

TERM 3 2023 OPENER EXAMS
BUSINESS STUDIES
MARKING SCHEME.

1. External factors that may negatively influence the operation of a business.

- a) Unfair competition
- b) In appropriate technology
- c) Unstable political environment
- d) Unstable economic environment
- e) Unfavorable legal framework
- f) Unreliable supply system
- g) Strong consumer, bargaining power
- h) Poor physical facilities
- i) Low population level
- j) Unfavorable socio-cultural environment
- k) Insecurity in the area of operation
- l) Natural calamities
- m) Negative publicity of the business

Any 4 x 1 = 4mks

2. Features of economic resources

- a) Limited in supply/scarce
- b) Have money value
- c) Unevenly distributed
- d) Can be complementary/combined
- e) Have utility
- f) Can change ownership/possession
- g) Have alternative uses

Any 4 x 1 = 4mks

3.

- a) Secondary
- b) Tertiary
- c) Primary
- d) Secondary

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4. Benefits of a business plan

- a) Facilities acquisition of loans from financiers
- b) Provide guidance for opening new business
- c) Act as management tool
- d) A tool for evaluating business performance
- e) It lays strategies to be used in marketing the products of the business.
- f) Enhances credibility of the business
- g) It is a motivational tool
- h) To avoid mistakes
- i) For proper allocation of business
- j) To determine how much resources are required
- k) To determine the nature and scope of the market

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5. Functions of an office

- a) An administration centre for the organization
- b) Centre for communication
- c) A centre for processing data
- d) Facilitates production/ reproduction of data/documents
- e) Helps in filing/management of records
- f) Public relation centre for the organization
- g) Helps to safeguard organization property/assets
- h) Personal functions are co-ordinated in the office/human resource management
- i) Helps in mailing
- j) Distribute/disseminates information
- k) Receiving and recording information

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6. Circumstances in which a cheque may be used as a means of payment
- a) When amount involved in a transaction is large.
 - b) When the seller insists on payment by cheque.
 - c) When the evidence of payment is required
 - d) When payment is to be redirected to payee account.
 - e) With the terms of sale is cash with order.
 - f) When there is need to ensure safety of the money being transferred.
 - g) When using credit transfer as a means of payment
 - h) When it is the government policy

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7. Features of a parastatal
- a) Formed to provide essential goods and services to the members of the public
 - b) Not profit motivated
 - c) Formed by an Act of parliament
 - d) Mainly funded by the government
 - e) Managed by the government appointees
 - f) Has limited liability
 - g) Any surplus earned is surrendered to the government
 - h) Formed to perform a specific purpose
 - i) Can be only dissolved by Act of parliament
 - j) In case of losses the government bails them out
 - k) Attached only to specific ministry

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8. Reasons for government involvement in Business
- a) To provide subsidized essential goods and services
 - b) To protect citizens from exploitation
 - c) To create employment
 - d) To earn revenue
 - e) To stimulate economic growth
 - f) To venture into business requiring large capital investment beyond capability of the private investors.
 - g) To provide commodities that are too sensitive to be left in the hands of the private sector.
 - h) To prevent foreign dominance of the economy
 - i) To provide commodities which private investors are unwilling to venture in due to low profits
 - j) To safeguard national interest by controlling strategic industries
 - k) To attract foreign investments

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9. Other means of transporting goods and services on land apart from train and motor

- a) Use of animal transport
- b) Human porter age
- c) Use of carts
- d) Bicycle
- e) Motorcycles
- f) Pipeline
- g) Tuk-tuk

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10. Benefits of communication to Business

- a) Enhances co-ordination between departments
- b) Helps to maintain positive relationship with other stakeholders for smooth operation reducing conflicts
- c) Facilitate the decision making process within the business.
- d) Increases employees motivation due to clarification of goals and objectives
- e) Better performance/ increased productivity due clear targets set/feedback
- f) Increased sales due to effective product promotion.
- g) Improved harmony/peace in the business due to minimal conflict.
- h) Improved image of the business.
- i) Helps to clarify issues so as to avoid confusions.
- j) Enable the business to get information.
- k) Enhances/promotes team work through consultation
- l) Facilitates / promotes research which helps to improve productivity

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11. Essential features of a warehouse

- a) Suitable location
- b) Appropriate personnel
- c) Availability of security
- d) Suitable building design
- e) Appropriate equipment
- f) Compliance with the law
- g) Adequate space
- h) Proper record keeping
- i) Good transport network
- j) Operation procedures and guideline

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12. Government initiated methods of consumers protection

- a) Setting standards through KEBS
- b) Weights and measurements Act.
- c) Food and drugs Act
- d) Public Health Act
- e) Trade licensing act
- f) Rent tribunal act
- g) Trade description Act

- h) Hire purchase Act
- i) Sale of Goods Act
- j) Essential commodities Act/ price control Act
- k) Consumer protection Act
- l) Anti – counterfeit Act
- m) Transport licensing act (NTSA)
- n) Consumer Education – to sensitize them on their right.
- o) Environment management and conservation Act.

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13. Role of Nairobi stock exchange (NSE)

- a) A measure of country's economic performance as reflected in the prices of shares.
- b) Set the price of securities based on forces of demand and supply.
- c) Safe guard's investors interest
- d) Promotes economic growth through disinvestment and re-investment.
- e) Promotes local ownership of companies through sale and purchase of shares
- f) Provide ready market for sale and purchase of shares
- g) Promotes savings and investment among the population
- h) Helps in raising revenue for the government.
- i) Creates employment to the people
- j) Provides useful information to the investors.

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14. Services offered by wholesalers to retailers

- a) Availing a variety of goods
- b) They break the bulk
- c) Offering storage facilities
- d) They provide credit facilities
- e) Advertise/promote goods
- f) May offer transport facilities
- g) Advise the retailers on available offers.
- h) Blending of goods
- i) Branding of goods
- j) Packing goods.
- k) Sorting of goods
- l) Grading goods
- m) Ensure steady supply of goods
- n) Act as a link between producers and retailers

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15. Internal environmental factors that may influence the operation business

- a) Management styles
- b) Capital / finances
- c) Business owners
- d) Marketing strategies
- e) Research and development
- f) Business culture
- g) Employees of the business

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