

NAME..... Admn nO: .....

Class: .....

# MARKING SCHEME

**FORM ONE TERM THREE**

**BUSINESS STUDIES**

**2 HOURS**

## **INSTRUCTIONS TO CANDIDATES**

- I. Attempt all questions.
- II. All answers should be written in the space provided in this booklet.
- III. Answers must be written in English.

1. Define the following terms
  - a. Distribution (1 Mks) Movement of goods and services from the point of production to the point of consumption.
  - b. Commerce: (1 Mks) This is the study of trade and aids to trade
  - c. Entrepreneurship: (1 Mks) Study of activities involved in the process of identifying a business opportunity and acquiring the resources to start and run a business.
  - d. Production: (1 Mks) Creation of goods and services/increasing the usefulness of goods and services by changing the form, place and time of consumption
2. List four importance's of business studies in the society
  - i. Equips the individual with skills and knowledge to manage a business.
  - ii. Prepares one for future career in business/employment
  - iii. Enables one to relate issues affecting business
  - iv. Enables one to relate business activities taking place globally
  - v. Enables one to identify business opportunities to venture into.
  - vi. Prepares one for further studies
  - vii. Enables the individual to think ethically and make sound judgments in day to day activities.
  - viii. Makes an individual to appreciate the role of government in business.
  - ix. Make individual disciplines and have positive attitudes towards work. Any 5 x 1 (5 Mks)
3. From the following sentences, indicate the type of business activities (3 Mks)

Activity	Name
Activity involved getting goods from their natural setting	Extraction
Buying and selling of goods and services with a view of getting profit	Trade
Building of structures (bridges etc)	Construction

4. Outline five internal business environments that affect business (5 Mks)
  - Business Structure
  - Business Resources
  - Owners
  - Business Culture
  - Marketing strategy/handling of customers
  - Research and development
  - Business Staff
5. From the following sentences, indicate the type of business activities (4 Mks)

Activity	Name
Activity involved getting goods from their natural setting	Extraction
Buying and selling of goods and services with a view of getting profit	Trade
Building of structures (bridges etc)	Construction
Smelting iron ore to make iron	Extraction

6. List five characteristics of labour as a factor of production (5 Mks)
  - Cannot be stored/Highly perishable
  - not separated from owner
  - labour is mobile
  - it's a basic factor of production
  - labourer sell labour not themselves

- It's the human ability to think and apply their thoughts in an economically viable way/Labour in human.

7. Indicate with ( ✓ ) the type of resources listed below as either renewable or non-renewable (5 Mks).

Type of resource	Renewable	Non Renewable
Leather	✓	
Soda Ash	✓	
Natural gas		✓
Diatomite		✓
Solar Energy	✓	

8. Outline four benefits that a business would get by using modern technology in its operations (4 Mks)

- Increase level of output
- Improvement of service delivery
- Saving on production time/faster
- Standardization of products
- Reduction of waste
- Better quality goods.

9. Highlight five characteristics of human wants (5 Mks)

- Competitive
- Vary in intensity
- Insatiable
- Habitual
- Recurrent
- Universal
- Complimentary
- Require resources

10. Outline five differences between goods and services (5 Mks)

Goods	Services
a) Goods are tangible	Intangible
b) Quality can be standardized	Quality varies/cannot be standardized
c) Goods can be stored	Services cannot be stored
d) Goods can be separated from owner/ provider	Services cannot be separated from owner/ provider
e) Goods paid for ownership	Services paid for experience
f) Not always perishable	Always/ highly perishable

(Of the points don't merge, don't award)

11. Classify the following items into either basic wants or secondary wants (4Mks)

- (a) Furniture : Secondary
- (b) Medical care: Secondary
- (c) Milk: Primary/Basic
- d) shelter: Primary/Basic

12. Name the office equipment's that function the following uses (5 Mks)

- a. To make holes in papers for filing: Paper Punch

- b. Folding documents, place them in envelopes: Folding machine
- c. To make copies of documents: Photocopier/Computer Copier/carbon copying/duplicating machine
- d. Adding and subtracting figures: calculator/Computer Calculator/adding machine
- e. Cutting unwanted documents into tiny pieces for disposal: Paper Shredder

13. List five importance's of an entrepreneur in Kenya (5Mks)

- Reduction of Rural – urban migration
- Produce foreign dominance
- Promotion of technology
- Formation of capital
- Employment creation
- Use local resources
- Promotes use of technology
- Promote entrepreneurial culture
- Improve infrastructure
- Raise living standards
- Saves on imports

14. List five characteristics of direct production (5 Mks)

- Low Quality Products
- Low Living standards
- Tiring
- No Invention or innovation
- Time wasting moving from one activity to another
- Individualistic in nature
- No exchange/No trade
- Poor methods of production used
- Low output

15. List the rewards that accrue from the following factors of production (4 Mks)

- |                      |                            |
|----------------------|----------------------------|
| a. Land              | i. Rent                    |
|                      | ii. Rates & Royalties      |
| b. Labour:           | i. Wages / (ii) Commission |
|                      | iii. Salaries (iv) fee     |
| c. Capital:          | i. Interest                |
| d. Entrepreneurship: | i. Profits                 |

16. Outline five disadvantages of use of a photocopying in an office (5 Mks)

- Expensive for large volumes of documents
- Availability in simple colours
- Fades over time
- Used only when power is available
- Can be misused by office staff

17. Highlight five advantages of division of labour and specialization (5Mks)

- Less time is spent in (completing a job)/ saves time/ faster/ quicker/ speed
- There is minimal changing from doing one work to another.
- Increased production/ quantity/ output – people become more adapt/ expert/ specialist at their jobs as they do it repeatedly hence increasing productivity.
- Standardized goods/ uniform goods – goods produced are of uniform quality due to use of machines/ mechanization.
- Increased mechanization/ use of machines/ work can be done automatically
- Better/improved/enhanced management – this facilitates control/ co-ordination/planning/ directing/ accountability/ staffing/ evaluation/ organization/ supervision.
- (vii) High/ quality goods/ services ( produced) – people concentrate in doing jobs which they are best suited/ repeating same task/ repeating same task/ specialization.
- Increased/ creating/ invention/ innovation – the organization may tax workers talents and skills) which may help to modify existing products/ develop new products/ initiate new methods of production/ technology/ discover new markets.
- Improves efficiency due to better use of resources/ image/ reputation of the organization.
- Worker use less, mental and physical effort as they become used to one routine Job.

18. List five factors to consider when selecting office equipment's (5Mks)

- Cost
- Human Resources/Manpower
- Space Available
- Staff Motivation
- Security
- quality
- durability
- adaptability
- terms and conditions of pay
- image / prestige
- use of which it may be put
- technological trends in industries
- funds available
- availability of spare parts
- possibility of hiring rather buying

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19. List five emerging trends in office management and practice (5 Mks)

- New operating procedures/routines
- Location of offices outside the central business districts into outskirts off towns
- Use of mobile phones
- Use of emails
- Use of Internet
- Office layout

- Customer care depts./ public relations
- Networking

20. Outline four reasons why business people must prepare a business plan (4 Mks)

- To avoid making business mistakes
- It's used to source finances from lenders
- It shows the strengths and weaknesses in the business
- Its assists allocate business resources
- Monitoring factors to employee
- Assist in determination of capital required
- Adaptability
- Motivating factors to employee

21. Outline four characteristics of economic resources. (4 Mks)

- Scarce in supply
- Have money value/price
- Unevenly distributed
- Have utility
- Have alternative uses
- Can change ownership/possession
- Can be combined
- Can be complimentary

22. List four causes of business success (4Mks)

- Lack of creativity and innovation
- Lack of commitment
- Location in wrong places
- Unavailability of raw materials
- Stiff competition
- Ability to manage people
- Proper location
- Availability of customer/market
- Availability of finance
- Low competition
- Availability of raw material
- Commitment to the business
- Proper management of finances
- Proper debt management
- Creativity and innovativeness