

MARKING SCHEME

1. State **four** benefits of learning business to a Kenyan student. (4mks)

- i) **To relate knowledge, skills and attitude to day-to-day life**
- ii) **Helps the learner acquire necessary skills to start and run business**
- iii) **Helps the learner to appreciate the role of business in provision of goods and services**
- iv) **Helps the learner to appreciate the need for good business practices**
- v) **Helps the student to develop self-discipline and positive attitude towards work**
- vi) **Helps the student in understanding the role of government in business activities**
- vii) **Help the student in understand the role of communication and information technology in business.**
- viii) **helps the student develop positive attitude towards the environment**
- ix) **It is a career subject e.g Business Studies teacher**

Any 4 correct answers $1 \times 4 = 4$

2. Outline **four** elements that may comprise the internal business environment. (4mks)

- i) **Business culture**
- ii) **Business structure**
- iii) **Business resources**
- iv) **Business owners**

3. Give **four** reasons why a business may fail. (4mks)

- i) **Inadequate capital/ lack of fund to run, sustain and expand the business**
- ii) **Poor/ inappropriate marketing strategies leading to low sales/ fewer customers**
- iii) **Unfair/ staff competition**
- iv) **Inefficient management skills/ insufficient skills to operate/ manage the business**
- v) **The business may not have enough manpower/ human resource**
- vi) **Inadequate/ lack of market due to low income of buyers/ cultural practices/ beliefs**
- vii) **Use of obsolete/ outdated/ postdated technology/ inappropriate technology which may lead to less**
- viii) **Unfriendly/ poor management policies by business owners/ managers**
- ix) **Unfavorable government policies**
- x) **Poor pricing which might make the product too expensive to attract buyers or too cheap to sustain the business.**
- xi) **Inappropriate product for the particular market**
- xii) **Political instability/ insecurity that may hinder smooth business operations**
- xiii) **Lack of proper planning to accommodate future changes in business environments.**
- xiv) **Poor customer relations/ care leading to loss of market**
- xv) **Poor time management which may cause loss of business opportunities/ inability to accomplish tasks.**

Any 4 correct answer $1 \times 4 = 4$ mks

4. Highlight **four** characteristics of capital as a factor of production. (4mks)

- i) **Capital is a man made resource**
- ii) **Capital can be moved from one place to another/ mobility**
- iii) **Capital can reduce in value i.e it's subject to depreciation**
- iv) **Capital can be improved through advancement of technology**
- v) **Capital reward is interest**

Any 4 correct answers $1 \times 4 = 4$ mks

5. State **four** ways in which a society benefits from direct production. (4mks)

- i) Better quality goods
- ii) Avails a variety of goods
- iii) High production capacity/ mass production
- iv) Better utilization of resources
- v) Facillittes trade/ exchange of goods and services
- vi) Goods become cheaper
- vii) Leads to high standards of living
- viii) Creates employment
- ix) Leads to specialization/ better skills

Any 4 correct answers 1x4=4mks

6. Give **four** reasons why the government of Kenya is encouraging entrepreneurship knowledge in schools. (4mks)

- i) To reduce the rate of unemployment
- ii) It equips learners with entrepreneurial skills and knowledge
- iii) Creates informed population n commercial activities
- iv) Helps the learners to be able to utilize local resources
- v) Enables the learners to be self-reliant

Any 4 correct answers 1x4=4mks

7. Highlight **four** qualities of an effective office manager. (4mks)

- i) Should be able to lead his/ her staff
- ii) Should be able to make wise/ reasonable decisions
- iii) Should have a strong character
- iv) Should be disciplined person
- v) Should be polite and pleasant

Any 4 correct answers 1x4=4mks

8. State **four** features of supermarkets. (4mks)

- i) Requires large capital to invest
- ii) Stocks a variety of goods
- iii) Offers self service facilities
- iv) Goods have price tags
- v) No credit facilities are offered
- vi) sale at comparative low prices
- vii) Prices of goods are fixed

Any 4 correct answers 1x4=4mks

9. List any **four** clauses of memorandum of association for joint stock companies. (4mks)

- i) Name clause
- ii) Objective clause
- iii) Liability clause
- iv) Capital clause
- v) Declaration clause

Any 4 correct answers 1x4=4mks

10. Outline **four** major areas of government participation in business. (4mks)

- i) Regulations
- ii) Training
- iii) Trade promotion
- iv) Provision of public utilities
- v) Enabling environment

Any 4 correct answers 1x4=4mks

11. State any **four** elements in communication. (4mks)

- i) The sender
- ii) The receiver/recipient

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- iii) The message being communicated
- iv) The channel/ medium
- v) The feedback

Any 4 correct answers 1x4=4mks

12. Give **four** reasons why a manufacturing firm would be located in an area well served by good road network. (4mks)

- i) To facilitate easy delivery of raw materials
- ii) To ease workers movement to and from work
- iii) To facilitate movement of finished goods
- iv) To gain easy access to auxiliary services e.g banks
- v) To reduce cost of transport

Any 4 correct answers 1x4=4mks

13. Mr. Muita is a wholesaler in Gathiro trading centre who owns his own warehouse. Outline **four** benefits that will accrue to him from his warehouse. (4mks)

- i) Relieved of storage cost incurred by hiring storage
- ii) He can use the warehouse as long as it is necessary
- iii) He is under control of the warehouse
- iv) He ensures security of goods from theft or physical damage
- v) He can handle the goods the way he wishes to

Any 4 correct answers 1x4=4mks

14. State any **four** principles of insurance. (4mks)

- i) Indemnity
- ii) Utmost good faith (uberima fidei)
- iii) Subrogation
- iv) Insurable interest
- v) Contribution

15. Outline **four** unethical practices that are associated with product promotion. (4mks)

- i) Give false information about a product
- ii) Not disclosing side effects of a product
- iii) Overpricing of goods
- iv) Cheating on ingredients used
- v) Advertising with negative effects on the environment
- vi) Promoting genuine products but selling counterfeit

16. State **four** factors that may accrue an increase in the supply of a product. (4mks)

- i) Reduced taxation of production
- ii) Favourable weather conditions
- iii) Reduced in price of product
- iv) Increase in price of product
- v) Increase in demand
- vi) Increase in production
- vii) Specialization
- viii) Favourable government policies
- ix) Future expectation of fall in prices of outputs

Any 4 correct answers 1x4=4mks

17. Highlight **four** advantages of large-scale business organization. (4mks)

- i) Obtains discounts because of bulk buying
- ii) Able to advertise

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- iii) Incurs low cost of production
- iv) Offers better management because of specialization
- v) Allows diversification in order to reduce of specialization
- vi) Able to cater for staff welfare
- vii) Large output due to many channels

Any 4 correct answers 1x4=4mks

18. Outline **four** features of monopolistic competition.

(4mks)

- i) Large number of sellers
- ii) Perfect knowledge of the market
- iii) Free entry and exit into the industry
- iv) Firms set their own prices
- v) Firms differentiate their product although they serve similar purpose.

Any 4 correct answers 1x4=4mks

19. State any cost incurred by intermediaries in the process of distribution.

(4mks)

- i) Enjoy credit facilities
- ii) Provide variety of goods
- iii) Goods are brought closer to the consumer
- iv) They store goods for the consumer
- v) Consumer can make special order for goods
- vi) Enjoy personnel attention from retailers
- vii) Stabilization of process

Any 4 correct answers 1x4=4mks

20. Outline **four** reasons why an increase in per capita income may not necessarily lead to a rise in the standard of living.

(4mks)

- i) Per capita income is an average and hence a mere statistics
- ii) Per capita figures may be high income may be unevenly distributed
- iii) Those not involved in the generation of the national income are also included in the calculations
- iv) Generations rise in the price of commodities. Inflation may affect the purchasing power of the purchasing power of the citizen.
- v) High taxes may erode the real value of per capital income
- vi) May be obtained through a strain on people's health.

21. Give **four** problems associated with an ageing population.

(4mks)

- i) They provide a less mobile labour force
- ii) Low labour supply
- iii) High dependency level
- iv) The country becomes less productive/ progressive because it lacks the input of more energetic youth
- v) May lead to unemployment i.e due to fall in demand for goods and services required be the youth.

22. State **four** sources of monopoly powers.

(4mks)

- i) Ownership/ control of an important input in production
- ii) Size of the market
- iii) Merging of two or more firms
- iv) High initial capital layout

23. Highlight **four** factors that determine the amount of premiums in life assurance.

(4mks)

- i) Age of the assured
- ii) Occupation of the assured
- iii) Residence of the assured
- iv) Health status of the assured
- v) The amount of some assured

vi) The length of the assured contract

24. State **four** factors that have hindered the expansion of railway transport in Kenya.

(4mks)

i) High cost

ii) Poor management

iii) Lack of modern technology

iv) Little government commitment

v) Lack of flexibility

vi) Speed

