



TECHNICAL UNIVERSITY OF MOMBASA
SCHOOL OF BUSINESS & SOCIAL STUDIES
DEPARTMENT OF MANAGEMENT SCIENCES

DIPLOMA IN BUSINESS MANAGEMENT
/DIPLOMA IN BUSINESS ADMINISTRATIONS

OPERATIONS MANAGEMENT BMG 2101

END OF SEMESTER EXAMINATIONS

SERIES: MAY 2016

TIME: 2 HRS

INSTRUCTIONS:

- This paper consists of **A** and **B**.
- Section A is Compulsory. Answer any **TWO** questions in Section **B**.
- Mobile phones are not allowed into the examination room
- Cheating leads to disqualification.
- This paper consists of three printed pages.

EXAMINATION PAPER II

Question One (COMPULSORY)

- a) Using real life examples, explain any five reasons why firms hold Inventory. **(10 Marks)**
- b) An electrical component manufacturing firm uses valves at the rate of 14000 valves per year. The purchase cost per valve is shs 3.50. The inventory carrying costs is sh 0.60 per valve per year. The valves are supplied in lots and the cost of ordering, including transportation costs is shs 3200 per order. The firm operates for 300 days in a year and the lead time is 6 days.

Required

- i) Compute the economic order quantity and hence the number of orders per year. **(5 Marks)**
- ii) Determine the reorder point. **(2 Marks)**
- iii) What will be the total inventory costs? **(3 Marks)**
- a) Capacity Planning is generally viewed in three durations, briefly discuss these durations. **(10 Marks)**

(TOTAL 30 MARKS)

CHOOSE ANY TWO QUESTIONS

Question Two ;

In transformation model, there are several stages that different components go through in order to add value to original process with a focus on efficiency and effectiveness. With an aid of a diagram outline any **FOUR** systems from the input level to the output level describing every stage critically. **(20 Marks)**

Question Three;

- i) Briefly discuss the meaning of facility layout in a well established manufacturing company. **(2 Marks)**
- ii) State out any **FOUR** importance of layout decisions. **(4 Marks)**
- iii) Outline and discuss any **SEVEN** features of a good layout. **(14 Marks)**

Question Four;

- i) State any several costs associated to Inventory **(10 Marks)**
- ii) Outline any **FIVE** reasons why companies hold inventory **(10 Marks)**

Question Five;

Under operations strategy and competitiveness quality is important as an aspect of differentiation.

Discuss what competitive strategy and its four stage model of operations contribution. **(20 Marks)**