

ANGELINE WAIY GECHI

~~Challenge~~

2201/305

2203/305

2204/305

2206/305

2208/305

INDUSTRIAL ORGANISATION AND MANAGEMENT

Oct./Nov. 2008

Time: 3 hours

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THE KENYA NATIONAL EXAMINATIONS COUNCIL

DIPLOMA IN ELECTRONICS ENGINEERING  
DIPLOMA IN TELECOMMUNICATIONS ENGINEERING  
DIPLOMA IN ELECTRICAL ENGINEERING (POWER)  
DIPLOMA IN INSTRUMENTATION & 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/calculator*

*Answer any FIVE of the following EIGHT questions.*

*All questions carry equal marks.*

*Maximum marks for each part of a question are as indicated.*

**This paper consists of 5 printed pages.**

**Candidates should check the question paper to ascertain that all the pages are printed as indicated and no questions are missing.**

1. (a) (i) Explain the meaning of 'terms of trade'.
- (ii) Outline **four** effects of adverse terms of trade to a country's trade position. (6 marks)
- (b) (i) State **two** functions of a central bank as a **banker** to the government.
- (ii) Explain **four** methods used by central bank to control the ability of commercial banks in credit creation. (8 marks)
- (c) (i) Explain the concept of division of labour.
- (ii) Highlight **four** advantages of division of labour. (6 marks)
2. (a) State **two** differences between management and leadership. (2 marks)
- (b) Outline **four** roles played by supervisory management in an organisation. (4 marks)
- (c) Highlight **four** features of the classical approach to management. (4 marks)
- (d) (i) Differentiate between policies and strategies.
- (ii) Explain **four** benefits of policies to an organisation. (10 marks)
3. (a) State **two** features of a formal organisation. (2 marks)
- (b) With the aid of organisational charts, describe the following methods of organisational departmentation:
- (i) Functional;
- (ii) Territorial. (8 marks)
- (c) (i) Distinguish between delegation and decentralisation.
- (ii) Explain **four** factors that determine the **degree** of decentralisation in an organisation. (10 marks)
4. (a) Differentiate between Common law and rules of Equity. (4 marks)
- (b) With the aid of a block diagram, illustrate the **structure** of courts of law in Kenya. (6 marks)

- (c) (i) State **four** types of illegal contracts.
- (ii) Explain the circumstances under which an **offer** may be revoked. (6 marks)
- (d) Outline **four** responsibilities of a business to its **community**. (4 marks)
5. (a) Explain the following terms as used in maintenance of machines:
- (i) Downtime;
- (ii) Overhaul. (4 marks)
- (b) Outline the key sections of a maintenance department in a large industrial organisation. (3 marks)
- (c) (i) Distinguish between producer's risk and **consumer's** risk in quality control.
- (ii) Table 1 shows the results of final testing of **integrated circuits** (ICs) in a company for a 12 week period.

Table 1

Week	Number of ICs tested	Number of defectives
1	1045	32
2	1048	40
3	1036	45
4	1052	50
5	1059	51
6	1077	56
7	1098	59
8	1086	46
9	1055	40
10	1040	36
11	1052	42
12	1060	43

For the fraction defectives,

- I. determine the control limits;
- II draw the control chart. (13 marks)

- (i) Draw the project network and determine the **critical** path.
- (ii) Determine the total direct cost of the project.
- (iii) Crash the project such that its completion time **reduces** to 7 weeks.  
(12 marks)

8. (a) Outline **four** qualities of a competent purchasing officer. (4 marks)

(b) Explain the following terms as used in purchasing:

- (i) competitive bidding;
- (ii) speculative buying;
- (iii) product specification;
- (iv) quotation.

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(6 marks)

(c) The following information was extracted from the **books** of a trader.

	<b>Sh.</b>
Stock January 1 2004	114,000
Purchases	925,200
Sales	1,630,300
Return outwards	38,420
Return inwards	22,500
Expenses	252,300
Stock December 31 2004	208,600

Work out the:

- (i) Turnover (total net sales);
- (ii) Net purchases;
- (iii) Cost of sales;
- (iv) Gross profit;
- (v) Net profit. (10 marks)