**BUSINESS STUDIES MARKING SCHEME FORM 1**

1. Define term (4marks)

1. Economics-study of how people allocate their scare resources to provide for their unlimited wants.
2. Entrepreneurship -process of identifying viable business and allocating resources in the aim of making profit.
3. Distribution-all activities involved in movement of goods from producer to consumers.
4. Scale of preference-. A list of all the needs with their order of priority. Any (4x1=4)

2. Ethics in business management (4marks)

1. By avoid overcharging
2. By not hoarding goods
3. By not selling expired /sub-standard goods /selling quality goods
4. Be courteous to customers
5. Avoid unfair competition

3. Benefits of business plan (4marks)

1. Motivates to achieve
2. Assist to budget
3. Form a basis of evaluation.
4. Can assist a firm to obtain funding ..any(4x1=4)
5. A firm knows how it is performing

4. Characteristics of economic resource (4marks)

1. Scarce
2. Momentary value
3. Unevenly distributed
4. Capable of alternative uses.
5. Have utility (Any- 4x1=4)
6. Can be combined in various proportions
7. **Factors of product and rewards**
8. Land - rent
9. Labour - salary
10. Entrepreneurship - profit
11. Capital - interest (Any 4x1=4)

6. Ways in which Utility can be increased (4marks)

1. Moving goods and services where they are needed / transport
2. Storing goods until their demand arises / warehousing
3. Charging raw material to finished goods./processing ,manufacturing
4. Selling the goods and services to consumers./trade

7. External factors that negatively affects a business (any 4x1=4)

1. Political instability
2. Low economic activities /recession/low seasons
3. Social cultural /beliefs that do not support the business
4. Poor /low levels/ use of out-dated technology
5. Lack of market/customers
6. Poor location of the business
7. Stiff /unfavourable competition (Any 4x1=4)

**8. Business activities that an entrepreneur may engage in.**

1. manufacturing /Processing
2. trading
3. distribution
4. construction (Any 4x1=4)

9. Benefits of business studies to individual (4marks)

1. Equips an individual with the skills on how to start and run a business.
2. Enables an individual to have knowledge that may help evaluate the viability of a business idea.
3. Give an individual knowledge for further studies in business related fields.
4. Enables an individual know / appreciate the roles of government in business.
5. Instil self-discipline while doing business
6. Enables an individual to have proper business ethics in business.
7. Impart proper entrepreneurial skills (Any 4x1=4)

**10. Reasons why it is difficult to satisfy human wants**

1. Resources to satisfy them are scarce.
2. Human wants are recurrent /keep on reappearing again and again.
3. They are numerous/ unlimited in number.
4. Keep on changing with age.
5. They compete in satisfaction
6. They are complementary satisfaction of one want brings forth another want. (Any 4x1=4)

**11. Characteristics of labour as a factor of production** (3marks)

1. Labour is mobile.
2. Cannot separate from provider.
3. It can be improved by acquisition of skills (any 3x1=3)

**12. Classification of wants.**

1. Medicine - secondary
2. Water - basic
3. Education - secondary
4. Housing - basic (Any 4x1=4)

**13. Differences between goods and services**

**Goods - services**

1. Tangibles - intangibles
2. Visible - Invisible
3. Can be stored - cannot be stored
4. Not all are perishable - highly perishable
5. Can be standardized - cannot be standardised

**14. Increase land productivity as a factors of production**  (4marks)

1. Increases the input into the land eg.fertilizer
2. Employ best practices in crop production.
3. Use modern technology.

**15. How legal practical affects business.**

1. Provision of security to business.
2. Corruption affect business
3. High cost of borrowing finance
4. High taxation rates
5. Lengthy procedures of getting licenses.

**16. Challengers entrepreneurs face**  (4marks)

1. Inadequate / Lack of finance
2. Unfair competition
3. Lack of market
4. Lack government support
5. Lack of managerial /entrepreneurial skills.

**17. Four advantages of division of labour** (4marks)

1. Creates specialization
2. Saves time /work is done faster
3. High quality goods are produced
4. Output per worker is greatly increased.
5. Mass production due to great efficiency.

**18. Four ways in which a business opportunity may exist**  (4marks)

1. In availability of products
2. Poor quality products
3. Insufficient products /services
4. Expensive /unaffordable prices
5. Poor services

**19. Improve human resource**  (4marks)

1. Fair remuneration
2. Avoid discrimination / favouritism
3. Provide equal opportunities in training
4. Offer fringe benefits e.g. Housing etc.
5. Fair treatment of junior workers

**20. Factors promoted entrepreneur growth in Kenya**  (4marks)

1. Availability of cheap finance
2. Government support
3. Business curriculum taught in institution.
4. Existence of role models in business-motivated others.
5. Needs for self-employment

**21. State three factors that may lead to the success of a business.**

1. Availability of capital
2. Developed infrastructure
3. Availability of skilled labour
4. Government support
5. Fair competition
6. Availability of markets
7. Availability of resources (Any 3x1=3)

**22. Features of indirect production**  (4marks)

1. Goods produces for sale
2. Goods produces in large quantities
3. There is specialization
4. High quality goods produces
5. Modern technology used

**23. Level of production** (4marks)

1. Fishing - primary
2. Constructing bridge - secondary
3. Insuring car - tertiary
4. Dress making - tertiary

**24. Exploitation of natural resources**  (4marks)

1. Prevents / control over exploitation of resources
2. Consume / make use of resources
3. Promotes tourism
4. Control production activities which requires natural resources
5. Prevents environmental degradation (any 4x1=4)

**25. Producer or consumer goods**

1. Factory - producer
2. Private car - consumer
3. Iron ore - producer
4. Tools - producer (any 4x1=4)