing primarily on funding established companies seeking to scale operations.
12. Which of the following best describes the "Conventional Level" of moral development, according to Kohlberg's stages?  
 a. Individuals make decisions based on personal rewards and punishments.  
 b. Individuals make decisions by following the rules, regardless of the consequences.  
 c. Individuals make decisions based on universal ethical principles and justice.  
 d. Individuals make decisions based on the desire to maintain social order and gain approval from others.
13. Which of the following best defines core competencies in a business context?  
 a. Unique capabilities that provide a competitive advantage and are difficult for competitors to imitate.  
 b. Skills and resources that are easily replicated by competitors.  
 c. Operations or functions that a company outsources to other firms.  
 d. Technological advancements that a company patents to prevent competition.
14. A company prices its product at \$99.99 instead of \$100. Which of the following psychological factors most likely explains why this pricing strategy is effective?  
 a. Consumers perceive the price of \$99.99 as much cheaper than \$100 due to the left-digit effect, making it seem like a better deal even though the difference is minimal.  
 b. The price of \$99.99 makes the product appear more exclusive and high-end, encouraging customers to believe they are getting a luxury item.  
 c. The .99 pricing creates an impression of fairness, making consumers feel they are paying the true value of the product.  
 d. Pricing at \$99.99 encourages consumers to avoid impulsive buying, as they view the product as overpriced compared to others.

15. Which of the following best describes bootstrap marketing for a startup?
- Utilizing large-scale advertising campaigns funded by external investors to reach a wide audience quickly.
  - Using high-budget television commercials and public relations firms to create a strong initial market presence.
  - Focusing on paid social media ads and influencer partnerships to generate immediate sales and brand recognition.
  - Relying on low-cost, creative, and resourceful marketing tactics, often with little to no budget, to build brand awareness and attract customers.
16. On a balance sheet, what does the term "equity" represent?
- Total revenue generated by the company
  - The portion of assets financed by debt
  - The ownership interest of shareholders in the company
  - The sum of all expenses incurred by the company
17. Which of the following best describes the concept of green washing?
- A type of eco-friendly certification that guarantees a product is entirely sustainable.
  - A method of recycling used to reduce environmental pollution by turning waste into reusable materials.
  - A government regulation that requires companies to adopt sustainable practices.
  - A marketing strategy used by companies to promote their products as environmentally friendly, even when they may not be.
18. For entrepreneurs, what is a fundamental principle in effective cash flow management?
- Ensuring a consistent balance between incoming and outgoing cash
  - Minimizing revenue generation to control cash outflows
  - Delaying payments to suppliers to maximize cash reserves
  - Focusing solely on long-term investments to boost liquidity
19. Which of the following is the primary purpose of using a balanced scorecard in strategic management?
- To measure and align business activities with the company's vision and strategy by focusing on four key perspectives: financial, customer, internal processes, and learning and growth.
  - To track only financial performance metrics, such as revenue and profit.
  - To evaluate the performance of employees based on personal goals and targets.
  - To analyze the external market and competition for strategic planning.
20. According to Michael Porter's generic strategies, which approach focuses on offering unique products or services to a specific market segment and often involves branding and innovation?
- |                    |                    |
|--------------------|--------------------|
| a. Cost Leadership | b. Differentiation |
| c. Focus           | d. Integration     |



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F. M. : 40

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SECTION "B"

[6 Q. × 4 = 24 marks]

Attempt *ANY SIX* questions.

1. One hallmark of successful entrepreneurs is the ability to "fail intelligently". How can an entrepreneur fail intelligently?
2. Some people argue that a quid pro quo is only illegal if it breaks the law, Even if an instance of a quid pro quo is deemed legal, however, it may still be viewed unfavorably. Explain from the aspect of an ethical entrepreneur.
3. Why is there a need to hire a diverse workforce in order to promote a culture of creativity in the organization?
4. Assume that two of your friends are about to launch a business together with nothing but a handshake. "We've been best friends since preschool", they say. What advice would you give them? Elaborate.
5. What advice would you offer a business owner who has just launched an e-commerce company about driving traffic to the company's Web site? Describe.
6. When it comes for new businesses to enter the market, discuss why entrepreneurs need to be aware of a niche strategy.
7. How do entrepreneurs strategically evaluate and choose diverse sources of financing for their ventures, considering factors such as risk tolerance, cost of capital, and alignment with business goals, to ensure sustainable growth and financial resilience in a dynamic business environment?

SECTION "C"

[2 Q. × 8 = 16 marks]

Attempt *ANY TWO* questions.

8. Analyze how each of the three potent forces shapes pricing strategy in a business context. Provide examples to illustrate your explanation, and discuss how a company can balance these forces to achieve profitability and market positioning."
9. How does an entrepreneur achieve the break-even point? How can break-even analysis help an entrepreneur planning to launch a business?
10. Develop a business idea of your own and apply Porter's five forces model, a SWOT analysis for it and prepare a business model canvas for it also explain, how entrepreneurial firms can benefit by developing and using a business model and what the downsides for entrepreneurial ventures when an effective business model isn't put in place.

