**MARKING SCHEME FORM THREE BUSINESS STUDIES**

**END OF TERM TWO EXAMINATION**

1. Characteristics of services.

-They are intangible/cannot be touched and felt.

-They are invisible/cannot be seen.

-They are inseparable from provider.

-Their quality cannot be standardized.

-They cannot be stored for future use/highly perishable.

-Their quality cannot change over time. (4×1=4marks)

2. Channels a manufacturer would use to distribute his goods to the customer.

Local manufacturer🡪Consumer.

Local manufacturer🡪Retailer🡪Consumer.

Local manufacturer🡪Wholesaler🡪Consumer.

Local manufacturer🡪Wholesaler🡪Retailer🡪Consumer. Award any other relevant. (4×1=4marks)

3. Importance of a warehousing to a manufacturer.

-Allows continuity in production without rush.

-He can look for market while goods are in the warehouse.

-Goods are protected from theft/pilferage.

-Manufacturer can produce goods in advance to meet unexpected customer demand.

-Some goods improve in quality while in the warehouse.

-Manufacturer can prepare goods for sale.

-Goods are protected from physical damage. (4×1=4marks)

4. Office equipment.

a) Franking machine.

b) Telephone/Radio call.

c) Safe/Cabinet.

d) Dictaphone/Dictating machine/Recorder. (4×1=4marks)

5. Factors that determine fertility rate in a country.

- Cultural beliefs concerning family size.

- Access to family planning services.

- Availability of health facilities.

- Literacy levels.

-Extent of bareness of women in a country.

- Food security.

- Peace and security. (4×1=4marks)

6. Reasons that can lead to the termination of an insurance contract.

- When the contracts matures/lapse of time.

- Surrendering of the policy.

- Insured fails to pay the premiums.

- Occurrence of insured risk and compensation done.

- Incase of general insurance and the insured sells the property. (4×1=4marks)

7. Measures that a firm should take to improve the performance of its labour force.

- Providing more appropriate training.

- Taking care of employee welfare in ways such as providing medical covers.

- Ensuring good relationships between employees and management.

- Giving workers relevant tools and equipments.

- Giving workers adequate remuneration/salaries.

- Giving them job security.

- Constant performance appraisal through signing performance contracts. (4×1=4marks)

8. The participant in a two sector economy.

a) Household.

b) Household.

c) Firm.

d) Firm. (4×1=4marks)

9. Means of transporting goods and people on land.

- Vehicles.

- Human porterage.

- Cartage.

- Train.

- Motor bikes.

- Tuktuk. (4×1=4marks)

10. External business factors that would affect business operations negatively.

- Stiff competition.

- Unfavourable government policies.

- Unreliable suppliers.

- Poor infrastructure.

- Lack of customers.

- Insecurity. (4×1=4marks)

11. Features of a monopoly market structure.

- It’s difficult to join the market/has barriers to enter the market.

- There’s only one seller and many buyers in the market.

- Products dealt with has no close substitutes.

- The firm is the price setter/maker.

- Firms earn supernormal profits.

- Price discrimination is possible. (4×1=4marks)

12. Benefits to a business person who uses e-mail to communicate.

-Relatively cheap.

-Relatively fast.

- Its confidential.

-Gets instant feedback.

-Easy access to other information e.g. advertising.

- It’s a safe means/requires password to unlock. (4×1=4marks)

13. Reasons why business men observe ethical practices.

- To ensure healthy competition.

- To protect consumers.

- To promote social responsibility.

- To promote positive cultural practices.

- To avoid discrimination in business.

- To maintain suppliers.

- To protect the environment. (4×1=4marks)

14. Ways in which the government may influence the supply of a product in market.

- Setting the price of the product.

- Setting production quota to the suppliers.

- The use of value added tax/sales tax.

- Providing subsidies to producers.

- The use of legislative measures.

- Improving infrastructure to facilitate transportation of goods to the market. (4×1=4marks)

15. Benefits that a consumer would get by joining a consumer co-operative society.

- Assured of getting right quality goods.

- Able to buy goods on credit.

- Gets regular supply of basic goods.

- Eliminates exploitation by other traders.

- Enjoys dividends at the end of the year.

- Gets a variety of goods.

- Gets a chance of being elected to the management levels. (4×1=4marks)

16. Factors considered when locating fruit processing firm at Kalamba in Makueni County.

- Nearness to raw materials to enable continuous production and also reduce the cost of transporting raw materials.

- Availability of labour in order to reduce labour costs and also meet various labour demands.

- Room for expansion, enough space for expansion at a lower cost.

- Availability of water to facilitate production process.

- Government policy, to comply in order to reduce conflicts with the government.

- Climatic conditions, the climate at Kalamba encourages farmers to plant fruits.

- Availability of auxiliary services such as banking to facilitate business operations.

Award any other relevant point. (5×2=10 marks)

17. Advantages of road shows in promoting products.

-The interaction between the sales people and consumers enables them to get immediate feedback.

-It covers a wide geographical coverage thus able to reach more customers/widened market.

-It has a personal appeal accompanied by entertainment thus attractive to more customers.

-Demonstration is possible to explain various features of their products.

-It is convenient because goods are taken to consumers door steps.

-Consumers can get clarification about products and company thus objections are dealt with which leads to more sales. (5×2=10 marks)

18. Circumstances under which a business person may find it necessary to make use of an automatic vending machine.

- Where there is need to attract more customers as the machine can serve customers any time.

- When there is need to save his time and that of customers since it is quick/fast.

- When there’s need to lower the costs of running the business since it’s cheaper to run.

- Where the nature of goods is suitable for sale through vending machines.

- When services are required throughout the day as it serves 24 hours a day.

- When there’s need to increase the profit of the business because it controls pilferage.

- If it’s a government requirement thus no alternative but to comply. (5×2=10 marks)

19. Five ways in which the government may positively influence business activities in a given area.

- Increasing subsidies, the government can meet part of production costs so that the suppliers can sell their products cheaply.

- Improving infrastructure, government can create an enabling environment by building roads, supplying water etc.

- Providing security for the investors’ life and property to give confidence to the investors.

- Facilitate provision of auxiliary services such as banking to facilitate trade.

- Providing loans with low interest rates to assist business people to get capital.

- Protect local investors from established foreign business so that their business can thrive without stiff competition.

- Provide incentives such as tax reliefs, tax holidays so that upcoming business can break even.

(5×2=10 marks)