

BUSINESS STUDIES PAPER
FORM 1
2017

MARKING SCHEME

1. Define the following terms as used in Business Studies.
(5 marks)
 - a) *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.
 - b) *Services*
efforts or acts/actions or activities that may be sold and are intangible (cannot be touched nor felt).
 - c) *Production*
Creation of goods and services or increasing their usefulness through activities such as transporting them to where they are required.
 - d) *Distribution*
Movement of goods and services from producers to the users.
 - e) *Consumption*
act of using the goods or services produced consumption is the ultimate goal of production.
2. Name **four** activities that take place in an office.
(4 marks)
 - *Communication*
 - *Filing*
 - *clerical work*
 - *reproduction of documents*
3. state **six** benefits a student can derive from the study of Business Studies.
(6 marks)
 - ✓ *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.*
- ✓ *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.*
- ✓ *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.*
- ✓ *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.*
- ✓ *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.*

4. For which reasons do entrepreneurs engage in business?

(5 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*

5. List **five** items that money is paid to get but they cannot be touched.
(5 marks)

*hair-cutting, hair styling, car-washing, nursing, teaching, driving, and entertaining
any other service*

6. Mention **four** gaps that can form a business opportunity to a business person. (4 marks)

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

7. Mention the contents of a good business plan.
(5 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*
- ✓ *Types of employees required*
- ✓ *Projection*
- ✓ *Summary of the plan.*

8. Name **four** business resources.
(4 marks)

- ✓ *Human resource.*
- ✓ *Financial resource.*
- ✓ *Physical resources*
- ✓ *Technology*

9. Explain **five** significance of entrepreneurship to Kenyan economy.
(10 marks)

- ✓ *Creation of employment.*
- ✓ *Formation of capital.*
- ✓ *Raising standards of living.*
- ✓ *Encourages the use of local resources.*
- ✓ *Improving infrastructure.*
- ✓ *Savings on imports.*
- ✓ *Reducing foreign dominance of the economy.*
- ✓ *Promotion of technology/promotion of innovation, research and development.*
- ✓ *Promotion of entrepreneurial culture/helps in the creation of role models.*
- ✓ *It contributes to government revenue.*
- ✓ *It promotes economic growth.*
- ✓ *It may promote self-actualization and esteem.*

10. Explain **five** ways in which a business person benefits from a business plan. (10 marks)

- ✓ *Helps in avoiding mistakes.*
- ✓ *Helps in identifying strength and weaknesses.*
- ✓ *Aids in allocation of resources.*
- ✓ *Facilitates business evaluation.*
- ✓ *It helps an entrepreneur outline competition.*
- ✓ *A motivating factor*
- ✓ *Adaptability.*
- ✓ *Tool for control.*

11. Explain **five** characteristics possessed by an entrepreneur.
(10 marks)

- ✓ *Desire to achieve.*

- ✓ *Ability to solve problems.*
- ✓ *Risk taker*
- ✓ *Initiative.*
- ✓ *Time consciousness.*
- ✓ *Creativity and innovation.*
- ✓ *Independence and self-confidence.*
- ✓ *Persistence and patience*
- ✓ *Entrepreneurs have strong problem, solving and decision making skills.*
- ✓ *Persuasive-Convincing people to believe in their ideas and buy their products keeps entrepreneurs in business*
- ✓ *Goal-oriented*
- ✓ *Seek information.*
- ✓ *Concern for high quality products.*
- ✓ *Commitment to work.*
- ✓ *Concern for customer satisfaction.*
- ✓ *Desire to feedback.*

12. Describe five sources of business idea.
(10 marks)

- ✓ *Newspapers*
- ✓ *Shows and exhibition*
- ✓ *Magazines and journals.*
- ✓ *Hobbies*
- ✓ *Vocational training and experience.*
- ✓ *Surveys and market research.*
- ✓ *Recycling/using waste products*
- ✓ *Listening to what people say*
- ✓ *Identifying a market gap (niche).*
- ✓ *Brain storming*
- ✓ *Listing attributes of a product.*
- ✓ *Copying/improving an existing business*

13. Discuss **six** external factors that are likely to affect the operations of a business. (12 marks)

- ✓ *Availability of market for the product.*
- ✓ *Technology*
- ✓ *Availability of raw materials and other resources*
- ✓ *Government policy*
- ✓ *Amount of capital required.*
- ✓ *Profitability of the business.*
- ✓ *The break-even period.*
- ✓ *Possibility of expansion.*
- ✓ *Impact of the business operations on the environments*
- ✓ *Security*
- ✓ *Level of competition.*
- ✓ *The risks that the business will face.*

14. Explain **five** causes of business failure.

(10 marks)

- ✓ *Wrong choice of business.*
- ✓ *Improper managerial skills*
- ✓ *Wrong location/unavailability of customers.*
- ✓ *Inadequate finance/capital.*
- ✓ *Competition*
- ✓ *Non-Commitment to business.*
- ✓ *Poor financial management.*