

**BUSINESS STUDIES**

# **Form 1**

**MID-TERM 2 EXAM**

**MARKING SCHEME**

**FORM ONE**  
**BUSINESS STUDIES**  
**MARKING SCHEME**

- 1 (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 a profit.
- (b) **Goods** are items that are tangible i.e. can be touched and felt.
- (c) **Production** refers to creation of goods and services or increasing their usefulness.
- (d) **Services** are action or activities that can be sold.
- (e) **Business studies** is the study of the activities that are carried out in and around production distribution of goods and services.

**2. Types of business activities.**

- a) Extraction activities.
- b) Processing of raw materials.
- c) Manufacturing activities.
- d) Constriction activities.
- e) Distribution of goods.
- f) Trading activities.
- g) Provision of services.

**3. Characteristics of human wants.**

- a) They are insatiable/endless unlimited.
- b) They vary in intensity and urgency.
- c) They are competitive.
- d) They are recurrent
- e) Some are recurrent.
- f) Some are habitual.
- g) They require resources to be satisfied
- h) They are complimentary

**4. Types of utilities.**

- a) Form utility.
- b) Time utility.
- c) Place utility.
- d) Possession utility.

**5. Component of business studies.**

- a) Economics
- b) Commerce.
- c) Accounting.
- d) Office Practice.
- e) Entrepreneurship.

**6. Reason for starting a business studies.**

- a) To make a profit.
- b) To provide essential goods and services.
- c) To create employment.
- d) To create a market for locally available raw material.
- e) To create a healthy environment by making use of waste material.
- f) To produce and sell new products from new investment.
- g) To be your own boss.
- h) To utilize extra time to earn extra money.
- i) To utilize extra resources that would be idle.

**7. Characteristics of basic wants.**

- a) They are felt needs.
- b) They cannot be postponed.
- c) They are essential for human survival.
- d) They are satisfied before secondary wants.
- e) They are universal.

**8. Characteristic of direct production.**

- a) There is no exchange of goods and services/not for sale.
- b) The amount/quantity of goods produced is small.
- c) The methods of production used are simple.
- d) The goods produced are for own consumption.
- e) There is less specialization.
- f) The quality of goods produced is low.
- g) Production is carried out in small scale.

**9. Benefit of business studies to an individual.**

- a) Learner gain knowledge and skills on how to start and manage a successful business.
- b) Learners are able to understand the relationship between various business activities.
- c) The knowledge acquired can be applied in other fields of study eg geography, arts, home science.
- d) enables one to understand how a business is influenced by the environment within which it operate.
- e) Give the learner the basic knowledge required for further education in business related courses.
- f) Equips the learner with the necessary skills and attitudes to understand the changing global trends in business.
- g) Enables one to appreciate the role of business in the society.
- h) Enables one to understand the role of government in relation to business activities.
- i) The learners appreciate the role of market forces in determining the price of goods.

10. **Elements of internal business environment.**

- a) Workers/employees/human resource.
- b) Facilities/business resources.
- c) Finances
- d) Business structure
- e) Technology
- f) Management style of the business
- g) Organization of a business/business structure.
- h) Research and development
- i) Owners.

11. **Characteristics of goods:**

- a) Goods are tangible/can be touched and felt.
- b) Can be stored/Not all goods are perishable.
- c) Quality can be standardized.
- d) Can change in quality over time.
- e) Have money value.
- f) Goods are produced and consumed at different times.

12. **Activities under the primary level of production.**

- a) Mining
- b) Farming
- c) Lumbering
- d) Fishing
- e) Quarrying.

13. **External business Environment factors.**

- a) Economic environment.
- b) Demographic environment.
- c) Legal-political environment.
- d) Technological environment.
- e) Social-cultural environment.
- f) Competitive environment.
- g) Physical/ Natural Environment.

14. **Characteristic of economic resources:**

- a) They are scarce.
- b) They have money value.
- c) They can be combined in various proportions.
- d) They are capable of being put into alternative uses.
- e) They are unevenly distributed.
- f) Some are complimentary.
- g) They have utility.
- h) They are transferable through trade.

15. **Factors of production.**

- a) Land.
- b) Labour.
- c) Capital.
- d) Entrepreneurship.

16. **Types of a business resources.**

- a) Human resources.
- b) Financial resources
- c) Physical resources
- d) Technology.

17. **Characteristics of services.**

- a) Are intangible
- b) Cannot be stored/highly perishable.
- c) Cannot be separated from the provider
- d) Have money value i.e. can be exchanged for money.
- e) Production and consumption of services takes place at the same time.
- f) Cannot be divided into smaller units like goods.
- g) Quality cannot be standardized.
- h) Cannot be seen.

18. **Characteristic of land as a factor of production.**

- a) It's a basic factor of production.
- b) Its supply is fixed/cannot be expanded.
- c) Lacks geographical mobility.
- d) Its productivity can be enhanced/increased by irrigation or use of fertilizers.
- e) Quality is not homogenous.
- f) Has occupational mobility/usage is flexible depending on the need.
- g) It's a natural recourse
- h) Its productivity increases with uses/subject to the law of diminishing return.

19. **Ways through which a healthy business environment can be maintained.**

- a) Controlling/reducing pollution.
- b) Using environment friendly chemicals.
- c) Using recyclable packaging e.g. heavy plastic.
- d) Not passing false information to consumers e.g. on nutritional value of an ingredient.
- e) Selling safe and fit products to customers.
- f) Utilizing and managing local resources well to avoid depletion.
- g) Provision of essential services by the government e.g. water, roads, electricity, etc.

20. **Renewable resources** are those resources whose supply can be restored e.g. wood, fuel, H.E.P, solar energy etc while non-renewable resources are those resources whose supply cannot be restored after use e.g. coal, building stone etc.

- 21 (a) Primary level.  
 (b) Secondary level.  
 (c) Tertiary level.  
 (d) Primary level.

- 22 (a) **Producer goods** are goods produce to be used to produce other goods while **consumer goods** are goods that are readily usable by the final.
- (b) **Perishable goods** are goods that go bad very easily unless stored under special facilities while **durable goods** are goods that continue giving service for a long time.

23. **Function of an entrepreneur.**

- a) They start the business
- b) Controls the business
- c) Makes decisions
- d) Acquires and pays for all the other factors of production.
- e) Bears the risks.
- f) Enjoy profit.
- g) Pays for expenses e.g. electricity, water.
- h) Owns the whole project.

24. **Specialisation** refers to where one concentrates in the production of what he/she can produce best leaving other people to produce other commodities.