

KATHMANDU UNIVERSITY
End Semester Examination
January 2025

Marks Scored:

Level : B.Tech.

Year : IV

Exam Roll No. :

Time: 30 mins.

Course : MGTS 402

Semester : I

F. M. : 10

Registration No.:

Date : 19 JAN 2025

SECTION "A"

[20Q. × 0.5 = 10 marks]

Choose the most appropriate answer from the given alternatives and encircle.

1. Which of the following best differentiates entrepreneurship from business?
 - a. Entrepreneurship involves creating innovative ideas and taking risks, while business is centered on maintaining steady growth and avoiding risk.
 - b. Entrepreneurship focuses primarily on managing an existing product line, while business is about introducing new products to the market.
 - c. Entrepreneurship is about identifying and exploiting new opportunities with calculated risk, while business focuses on operating within established frameworks and systems.
 - d. Entrepreneurship aims to expand rapidly through external funding, while business remains focused on gradual and organic growth using internal resources.

2. How does a company's credo influence its ethical standards and social responsibility?
 - a. A company's credo is a set of marketing messages used to promote its products, with little impact on its ethical standards or responsibility.
 - b. A company's credo is a declaration of its values, guiding its ethical decisions and shaping its commitment to social responsibility and stakeholder relationships.
 - c. A company's credo primarily focuses on maximizing profits and growth, with minimal concern for ethics or social responsibility.
 - d. A company's credo is a legal document that ensures compliance with government regulations, with no direct influence on the company's ethical stance.

3. Which of the following is the correct sequence of the creativity process?
 - a. Preparation → Incubation → Illumination → Verification
 - b. Illumination → Verification → Preparation → Incubation
 - c. Incubation → Verification → Preparation → Illumination
 - d. Preparation → Verification → Illumination → Incubation

4. Which of the following statements accurately reflects Porter's Five Forces model in analyzing industry competitiveness?
 - a. The threat of new entrants only considers the availability of capital for startups, ignoring barriers like customer loyalty and economies of scale.
 - b. The bargaining power of suppliers increases when there are fewer substitute inputs available, and suppliers are concentrated in the industry.
 - c. The threat of substitutes is primarily driven by technological advancements in unrelated industries, with little impact on consumer behavior or preferences.
 - d. The intensity of competitive rivalry is unaffected by the number of firms in the industry, focusing instead on product differentiation and switching costs.

5. Which of the following pricing strategies focuses on setting a high initial price for a new product to maximize profit from early adopters before gradually lowering the price?
 - a. Penetration pricing
 - b. Price skimming
 - c. Psychological pricing
 - d. Value-based pricing
6. Which among the following is not comprises as the components of intellectual capital?
 - a. Human capital
 - b. Structured capital
 - c. Customer capital
 - d. Working capital
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	
Prepaid expenses	<u>8450</u>		38150
Total Current Assets	686985	Accrued interest payable	<u>93200</u>
		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. 750 units
 - c. 800 units
 - d. 1000 units
10. Which of the following best describes the purpose of the Business Model Canvas?
 - a. To provide a comprehensive guide for structuring marketing campaigns, focusing on product positioning and promotion strategies.
 - b. To visually represent and map out the essential elements of a business model, including customer relationships, revenue generation, and value creation.
 - c. To establish a detailed financial forecast that integrates operational costs, investment strategies, and long-term revenue goals for a business.
 - d. To develop an in-depth analysis of competitor business models and strategies in order to identify market gaps and opportunities for differentiation.
11. Which of the following is a key source of financing for entrepreneurship development, particularly for early-stage startups?
 - a. Venture capital, which provides significant funding in exchange for equity, typically at a later stage of growth.
 - b. Trade credit, which involves obtaining goods or services from suppliers and paying for them at a later date.
 - c. Personal savings or bootstrapping, where entrepreneurs fund their business using their own financial resources.
 - d. Government grants, which are only available for large established corporations looking to expand internationally.

12. When selecting a location for a new business, which of the following factors is most important for ensuring long-term success?
 - a. The location's proximity to competitors, as it ensures direct market competition.
 - b. The local demographic and its alignment with the target market's needs and preferences.
 - c. The availability of office space in an area with no other businesses nearby.
 - d. The geographic distance from suppliers, as long as it reduces transportation costs.

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. Which of the following is an example of captive product pricing?
 - a. Selling a printer at a low price and charging a high price for the ink cartridges required to operate it.
 - b. Offering a subscription to a streaming service with no additional fees for accessing content.
 - c. Providing a discount on a smartphone but charging a premium for its software updates.
 - d. Pricing a bicycle at a low cost and offering free maintenance services for a year.

15. Which of the following best defines guerrilla marketing?
 - a. A marketing strategy that utilizes high-cost digital platforms to deliver targeted ads with measurable results and maximum reach.
 - b. A low-cost, unconventional approach that leverages surprise and creativity to capture attention and create buzz through non-traditional methods.
 - c. A unique marketing strategy involving mass media campaigns, premium content, and celebrity endorsements to ensure broad market penetration.
 - d. A highly aggressive strategy focusing on relentless follow-ups and direct outreach to potential customers, relying heavily on cold calls and direct emails.

16. Which of the following best describes the purpose of ratio analysis in financial management?
 - a. Ratio analysis is used to assess a company's compliance with tax regulations and legal requirements.
 - b. Ratio analysis helps businesses determine the effectiveness of their marketing strategies by evaluating sales growth.
 - c. Ratio analysis is a tool used to evaluate a company's financial performance by comparing various financial metrics to assess profitability, liquidity, and solvency.
 - d. Ratio analysis primarily focuses on forecasting future revenues by analyzing historical cash flows.

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. How does Murphy's Law relate to cash management in businesses?
- Murphy's Law suggests that businesses should expect unexpected cash flow issues and prepare for potential financial disruptions, as anything that can go wrong will go wrong.
 - Murphy's Law indicates that cash management systems will always work perfectly as long as businesses follow standard procedures.
 - Murphy's Law implies that businesses will always have surplus cash, and cash flow issues will never arise unexpectedly.
 - Murphy's Law states that businesses should avoid tracking cash flow because nothing ever goes wrong in financial management.
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. Which of the following best describes Michael Porter's generic strategies?
- Strategies focused on maximizing market share through cost leadership, differentiation, and market segmentation.
 - Strategies that emphasize gaining a competitive advantage by offering the lowest cost, unique products, or targeting a narrow market segment.
 - Strategies that rely solely on mergers and acquisitions to grow the company's competitive position.
 - Strategies that prioritize cost reduction through supply chain efficiency, while ignoring the competitive positioning in the market.

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SECTION "B"

[6Q. × 4 = 24 marks]

Attempt *ANY SIX* questions.

1. If one is planning to venture into business, what is the most crucial ingredient in preparing for a ensuring its success?
2. What factors influence whether a person behaves ethically or unethically? Explain all relevant factors.
3. Land prices in neighboring districts such as Hetauda, Nuwakot, and Kavrepalanchok are relatively lower compared to Kathmandu Valley. As an aspiring entrepreneur, propose a creative business idea that leverages the availability of this affordable land. a) Clearly describe your idea and how it can benefit from the location and lower cost of land. b) Explain why your idea is creative by highlighting its novelty, potential market impact, or unique value proposition.
4. If you were to start your own business, which type of business ownership would you choose, and why? Discuss how this choice aligns with your business goals and impacts key aspects like investment, risk management, and growth potential.
5. Yatri project zero, a Nepalese entrepreneur designed electric bike is priced around NRs 2 million. How will you justify this pricing?
6. How can small businesses effectively use bootstrap marketing to achieve growth with limited resources? Analyze its advantages and challenges, provide a real-world or hypothetical example, and evaluate its potential to sustain a competitive advantage in a highly competitive industry.
7. Develop a unique business idea and perform a SWOT analysis. Additionally, create a detailed Business Model Canvas to outline the key elements of your business.

SECTION "C"

[2Q. × 8 = 16 marks]

Attempt *ANY TWO* questions.

8. How does an entrepreneur achieve the break-even point? How can break-even analysis help an entrepreneur planning to launch a business? Explain.
9. As an entrepreneur, identifying suitable sources of financing is crucial for starting and growing your business. What are the key sources of financing available for entrepreneurs? Analyze the advantages and limitations of at least two sources, and explain how your choice of financing would align with the needs and stage of a business.

P.T.O.

10. Entrepreneurs often succeed by identifying opportunities and developing innovative business models to exploit them. Consider the following scenario:

Riya, a software engineer with a passion for education, noticed that students in remote areas struggled to access quality teachers and resources. She decided to create an online platform called EduLink that connects students with experienced tutors. The platform uses AI to personalize learning experiences and offers affordable subscription plans. However, Riya faces significant challenges in marketing the platform to rural areas with limited internet connectivity, managing operational costs, and building trust among parents.

Questions:

- a. Analyze how Riya identified a market opportunity and aligned her business idea with a societal need.
- b. Propose a sustainable business model for EduLink, focusing on revenue streams, partnerships, and cost structures.
- c. Suggest innovative solutions to address the challenges of marketing and accessibility in remote areas.
- d. Reflect on the importance of entrepreneurial resilience and adaptability in overcoming obstacles like those faced by Riya.