

1. (a) State **five** characteristics of a participative style of leadership as advocated for by Rensis Likert theory of management. (5 marks)
- (b) Outline **five** factors that the management of an organization may consider while planning for plant and machinery layout. (5 marks)
- (c) Explain **five** personal factors that may influence consumer behaviour. (10 marks)
2. (a) State **four** objectives that work study may be designed to achieve in an organization. (4 marks)
- (b) Explain **three** institutional reasons that may lead to industrial disputes in an organization. (6 marks)
- (c) Explain **five** benefits that an organization may derive from effective quality control programmes. (10 marks)
3. (a) Outline **four** advantages of a centralized method of production. (8 marks)
- (b) Marketing is an important aspect for the success of any organization. Explain **four** reasons that may support this statement. (8 marks)
- (c) State **four** problems that may arise if the management of an organization does not perform the planning function. (4 marks)
4. (a) Outline **five** reasons that make it necessary to ensure good stores layout in an organization. (5 marks)
- (b) Jim and his friends would like to register a company in Kenya. Outline the procedure they would follow to this end. (5 marks)
- (c) Explain **five** objectives that production planning and control seeks to achieve in an organization. (10 marks)

5. (a) Nelly has made a decision to start a sole proprietorship. List **four** sources of capital that may be available for the new venture. (4 marks)
- (b) Table 1 shows expenditure of Skys Electronics Limited for the manufacture of an electric grinder machine.

Table 1

(I)	Material in hand (30 th April 2013)	60,000
(II)	Materials purchased	30,000
(III)	Factory rent	5,000
(IV)	Office salaries	4,000
(V)	Advertising costs	1,500
(VI)	Wages of indirect factory workers	2,000
(VII)	Printing of catalogue, price list	1,000
(VIII)	Office rent	5,000
(IX)	Power and fuel	3,000
(X)	Wages and direct workers	10,000
(XI)	Material in hand (1st May 2012)	90,000
(XII)	Depreciation of plant	7,000
(XIII)	Lighting for office	2,500
(XIV)	Variable direct expenses	3,500
(XV)	Plant repair and maintenance	6,000
(XVI)	Director's fees	3,500
(XVII)	Sales department car expenses	3,000

Using the data provided, calculate:

- (i) material cost; (3 marks)
- (ii) prime cost; (3 marks)
- (iii) factory cost; (5 marks)
- (iv) total cost of production. (5 marks)
6. (a) Explain each of the following tendering methods that may be used in an enterprise:
- (i) open tendering; (2 marks)
- (ii) invited tendering. (2 marks)
- (b) With respect to the law of torts, explain the meaning of vicarious liability and state **one** example relevant to operations in an organization. (6 marks)
- (c) As the proprietor of Wazi Works Limited, outline **five** ways in which the organization may apply Hertberg's theory of management. (10 marks)

7. (a) Outline **six** advantages of continuous production system. (6 marks)
- (b) Describe the steps involved in carrying out a complete method study. (6 marks)
- (c) Explain **four** reasons that make scheduling an important step in production planning and control. (8 marks)
8. (a) State **four** technical factors that may maximize productivity in a manufacturing firm. (4 marks)
- (b) Lima Manufacturers Limited prefers to directly distribute its products to the market. Outline **four** advantages of such a method of distribution. (8 marks)
- (c) Explain **four** essential elements of a legally binding contract. (8 marks)
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