

**OPENER EXAMINATION TERM 2 YEAR 2021**

NAME: ..... ADM NO: ..... CLASS: .....

**BUSINESS STUDIES  
FORM ONE  
MARKING SCHEME**

**Answer all the questions in the spaces provided.**

1. List four factors that make up the external business environment. (4 mks)
  - **Economic factors**
  - **Social cultural factors**
  - **Technological factors**
  - **Environmental factors**
  - **Legal/political factors**
  - **Demographic factors**
  
2. State four characteristics of basic wants. (4 mks)
  - **One cannot do without them**
  - **They cannot be postponed**
  - **They are felt needs**
  - **They are satisfied before secondary wants**
  
3. Define the following terms. (2 mks)
  - (i) **Comforts – They are wants that improve one’s living standards beyond the level of mere survival.**
  
  - (ii) **Luxuries – They are requirements that excessive comfort.**
  
4. State four characteristics of economic resources. (4 mks)
  - **They are scarce in supply**
  - **Have money value**
  - **Are unevenly distributed**
  - **They have utility**
  - **Have alternative uses**
  - **Can change ownership**
  - **Can be combined**
  - **Can be complimentary**
  
5. State examples of the following types of economic resources. (3 mks)

<b>RESOURCE</b>	<b>EXAMPLES</b>
	<b>(i) Doctors</b>

(a) Human Resources	<b>(ii) Teachers</b>
(b) Natural Resources	<b>(i) Rivers</b> <b>(ii) Minerals</b>
(c) Man-made Resources	<b>(i) Tractors</b> <b>(ii) Roads</b>

6. Define the following terms: (4 mks)
- (i) Opportunity cost – Is the value of the forgone alternative where choice has made.**
  - (ii) Scarcity – Means limited or not enough in supply of something.**
  - (iii) Choice – Selecting which human wants to satisfy first based on the scale of preference.**
  - (iv) Utility – Is the ability of the product to satisfy a human want.**

7. List four characteristics of direct production. (4 mks)
- **Goods and services are of low quality and quantity.**
  - **Encourages individualism**
  - **:Leads to low standards of living**
  - **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**

8. State the type of utility created in the following circumstances. (4 mks)

<b>Circumstance</b>	<b>Utility</b>
(a) Milling sugar cane	<b>Form</b>
(b) Selling sugar in a supermarket	<b>Possession</b>
(c) Transporting milk from a farmer to consumer	<b>Place</b>
(d) Storing maize in silos	<b>Time</b>

9. Outline four characteristics of land as a factor of production. (4 mks)
- **It is fixed in supply**
  - **It is subject to the law of diminishing returns**
  - **It is geographically immobile but cannot be occupationally mobile**
  - **The fertility of land is not homogenous which means it is not uniform**
  - **It is a gift of nature provided freely by the natural environment**
  - **It is a basic factor of production.**

10. Distinguish between the following types of goods. (2 mks)
- (i) Free goods and economic goods.

- Free goods are provided freely by nature e.g. air
- Economic goods are those that are limited in supply and requires one to pay for them in order to acquire them.

- (ii) Producer goods and consumer goods. (2 mks)
- **Producer goods/also called capital goods. They are used to produce other goods e.g a factory.**
  - **Consumer goods give the final consumer direct satisfaction e.g food and clothing.**

- (iii) Private goods and public goods. (2 mks)
- **Private goods are owned by individuals who can use them as they wish**
  - **Public goods are owned by the state collectively by all of us e .g security**

11. State four components of business studies. (4 mks)
- Commerce
  - Accounting
  - Entrepreneurship
  - Office practice
  - Economics

12. Define the following terms. (8 mks)
- (i) **Business – Is any activity that involves the provision of goods and services with a view of making a profit.**
- (ii) **Extraction – Involves obtaining of goods from their natural setting eg. mining, farming, lumbering etc.**
- (iii) **Manufacturing – It involves combining of different raw materials to come up with one final product.**
- (iv) **Distribution – Refers to the activities involved in moving goods from where they are produced to where they are needed.**

13. Define the following types of production.
- (i) **Direct production – This is the production of goods and services for one’s own use.**
- (ii) **Indirect production – Provision of goods and services with a view to selling the excess in order to acquire what one does not produce.**

14. State four characteristics of direct production. (4 mks)

- **Goods and services are of low quality and quantity**
- **Encourages individualism**
- **Leads to low standards of living**
- **Can be tire some**
- **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 he/she requires.**

15. State four importance of studying Business studies to the society. (4 mks)

- **Assists members of the society to relate the knowledge, skill and attitudes acquired to the day to day business activities.**
- **Assists the individuals in appreciating the role of business studies in the provision of goods and services.**
- **Assists individuals to acquire self discipline and positive attitude towards work.**
- **Helps the individuals to develop positive attitude towards the environment.**

16. State three levels of production. (3 mks)

- **Primary**
- **Secondary**
- **Tertiary**

17. Highlight three characteristics of indirect production. (3 mks)

- **Production with a view of exchange**
- **The producer specializes in one or a few**
- **It results in surplus production of goods and services.**

18. Complete the following table. (5 mks)

<b>LEVEL</b>	<b>NATURE</b>	<b>EXAMPLES</b>
Primary	Extractive	<b>(i)Lumbering</b> <b>(ii)Mining</b> <b>(iii)Farming</b>
Secondary	Processing	<b>(i) Maize milling</b> <b>(ii)coffee processing</b> <b>(iii)Oil refining</b>
	Constructive	<b>(i)Road building</b> <b>(ii)Home building</b> <b>(iii)Railway construction</b>

Tertiary	Commercial Services	(i) Banking (ii) Insurance (iii) Wholesaling
	Direct Personal Services	(i) Teaching (ii) Hairdressing (iii) Medical care

19. Highlight five differences between goods and services. (5 mks)

<b>GOODS</b>	<b>SERVICES</b>
(i) Tangible	(i) Intangible
(ii) Can be stored	(ii) Cannot be stored
(iii) Can change value	(iii) Cannot change value
(iv) Can be seen	(iv) Cannot be seen
(v) Can change possession	(v) Cannot change possession