



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIFTH YEAR SECOND SEMESTER EXAMINATION FOR
BACHELOR OF SCIENCE (MECHANICAL ENGINEERING)

EMM 506: MANUFACTURING MANAGEMENT

DATE:

TIME:

INSTRUCTIONS:

Answer Question one and any other two Questions.

QUESTION ONE (30 MARKS)

The economics theory of demand and supply indicates that in a free market economy where buyers and sellers freely interact to sell their bargain, price is a key factor. In case of buyers they tend to buy from the cheapest sources. Suppliers on the other hand will be willing to produce and sell ore at higher prices. On this basis, buyers push prices downwards while suppliers push the price upwards. These two forces are termed as the market forces. The theory argues that at some point the quantity buyers will purchase at a given price is equal to the quantity suppliers are willing to sell at the same price. This point defines the Equilibrium price in the market.

- a) In the light of the above discuss **four** factors other than price which determine the demand of a product (12 marks)
- b) “The underlying principle in microeconomics theory is that of scarcity and choice” Discuss. (10 marks)
- c) Discuss four types of utility for a product or service (8 marks)

QUESTION TWO (20 MARKS)

- a) It has been established in economics theory that satisfaction measured over time is not constant. Discuss diminishing marginal utility with respect to a consumable of your choice (8 marks)
- b) Briefly discuss **four** factors of production (12 marks)

QUESTION THREE (20 MARKS)

Nawira limited manufactures and sells a soft drink. The selling price per unit is 200/- The variable cost of producing 10 units was Ksh, 1000/- Other costs included factory rent of Ksh. 80,000/- per month and office staff salary of Ksh. 24,000/- per month.

Required

- a) Determine the Break-Even point in Units (8 marks)
- b) How many units of output does the company require to produce and sell to make a profit of Kshs, 480,000/- (8 marks)
- c) Briefly discuss two weaknesses of the BEP model (4 marks)

QUESTION FOUR (20 MARKS)

- a) Using relevant examples to illustrate your answer, state and explain three methods of computing depreciation. (10 marks)
- b) Mutiso an investor has borrowed Ksh. 10 million from a bank and wants to invest the money in a worthy business. The bank will be charging him interest at a flat rate of Ksh. 32,000/- per month. He can buy a house which will earn him a net monthly rent of Ksh. 65,000/- per month for 60 years. Alternatively with the same amount of money he can buy two buses which each bus will generate Ksh. 78,000/- per month for three years. Using the payback advise him on the best investment option. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Discuss Abraham Maslow's hierarchy of needs explaining each level (12 marks)
- b) A good manager must embrace a good leadership style so as to achieve the organizational goals. Discuss three leadership styles that he may adopt (8 marks)