**565/1**

**BUSINESS STUDIES PAPER**

**MWAKICAN SECONDARY SCHOOLS EXAMINATION**

**FORM ONE TERM TWO 2017 END TERM EXAMINATION**

**MARKING SCHEME**

1. **Define the following terms as used in Business Studies: ( 3 Mks)**

Distribution: This is the movement of goods and services from producers to consumers

Production: This is creation of goods and services

Trade: this is exchange of goods and services (for a consideration) with an aim of making profit.

1. **From the statements given below indicate the discipline described. (4 Mks)**

|  |  |  |
| --- | --- | --- |
|  | **Statement** | **Discipline** |
| 1 | Study of how human beings strive to satisfy their endless wants | Economics |
| 2 | Systematic way of recording business transactions | Accounting |
| 3 | Study of trade and aids to trade | Commerce |
| 4 | Study of activities carried out in an office | Office practice and management |

1. **List four benefits of studying business studies in secondary schools. (4 Mks)**

Enables individuals to:

1. Appreciate role of business in the society
2. Understand role of government in business
3. Career subject
4. Entry to higher education/learning
5. Develop critical thinking ability and rational judgment
6. Appreciate role of communication and ICT in business
7. Acquire entrepreneurial skills and attitude to start and operate business
8. Appreciate need for ethics in business
9. Understand the role of support/auxiliary services in business
10. Acquire knowledge for self development and national development
11. Understand factors that influence business

1. **Give four types of business activities that a person can engage in**
2. Extraction
3. Manufacturing
4. Trade
5. Provision of services
6. Building & construction
7. Distribution of goods
8. Processing
9. **Outline four internal factors that influence a business (4 Mks)**
   1. Business owners
   2. Business Culture
   3. Business capital/financial resources
   4. Business employee/labour
   5. Physical resources
   6. Production process/capacity
   7. Marketing strategies
   8. Distribution system/network
   9. Technology applied by business (technological resources)
10. **The government has opened a factory near your home area, list four benefits the people around will get from the factory. (4 Mks)**
    1. Market for raw materials
    2. Employment opportunities
    3. Development of support services- banking, insurance, schools
    4. Community social responsibilities (CSR activities)
    5. Fair prices for products
    6. Steady supply of goods
    7. Improved infrastructure- roads, power
11. **List four characteristics of human wants (4 Mks)**
    1. Unlimited in number/numerous/endless/many
    2. Some are universal
    3. They are recurrent/repetitive
    4. Some are complimentary
    5. Vary from time to time
    6. Competitive in nature
    7. Some vary in urgency and intensity
    8. Limited means to satisfy them
    9. Some are habitual
    10. Insatiable
    11. Requires resources to satisfy them
12. **Give four difficulties people face as they seek to satisfy human wants (4 Mks)**
    1. Poverty/lack of resources
    2. Scarcity of goods/services
    3. They keep recurring
    4. High prices for goods/services
    5. They are many
    6. Competitive in nature
13. **Highlight five reasons why people start business. (5 Mks)**
    1. To earn income/supplement their incomes
    2. As a hobby
    3. Influence of peers
    4. Self employment
    5. Build self image and social image/self actualisation
    6. Be own boss
    7. Utilize their skills
    8. Spend leisure time
    9. Provide goods & services to the disadvantages in the society
    10. Make use of waste products
14. **List four differences between goods and services (4 Mks)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Goods** |  | **Services** |
| 1 | Can be stored/not always perishable | 1 | Cannot be stored/highly perishable |
| 2 | Tangible | 2 | Intangible |
| 3 | Quality can be standardised | 3 | Quality cannot be standardized |
| 4 | Visible/can be seen | 4 | Not visible/invisible/cannot be seen |
| 5. | Separable from owner |  | Inseparable from owner |
| 6 | Some goods are not perishable | 6 | Services are highly perishable |

1. **List four natural sources of energy in Kenya. (4 Mks)**
   1. Solar
   2. Geothermal
   3. Hydropower
   4. Biogas
   5. Firewood/charcoal
   6. Wind
2. **Indicate whether the following resources are renewable or non-renewable (4 Mks)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Resource** |  | **Classification** |
| 1 | Solar energy |  | Renewable |
| 2 | Metal ores |  | Non-renewable |
| 3 | Limestone |  | Non-renewable |
| 4 | Biogas |  | renewable |

1. **From the given statements, indicate the type of utility described (4 Mks)**

|  |  |  |
| --- | --- | --- |
|  | **Statement** | **Type of Utility** |
| 1 | Utility created when goods are transformed from raw form into finished products | Form utility |
| 2 | Utility created when goods are moved to where they are needed for consumption | Place utility |
| 3 | Utility created when goods are stored until they are needed for consumption | Time utility |
| 4 | Utility created when the goods are transferred from the producer to the consumer | Possession Utility |

1. **Outline four features of direct production (4 Mks)**
   1. Limited production/low output/low quantities
   2. Lack of specialization
   3. Use of archaic/traditional tools in production/poor technology
   4. No trade/intended for subsistence/low consumption
   5. Low quality goods
2. **`Give four characteristics of land as a factor of production (4 Mks)**
   1. Productivity can be increased
   2. Natural resource
   3. Reward is rent/rates/royalties
   4. Basic factor of production
   5. Limited in supply
   6. Geographically immobile
   7. Quality is not homogenous
3. **For each of the following production activities, indicate whether it is direct or indirect type of production**

|  |  |  |
| --- | --- | --- |
|  | **Activity** | **Type of production** |
| 1 | A student washing own clothes after school | Direct |
| 2 | A shopkeeper selling household items at the shopping center | Indirect |
| 3 | An farmer producing maize for his family consumption | Direct |
| 4 | A hotel operator selling food to people at the local market | indirect |

1. **Name the rewards that the following factors of production are associated with (4 Mks)**
   1. Land: rent/rates/royalties
   2. Labour; wages/salaries, royalties, commission
   3. Capital: interest
   4. Entrepreneurship: profits/dividends
2. **Outline four advantages of division of labour and specialization (4 Mks)**
   1. Output per worker greatly improved
   2. Innovation and invention
   3. Encourages development of new talents
   4. Less mental and physical effort
   5. Improvement of quality of products
   6. Specialisation in a single trade
   7. Reduces training time
   8. Encourages use of modern equipments
   9. Saves time in production
3. **State four roles of entrepreneurs in Kenya. (4 Mks).**
   1. Utilization of local resources
   2. Improvement in infrastructure
   3. Employment creation
   4. Increased variety of goods/services
   5. Raising of standard of living
   6. Stabilization of market prices
   7. Reduces imports
4. **State three characteristics of entrepreneur (3 Mks)**
   1. Innovative
   2. Self confident
   3. Persistence
   4. Independent
   5. Goal oriented
   6. Patient
   7. Flexible
   8. Aggressive
   9. Highly motivated
   10. Networker
   11. Time conscious
   12. Good communicator
5. **State four sources of business ideas (4 Mks)**
   1. Hobbies
   2. Tradeshows/exhibitions
   3. Newspaper/journals/ print media
   4. Vocational training
   5. Research/surveys
   6. Listening to people
   7. Taking advantage of events
   8. Identifying market gaps
   9. Making use of waste products
6. **List five contents of a business plan (5 Mks)**
   1. Name and address of business
   2. Business structure
   3. Financial plan
   4. Revenue and expenditure projection
   5. SWOT analysis
   6. Market analysis
   7. Competitor analysis
   8. Summary of business plan
   9. Product
7. **State four functions of an office**
   1. Administration
   2. Distribution/ disseminating of information/Communication
   3. Filing/storage of information
   4. Mailing
   5. Receiving and recording information
   6. Reproduction of documents
   7. Processing of information
   8. Safeguarding organisation’s property
8. **Name four characteristics of a good filing system (4 Mks)**
   1. Easy access
   2. Ease of operation/simplicity
   3. Compatible
   4. Elastic
   5. Safe
   6. Cross-reference
   7. Saves on space(compact)
   8. Suitability
9. **List four disadvantages of an enclosed office layout (4 Mks)**
   1. There is no close supervision of workers.
   2. Costly to construct and to maintain.
   3. Not possible to share equipment’s/ costly to provide each employee with equipment’s
   4. Encourages absenteeism.
   5. A lot of time is taken by officers when moving from one office to another.
   6. Encourages laxity in office.
   7. Reduces interaction between management and other employees.
   8. Encourages unethical behavior in offices
   9. Rearrangement of offices in rendered almost impossible
   10. Possible misuse of office facilities, for example, telephones.