

2201/305  
2203/305  
2204/305  
2206/305  
2208/305

**INDUSTRIAL ORGANISATION  
AND MANAGEMENT**  
Oct. / Nov. 2000  
Time: 3 hours

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**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**DIPLOMA IN ELECTRONIC ENGINEERING  
DIPLOMA IN TELECOMMUNICATION ENGINEERING  
DIPLOMA IN ELECTRICAL ENGINEERING (POWER)  
DIPLOMA IN INSTRUMENTATION AND CONTROL ENGINEERING  
DIPLOMA IN MEDICAL ENGINEERING**

**INDUSTRIAL ORGANISATION AND MANAGEMENT**

**3 hours**

**INSTRUCTIONS TO CANDIDATES:**

You should have the following for this examination:  
Answer booklet  
Mathematical tables / electronic calculator

Answer any **FIVE** of the following **EIGHT** questions.  
All questions carry equal marks.

1. (a) Explain the following types of organisation:  
 (i) Line  
 (ii) Functional  
 (4 marks)
- (b) List SIX advantages of Management By Objectives (MBO). (6 marks)
- (c) Discuss any FIVE problems that confront a project manager in trying to ensure project completion on schedule. (10 marks)
2. (a) (i) State any FOUR objectives of economic policy of a government.  
 (ii) Explain division of labour in reference to production, stating TWO limitations of the system. (8 marks)
- (b) (i) Distinguish between 'offer' and 'invitation to treat'.  
 (ii) Discuss FOUR obligations of a business to the society. (12 marks)
3. (a) (i) State any THREE functions of International Monetary Fund (IMF).  
 (ii) Explain  
 I Elasticity of supply  
 II Giffen good (7 marks)
- (b) (i) Draw a supply curve and explain its significance.  
 (ii) State any THREE factors leading to a successful sale of a product. (7 marks)
- (c) State SIX differences between financial institutions and commercial banks. (6 marks)
4. (a) Explain any FOUR functions of management. *deputing* (8 marks)
- (b) List FOUR merits and THREE demerits of organisation structure. (7 marks)
- (c) (i) Define 'delegation'.  
 (ii) Outline any THREE advantages of c (i). (5 marks)
5. (a) (i) Define price elasticity of demand.  
 (ii) List SIX factors that determine the demand of a product. (10 marks)
- (b) (i) Explain any THREE factors that led to the failure of barter system.  
 (ii) Outline any FOUR characteristics of money. (10 marks)
6. (a) (i) Outline the functions of an office.  
 (ii) State FOUR advantages of an open office plan. (8 marks)

- (b) (i) Explain the law of comparative advantage.  
 (ii) Define  
 I Terms of trade  
 II Tariff  
 III Quota

(8 marks)

- (c) List FOUR advantages of International Trade.

(4 marks)

7. (a) State FOUR objectives of network analysis.

(4 marks)

- (b) Table 1 lists the implementation activities for a small software development project.

Table 1

Activity	Precedence	Duration (weeks)
A	-	3
B	A	12
C	A	4
D	C	10
E	C	2
F	D,E	3
G	-	2
H	A,G	4
I	G	3
J	H	16
K	H	2
L	J,K	2
M	F,L	2
N	B,M	2
O	I,M	1
P	O	2
Q	N,P	3

- (i) Draw the project network indicating the critical path.  
 (ii) Determine the project completion time.

(16 marks)

8. (a) Explain the law of diminishing marginal utility.

(2 marks)

- (b) (i) Define automation.  
 (ii) List FOUR advantages and THREE disadvantages of b(i).

(9 marks)

- (c) (i) Outline THREE limitations and FOUR advantages of specialisation in organisation.  
 (ii) List TWO functions of an economic system.

(9 marks)