

3304

2903/302 ✓

2922/302

**OPERATIONS MANAGEMENT**

**November 2016**

**Time: 3 hours**



**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**BUSINESS EDUCATION SINGLE AND GROUP CERTIFICATE  
EXAMINATIONS**

**STAGE III**

**DIPLOMA IN SUPPLY CHAIN MANAGEMENT  
DIPLOMA IN PROJECT MANAGEMENT  
MODULE III**

**OPERATIONS MANAGEMENT**

**3 hours**

**INSTRUCTIONS TO CANDIDATES**

*This question paper consists of SEVEN questions.*

*Answer any FIVE questions in the answer booklet provided.*

*All questions carry equal marks.*

*Candidates should answer the questions in English.*

**This paper consists of 2 printed pages.**

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

1. (a) According to a Business consultant, the plant layout adopted by Epson Ltd. is inappropriate for the firm's operations. Outline the symptoms that may have led to this conclusion. (10 marks)
- (b) Highlight the benefits that may accrue to an organization that practices effective performance management. (10 marks)
2. (a) Explain the factors that may influence the type of production system adopted by an organization. (10 marks)
- (b) The management at JKA Ltd. spends a lot of money in maintenance of its equipments. Explain the reasons that may justify this expenditure. (10 marks)
3. (a) Outline the circumstances that may lead to the development of a new product in an organization. (12 marks)
- (b) Highlight the measures that a firm may take to enhance the effectiveness of Just-in-Time (JIT) manufacturing. (8 marks)
4. (a) Outline the limitations of using the Job Order system of production. (10 marks)
- (b) Explain the reasons that make benchmarking unpopular with some managers. (10 marks)
5. (a) Outline four benefits that a firm may derive from the adoption of a flexible manufacturing system. (8 marks)
- (b) Mwanzo Ltd. has chosen to locate its plant in a rural area. Explain the reasons that may have influenced this decision.   
 - *proven demand*  
 - *proximity to market*  
 - *availability of market* (12 marks)
6. (a) Explain the circumstances under which a firm may fail to achieve its production targets. (10 marks)
- (b) Describe the steps that should be followed in the process of developing a new product.   
 - *generation*  
 - *screening*  
 - *concept testing*  
 - *business analysis*  
 - *feasibility study* (10 marks)
7. (a) Highlight the difference between a service operations system and a manufacturing system. (10 marks)
- (b) Explain the ways in which the purchasing department may reduce the cost of maintenance in an organization. (10 marks)

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