

BUSINESS STUDIES FORM ONE

OPENER EXAM TERM 2 2023

MARKING SCHEME

1.
 - a) Distribution
 - b) Business
 - c) Production
 - d) Service
 - e) Consumption

2. **Activities carried out during distribution**

- Transportation
- Storage
- Insurance
- Advertising
- Sorting
- Grading.

3. **External Business environments**

- Economic environment
- Demographic environment
- Legal-political environment
- Technological environment
- Cultural environment
- Competitive environment
- Physical environment

4. **Characteristics of human wants**

- They are insatiable
- They vary in intensity and urgency
- They are competitive

- They are recurrent/repetitive
- Some are universal
- They are habitual
- They require resources
- They are complementary.

5. Difference between goods and services

Goods	Services
They are tangible	They are intangible
They can be stored	They cannot be stored
They can be standardized	They cannot be standardized
They can change possession	They cannot be separated from the provider
Not all goods are perishable	They are highly perishable
Most of them can be seen	They cannot be seen
They can change in value over time	They cannot change in value since they cannot change

6. Benefits of studying business studies

- Assists the learner to understand other subjects better e.g. mathematics, agriculture etc.
- Provides basic knowledge to facilitate further studies in Business studies
- Equips the learner with knowledge and skills that can enable him/her start and run a business
- Enables the learner appreciate the importance of business in the society
- Assist the learner to develop ability to inquire, think critically and develop rational judgement
- Enables the learner to appreciate the importance of ethical practices and efficient business management
- Enables the learner to acquire self-discipline and positive attitude towards work
- Assists the learner in enhancing cooperation and interrelation in society through trade
- Enables the learner understand the role played by the government in business
- Enables the learner appreciate the role played by communication and information technology in modern business management
- Helps the learner develop positive environmental and healthy practices
- Equips the learner with skills and knowledge to enable him/her evaluate business performance
- Enables the learner appreciate the basic economic issues in the society
- Enables the learner appreciate the role of aids to trade (auxiliary services) in business
- Enables the learner appreciate the role market forces (demand and supply) in determining the price of goods and services
- Enables the learner to relate the knowledge, skills and attitudes acquired to the day-to-day business activities around the school and to the society in general
- Enables the learner appreciate the role of business in the provision of goods and services

7. Reasons for protecting forests

- To prevent the misuse of forests
- To prevent environmental degradation
- To conserve the forests
- To control production activities which require natural resources
- To generate revenue from the exploitation of forests
- Promote tourism

8. Types of utility

- a) Form Utility
- b) Place utility
- c) Form utility
- d) Possessive utility
- e) Time utility

9. Characteristics of direct production

- Goods produced are of low quality
- Encourages individualism
- Leads to low standard of living
- Can be very tiring
- It does not encourage invention and innovation
- A lot of time is wasted as one moves from one job to another
- Cheap tools are used in production
- It is mostly done on small scale
- Goods and services are produced for one's own use
- The rate of production is low

10. Constituents of business studies.

- a) **Economics**; -Refers to the study of how human beings strive to satisfy their endless wants using the available limited (scarce) resources.
- b) **Commerce**; -Refers to the study of trade and aids to trade.
- c) **Accounting**; -Refers to the systematic way of recording business activities for decision making purposes
- d) **Office practice**; -Refers to all the activities that are carried out in the office.
- e) **Entrepreneurship**; -Refers to the study of all the activities involving the identification of a business opportunity and acquiring necessary resources to start and run a business.

11. Types of business activities

	Activity	Type of business activity
a)	Lumbering	Extraction
b)	Fishing	Extraction
c)	Teaching	Provision of services
d)	Selling sweets in a kiosk	Distribution
e)	Buying dresses at Kshs. 200 each and selling for Kshs 500 each	Trade
f)	Building a house	Construction
g)	Grinding maize into flour	Processing of raw materials
h)	Making chapati	Manufacturing
i)	Wholesaling	Distribution
j)	Levelling of local road using murrum	Construction

12. Factors of production and their rewards

Factors of production	Rewards
Land	Loyalty/rent/rates
Labour	Wages, commission or salaries
Capital	Interest
Entrepreneurship	Profit

13. Ways of improving the efficiency of labour

- Giving workers relevant tools and equipment
- Paying workers well
- Appropriately training workers
- Improving the working conditions
- Giving workers incentives
- Providing job security
- Giving proper job descriptions to workers
- Giving workers fringe benefits such as housing, free meals etc.

14. Disadvantages of specialisation

- a) Specialisation leads to monotony of work resulting in boredom
- b) Specialisation of labour may hinder creativity since it makes people work like machines
- c) Specialisation makes a worker depend on only one line of trade, therefore if his/her or the goods he/she lose demand, the worker becomes unemployed
- d) Specialisation and division of labour encourages the use of machines. These machines have replaced human labour resulting in unemployment
- e) Specialisation makes a country dependent on other countries for what it doesn't produce
- f) Specialisation and division of labour brings people together resulting in social problems such as crimes
- g) The worker does not have pride in the final product because it results from the efforts of several people
- h) Failure of production in one stage affects the entire process of production

15. Types of goods produced in an economy

a) **Free goods and economic goods**-Free (non-economic) goods are those goods that are provided by nature e.g. air. Economic goods on the other hand are those that are scarce in supply and have monetary value e.g. a car.

b) **Producer goods and consumer goods**-Producer (capital) goods are those goods which are produced to be used in the production of other goods and services e.g. a jembe.

Consumer goods are those goods that are ready for final usage (consumption) e.g. food, clothes, medicine etc.

c) **Perishable goods and durable goods**-Perishable goods are those goods that go bad quickly unless stored using special facilities. They include; tomatoes, meat, flowers etc.

Durable goods on the other hand are those goods that can stay for so long without spoiling e.g. tools, furniture etc.

d) **Public goods and private goods**-Public goods are those that belong to no one in particular. They are either owned by the government or collectively by the public. Examples of public goods include; airports, public schools, public parks, roads etc.

On the other hand, private goods are owned by individuals or a group of individuals. The owners have exclusive rights to the usage of these goods. Examples of private goods include; personal cars, mobile phones, private schools etc.

e) **Intermediate goods and finished goods**-Intermediate goods are those goods which are still undergoing the production process e.g. sugar cane, wool, cotton, wheat etc.

Finished (final) goods on the other hand are those goods that have come out of the production process (outputs). Examples of final goods include; ugali, wheat flour, sugar clothes etc.

f) **Material goods and non-material goods**-Material goods are tangible commodities such as food, desks, chairs etc.

Non-material goods on the other hand are intangible items or services such as teaching, nursing, banking etc.

16. a) **Scarcity:** refers to a limitation in supply of economic resources in relation to the unlimited wants
- b) **Choice:** refers to selection of the human wants to be satisfied using the scarce resources
- c) **Opportunity cost:** this is the value or alternative foregone in order to satisfy an equally competing want

17. Negative effects of production activities on the community

- a) Results in air pollution that causes airborne diseases
- b) Results in water pollution that causes water borne diseases
- c) May cause congestion in places where production activities take place
- d) Results in noise pollution that can cause hearing problems
- e) Leads to pressure on available health facilities
- f) Results in solid waste pollution
- g) Results in environmental degradation that may cause health problems
- h) Results in social evils in regions where production activities take place

