**TOP EVALUATION EXAMINATION - 2016**

**Kenya Certificate of Education**

**Business Studies Paper**

**FORM 1**

**JULY/AUGUST**

**MARKING SCHEME**

1. Define the following terms as used in Business Studies. (4 marks)
2. Business:

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

1. Goods:

**These are items that are tangible i.e. they can be touched and felt.**

1. Services:

**These are efforts or acts/actions or activities that may be sold and are intangible (cannot be touched nor felt).**

1. Consumer

**The person who uses a good or a service**.

1. State **four** reasons for inclusion of Business Studies in Kenyan secondary curriculum. (4 marks)

* **Assists the learners/members of the society to acquire knowledge and awareness of business terminologies which are necessary when discussing business issues such as profit and loss.**
* **Assists the individuals in appreciating the role of business in society/in provision of goods and services.**
* **It enables the learners to acquire basic knowledge, skills and attitudes necessary for the development of self and the nation by starting and operating business.**
* **Equips the members of society with knowledge and skills necessary to start and run a business comfortably.**
* **Makes the members of society to appreciate the need for good business management practices.**
* **Assists individual to acquire self discipline and positive attitude towards work.**
* **Equips individual with abilities to promote co-operation in society through trade.**
* **Enables the individual to understand the role of government in business activities.**
* **Equips individuals with abilities to understand the role of communication and information technology in modern business management.**
* **Helps the individuals to develop positive attitudes towards the environment.**
* **Equips the individual with knowledge and skills required to evaluate business performance.**
* **It helps individual to develop various intellectual abilities such as inquiry, critical thinking, analysis, interpretation, rational judgement, innovation and creativity.**
* **It enables learners to acquire skills for wise buying and selling.**
* **It creates a firm foundation for further education and training in business and other related fields.**
* **It enables one to understand and appreciate the basic economic issues that affect the society such as increase in prices of goods and services.**

1. Give **four** reasons for one’s decision to engage in business. (4 marks)

* **To provide goods and services.**
* **To create employment.**
* **To earn profit.**
* **As an outlet of new innovation**
* **To be as own boss.**
* **To utilize extra resources**
* **To offer special services.**
* **To utilize spare time**

1. One of the categories of business activities is extraction. Mention **four** extraction activities that a business person can engage in. (4 marks)

* **Mining**
* **Farming**
* **Lumbering**
* **Fishing**
* **Quarrying**

1. Mention **four** internal environment factors that influence business. (4 marks)

* **Objectives of the business**
* **Management policies and style**
* **Business structure**
* **Business Resources**
* **Research and development**
* **Business culture**
* **Owners**

1. State **four** instances when economic environment can be an opportunity to the business. (4 marks)
   * **The prices of commodities are low**
   * **If the consumers incomes are high**
   * **If the taxes levied on goods are low as it will make prices of commodities to fall**
   * **If banks charge low interest rates on loans, it encourages people to borrow loans and buy more goods**
   * **If there is low levels of inflation**
2. State **four** features of human needs. (4 marks)

* **human wants are endless**
* **Competitive**
* **They are recurrent**
* **Varied intensity and urgency**
* **Require resources**
* **Complimentary**
* **Universal**

1. Habitual Give **four** characteristics of basic human wants. (4 marks)

* **One cannot do without them;**
* **They’re felt needs;**
* **Cannot be postponed;**
* **They are satisfied before secondary wants**.

1. Give four differences between goods and services. (4 marks)

|  |  |
| --- | --- |
| **Goods** | **Services** |
| **Tangible**  **Can be seen**  **Can change possession**  **Can be stored**  **Quality can be standardized.** | **Intangible**  **Cannot be seen**  **Inseparable from the provider**  **Cannot be stored**  **Quality cannot be standardized** |

1. Mention **four** characteristics of economic resources. (4 marks)

* **Scarce in supply**
* **Have money value**
* **Unevenly distributed**
* **Can change ownership**
* **They have utility**
* **Can be combined**
* **They have alternative uses**
* **Can be complimentary**

1. Name **four** human resources. (4 marks)

* **Teachers**
* **Doctors**
* **Lawyers**
* **Engineers**
* **manual labourers**

1. Identify **four** non renewable resources. (4 marks)

* **Gold**
* **building stone**
* **gravel**
* **iron**
* **Aluminum**
* **Lead**
* **natural gas**

**Any other goods cannot be restored after they have been extracted and used.**

1. Identify the **four** types of utility. (4 marks)

* **Form utility**
* **Time utility**
* **Place utility**
* **Possessive utility**

1. State **four** characteristics of direct production in business. (4 marks)

* **Goods and qualities are mainly of low quality and quantity;**
* **Encourages individualism**
* **Leads to low standards of living;**
* **Does not encourage consumption;**
* **Can be very tiring;**
* **Does not encourage invention and innovation;**
* **A lot of time is wasted as one moves from one job to another;**
* No one has the ability to provide all that he/she requires.

1. List **four** factors of production in business. (4 marks)
   * **Land**
   * **Labour**
   * **Capital**
   * **Entrepreneurship**
2. State **four** advantages of labour division and specialization. (4 marks)

* **Output per worker is greatly increased;**
* **It encourages invention and innovation as one repeats the same process over and over, he can easily come up with more innovative and efficient tactics or solutions to a certain challenge.**
* **Enables greater use of machines in production making production fast and efficient;**
* **It saves time where the worker does not have to move from one activity to another;**
* **It enables a worker to acquire skills in a particular field;**
* **It enables one to engage in a trade in which he/she is best suited or talented to do;**
* **Leads to production of production of quality goods and services;**
* **Routine jobs involved reduce mental and physical effort.**

1. Identify **four** public goods. (4 marks)

* **Roads**
* **Railways**
* **Ports**
* **Courts**
* **Churches**

1. State **four** qualities of a good entrepreneur. (4 marks)

* **Desire to achieve**
* **Ability to solve problems**
* **Risk taker**
* **Initiative**
* **Time consciousness**
* **Creativity and innovation**
* **Independence and self confidence**
* **Persistence and patience**
* **Decisive**
* **Persuasive**
* **Goal-oriented**
* **Seek information**
* **Concern for high quality products**
* **Commitment to work**.
* **Concern for customer satisfaction**
* **Desire to feedback**

1. Give the components of a good business idea. (4 marks)

* **The products to produce/sell**
* **Who the business will sell to (market)**
* **Where the business will be located**
* **How the will be run (management)**
* **Why the business is needed (objectives)**

1. Mention **four** gaps that indicate there is a business opportunity. (4 marks)

* **In availability of products**
* **Poor quality products**
* **Insufficient quantities**
* **Unaffordable prices**
* **Poor services**.

1. List **four** personal considerations when evaluating a business opportunity. (4 marks)

* **Objectives**
* **Skills**
* **Commitments**
* **Interest**

1. identify **four** contents of a good business plan. (4 marks)

* **Name of the business**
* **The product to be sold or produced**
* **Personnel to manage the business**
* **Amount of finance and other resources required**
* **The market to be served (customers)**
* **Types of employees required**
* **Projection (level of achievement in future in terms of profit)**
* **Summary of the plan.**

1. How important is a business plan to an entrepreneur? (4 marks)

* **Avoiding mistakes**
* **Identifying strength and weaknesses**
* **Requirement by financiers**
* **It helps to determine the resources required and plan on how and where to use them. This ensures that resources are neither underutilized nor used for the wrong purpose.**
* **Facilitates business evaluation.**
* **It helps an entrepreneur outline competition**
* **A motivating factor**
* **Adaptability/give room to accommodate any changes that might occur in the future.**
* **Tool for control**

1. State **four** factors that discourage entrepreneurship. (4 marks)

* **Unfavorable government policies.**
* **Poor infrastructure.**
* **Unavailability of resources.**
* **Low level of education and skills.**
* **Unavailability of markets.**
* **Unhealthy competition.**
* **Political instability.**

**Any other relevant point.**

1. Identify four ways in which proper managerial skills can lead to success of a business. (4 marks)

* **Hiring staff**
* **Assigning duties**
* **Supervising**
* **Training**
* **Motivating**