BUSINESS STUDIES

FORM 1

END OF TERM 2

MARKING SCHEME-CONFIDENTIAL

1. **Purposes of a Business**.

-To make profits

-Utilise spare time

-Be own boss

-Create employment

-Create government revenue

-Provide essential goods/services to a special group of people Any 4x1 =4mks

1. **Types of business activities.**

-Extraction

-Processing of raw materials

-Manufacturing

-Construction

-Trade

-Provision of services

-Distribution of goods Any 4x1 =4mks

1. **Disciplines of Business Studies.**

–Accounting

-Commerce

-Economics

-Entreprenuership

-Office practice Any 4x1 =4mks

1. **Benefits of studying Business studies.**

–Acquire knowledge and skills to start a business

-Appreciate the role of business in the society

-Develop skills for wise buying and selling

-Develop critical thinking and rational judgement

-Appreciate the need for ethical practices in business

-Get a firm foundation for further training Any 4x1 =4mks

1. **Business environment.**

–External

ii)Internal

iii)External

iv)External

v)Internal

vi)External

vii)Internal

viii)Internal

 Any 8x1/2= 4mks

1. **Favourable internal factors for business to thrive.**

–Availability of raw matearials/inputs

-Adequate capital/finance

-Skilled workers

-Well outlined organizational structure

-Clearly stated goals and objectives

-up to date methods of production Any 4x1 =4mks

1. I)**Basic wants** –things that man must have to survive/stay alive

ii) **Secondary wants** – Things that man needs to lead a comfortable live.

1. **Classification of human wants.**

–Unlimited

-Competitive

-Recurrent

-Some are universal

-Some are complementary

-They vary in urgency and intensity

-Some are habitual Any 4x1=4mks

1. **Why Omondi will satisfy hungler for food before going to Chaka Ranch for entertainment.**

–Basic wants are essential for survival

-Resources are limited

-Basic wants cannot be postponed

-Basic wants are recurrent Any 4x1 =4mks

1. **Differences between goods and services.**

**GOODS**  **SERVICES**

-Can be stored -Can not be stored

-Can be separated from the producer -cannot be separated from the producer

-Quality can be standardized -Quality cannot be standardized

-Are tangible/visible -Are intangible /invisible

-Goods are not always perishable -Services are highly perishable

NB: **Differences must match** Any 4x1 =4mks

1. **Classifications of Economic Resources.**

.-Natural

 -Manmade

 -Human 1x3mks

1. **Characteristics of economic resources.**

–They are limited in supply

-Have money value

-Quality can be improved

-Can be combined to produce goods and services

-Have utility

-Some can be transferred from one person to another Any 4x1=4mks

-Most of them have varied uses.

1. **Renewable and non-renewable resources.**

(i) Non-renewable

(ii) Renewable

(iii) Renewable

(iv) Renewable

(v) Renewable

(vi) Renewable

(vii) Renewable

(viii) Non-Renewable ½x 8=4mks

1. **Types of utility.**

(i) Form

(Ii) Time

(Iii) Possession

(Iv)Form

(V) Form

(Vi) Possession

(Vii) Place

(Viii) Form

 ½x 8 =4mks

1. **Disadvantages of direct production.**

–Doesn’t Allow Specialization.

-Promotes Individualism.

-Does Not Encourage Invention And Innovation.

-Limited Choice for Consumers

-No Surplus for the Market.

-Low Quality Goods. Any 4 x 1 =4mks

1. **Levels of production.**

(i) Primary

(ii) Secondary

(iii) Tertiary

(iv) Secondary

(v) Tertiary

(vi) Primary

(vii)Tertiary

(viii) Secondary ½x 8 =4mks.

1. **Features of land as factor of production.**

-Geographically immobile

-Supply cannot be increased

-Basic factor of production

-Productivity differs from one place to another.

-Productivity can be improved.

-Has more than one use.

-Reward is rent/rates/royalty. Any 4 x 1=4mks.

1. **Demerits of Division of labour.**

-Work becomes monotonous and boring.

-Converts man into machine –like creatures.

-Creates unemployment.

-Lacks pride provide in the final product.

-Social problems.

-Absenteeism of one worker leads to stoppage of work.

 Any 4 x 1=4mks

1. **Types of goods.**

-Producer goods-Goods used in the production of other goods. E.g machinery, tools.

-Intermediate-unfinished goods used in the production other goods. E.g cement.

-Economic goods –Goods whose supply is scarce and have money value e.g wild animals.

-Public goods –Goods owned by the government on behalf of its citizens e.g public hospitals.

Definition ½mk Example ½mk x 8 =4mks

1. **Importances of Entrepreneurship.**

-Create employment

-Formation of capital

-Utilization of resources

-Raising the standard of living

-Improved infrastructure

-Transfer of technology. Any 4 x 1=4mks.

1. **Characteristics of an entrepreneur.**

-Risk taker

-Hand working

-Innovative

-Desire to achieve

-Goal –oriented

-Time conscious

 Any 4 x 1=4mks.

1. **Sources of business ideas.**

-Listen to what people say

-Surveys

-Hobbies

-Identifying a business gap

-Newspapers and magazines

-Tvs and radios

-Shows and exhibitions etc Any 4 x 1 =4mks.

1. **Factors to consider when evaluating a business opportunity.**

-Availability of market

-Financial requirement

-Legal/government policy

-Competition in the market

-Availability of raw materials

-Personal abilities of the entrepreneur

-Technological requirement Any 4 x 1=4mks

1. **Importance of a Business plan.**

-Avoiding mistakes

-Assist to obtain finance

-Motivating factors to employees

-Proper allocation of resources

-Identification of strengths and weaknesses

-Adaptation to future changes. Any 4 x 1=4mks.

1. **Functions of an office.**

-Administration

-Communication

-Storage of information

-Reproduction of documents

-Mailings

-Safeguarding the firms property.

 Any 4 x 1=4mks.