

**EASTERN UNIVERSITY SRI LANKA**

**FACULTY OF COMMERCE AND MANAGEMENT**

**Final Year Second Semester Examination in Bachelor of Business**

**Administration – 2013/2014**

**April, 2017- Special Repeat**

**MGT 4043 Operations and Quality Management**

**No. of Pages: 03**

**Allocated Time: 03 hours**

**Answer all 5 questions**

Q1. a) Keerthi Manufacturing Organization is producing the tools and equipment for the production organizations. The following are the total processing costs for each unit.

	(\$)
Direct material cost	500
Direct labour cost	650
Variable factory overhead	450
Fixed cost	6,000

The same units are available in the local market. The purchase price of the component is Rs.1,550 per unit.

i) Should the part be made or bought, considering that the present capacity when released would remain idle?

**(06 Marks)**

ii) In case, if the local supplier increased the price to Rs. 1,800, Now what would be your decision?

**(06 Marks)**

b) Solid Group Inc. is a mobile phone manufacturing company located in Philippines. It finds that the existing cost of a component is Rs.8.25. The same component is available in the market at Rs.6.75 each, with an assurance of continued supply.

The breakup of the existing cost of the component is:

	(\$)
Materials	2.75 each
Labour	1.75 each
Other Variables	2.50 each
Depreciation and Other Fixed Cost	<u>1.25</u> each
	<u>8.25</u>

Advise the firm about the production if ,

- i) The firm cannot utilize the capacity elsewhere, profitably.
- ii) The capacity can be utilized, profitably.

- Q2. a) Briefly elaborate the advantages of **Centralized Purchasing** in an organization.
- b) Briefly explain the term “**Decentralized Purchasing**” and explain the Advantages and Disadvantages of Decentralized Purchasing.
- c) Briefly explain any **three (03) functions** of **Purchasing Department** in an organization.

- Q3. a) Describe the term “**Production Planning**” and briefly explain the objectives of Production Planning.
- b) Describe the advantages of **Production Control** with examples.

- c) Briefly elaborate the **factors** need to be consider when selecting the part of the country and community for a **site, factory or business location**.

(06 Marks)

(Total 18 Marks)

- Q4. a) "Supplier support is essential to the success of lean production. Lean supply involves long-term supplier contracts, synchronized production, supplier certification, mixed loads and frequent deliveries, precise delivery schedules, standardized and sequenced delivery, and Locating in close proximity to the customer".

Explain any **five** aspects of **Lean Supply**.

(06 Marks)

- b) Briefly explain seven (07) **wastages in Operations** of an organization.

(06 Marks)

- c) "Location analysis is a dynamic process where organizations analyze and compare the appropriateness or otherwise of alternative sites with the aim of selecting the best site for a given organization".

Briefly elaborate the **elements in Location Analysis**.

(06 Marks)

(Total 18 Marks)

- Q5. a) Explain briefly the **Modern Dynamic Concept of Productivity** with examples.

(06 Marks)

- b) Explain briefly any one of the **Production System** with its **advantages and limitations**.

(06 Marks)

- c) List out the **Dimensions for Quality of Manufactured Product and Services**.

(06 Marks)

(Total 18 Marks)