

**MARKING SCHEME  
BUSINESS STUDIES  
FORM ONE  
TERM 1**

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

1. Define the meaning of the following terms:
  - (a) Business – **It is any activity done by an individual or group with an aim of making a profit.** (2 mks)
  - (b) Economics – **It refers to the study of how human beings strive to satisfy their unlimited wants using the limited/scarce resources.** (2 mks)
  - (c) Production – **Refers to the creation of goods and services or increasing their usefulness through activities such as transporting them to where they are required.** (2 mks)
  - (d) Distribution – **Refers to the movement of goods and services from producers to the users.** (2 mks)
2. Name four disciplines covered in business studies as a subject. (4 mks)
  - (i) **Economics**
  - (ii) **Commerce**
  - (iii) **Accounting**
  - (iv) **Office practice**
  - (v) **Entrepreneurship**
3. State four importance of studying Business Studies to the society. (4 mks)
  - (i) **Assists members of the society to relate the knowledge, skills and attitudes acquired to the day to day business activities.**
  - (ii) **Equips the members of the society with knowledge and skills necessary to start and run a business comfortably.**
  - (iii) **Assists the individuals in appreciating the role of business in provision of goods and services.**
  - (iv) **Makes the members of the society to appreciate the need for good business management.**
  - (v) **Assists individuals to acquire self discipline and positive attitude towards work.**
  - (vi) **Helps the individuals to develop positive attitudes towards the environment.**

4. Name four types of business activities. (4 mks)
- (i) **Extraction**
  - (ii) **Processing of raw materials**
  - (iii) **Manufacturing**
  - (iv) **Construction**
  - (v) **Distribution**
  - (vi) **Trade**
  - (vii) **Provision.**

5. (a) Define the term business environment. (2 mks)

**It refers to conditions or factors that affect business operations.**

- (b) Classify the factors listed in the table below as either internal or external. (Tick appropriately). (4 mks)

	<b>Internal</b>	<b>External</b>
(i) Political factors		✓
(ii) Tools	✓	
(iii) Employees	✓	
(iv) Invested funds	✓	
(v) Entrepreneur	✓	
(vi) Inflation		✓
(vii) Technology applied		✓

6. Highlight four differences between goods and services. (4 mks)

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

7. State six features of human wants. (6 mks)
- (i) **They are insatiable**
  - (ii) **They vary in intensity and urgency**
  - (iii) **They are competitive**
  - (iv) **They are recurrent (repetitive)**
  - (v) **Some are universal**
  - (vi) **They are habitual**
  - (vii) **they require resources**
  - (viii) **They are complimentary**

8. State four characteristics of basic wants. (4 mks)
- (i) One cannot do without them**
  - (ii) They are felt needs**
  - (iii) They cannot be postponed**
  - (iv) They are satisfied before secondary wants.**
9. Name five macro environments that may affect the operations of a business positively.(5 mks)
- (i) Economic environment**
  - (ii) Demographic**
  - (iii) Advanced technology**
  - (iv) Legal environment (favourable)**
  - (iv) Favourable political environment**
  - (v) Cultural environment**
  - (vi) Competition**
  - (viii) Physical environment**
10. List five problems encountered in satisfaction of human wants. (5 mks)
- (i) Poor choice during selection of wants especially between basic and secondary wants.**
  - (ii) Scarcity of economic resources/limited nature of resources**
  - (iii) Competitiveness of wants as they yearn for satisfaction.**
  - (iv) Some wants are complimentary in nature and must be used together**
  - (v) The instability in wants makes the satisfaction difficult hence are endless in nature.**
  - (vi) The varying age, time, urgency and intensity of wants are complimentary in nature and must be used together.**
  - (vii) When frequently used, they form habits.**
11. State four uses of mobile phones. (4 mks)
- (i) To make calls**
  - (ii) To send money e.g Mpesa**
  - (iii) To withdraw money**
  - (iv) To entertain users e.g music, internet.**
  - (v) To send and receive messages e.g. sms**