

**MID-TERM EXAM  
TERM ONE 2023  
BUSINESS STUDIES  
FORM ONE MARKING SCHEME**

**1. Define the following terms as used in business studies.(7marks)**

**a) Business**

Refers to any activity that is carried out by an individual or an organization concerning provision of goods and services with a view of making profit

**b) Business studies**

Is the study of the activities that are carried out in and around production , distribution and consumption of goods and service

**c) Goods**

Are items that are tangible i.e furniture and building

**d) Services**

Are actions or activities that may be sold (intangible)

**e) Production**

Creation of goods and services to satisfy human wants

**f) Distribution**

Movement of goods and services from producers to the final consumers

**g) Consumption**

Using of goods by the final consumer

**2. Highlight the discipline that compose business studies (5marks)**

Economics

Commerce

Accounting

Office practice

Entrepreneurship

**3. With an aid of appropriate examples differentiate internal business environment from external business environment (4marks)**

Internal business environment refers to factors that are within the business unit itself eg business structure , business resources

External business environment are factors that affect the business operation from outside eg economic environment , demographic and technological environment

**4. Outline five type of business activities (5marks)**

Extraction

Processing of raw materials

Manufacturing

Construction

Trade

**5. Explain the importance of business studies in the society (10 marks)**

Help an individual to develop positive attitude towards the environment

Assist individuals to acquire self discipline and positive attitude towards work

Equip individual with abilities to promote co-operation in society through trade

Enables the individual to understand the role of the government in business activities

Equips the individual with knowledge and skills required to evaluate business performance

Makes members of society to appreciate the need for good business management practices

**6. State whether each of the following factors fall under micro-environment or macro-environment (4marks)**

a) Competitive environment -macro

b) Legal-political environment-macro

c) Business structure-micro

d)Business culture-micro

**7. Give main features of basic wants (4 marks)**

One cannot do without them

They are felt needs

They cannot be postponed

They are satisfied before secondary wants

**8. Differentiate between goods and services (8marks)**

<b>Goods</b>	<b>Services</b>
Are tangible	Are intangible
Can be stored	Cannot be stored
Can be standardized	Cannot be standardized
Can change possession(separable from the producer)	Cannot be separated from the provider
Not all goods are perishable	Services are highly perishable
Most can be seen	Cannot be seen
Can change in value over time	Cannot change in value since they cannot be stored

**9. State how scarcity, choice and opportunity cost are related (3marks)**

