BUSINESS FORM 1 MARKING SCHEME T1 - 2021

1. State FIVE features of land as a factor of production. (5mks)
   a) It is a natural resource.
   b) It is fixed in supply.
   c) Its productivity can be varies by varying the inputs.
   d) It lacks geographical mobility.
   e) It is subject to the law of diminishing returns.
   f) Its quality is not homogenous.
   g) It is a basic factor of production.
   h) It is occupationally mobile.
   i) Its reward is rent/rates/royalties.

2. State five types of business activities (5mks)
   - Extraction – means obtaining goods from their natural setting e.g mining, farming, lumbering etc
   - Processing of raw materials – it is changing the form of goods without combining it with other goods
   - Manufacturing – combining different raw materials to come up with one final product e.g. table is made of wood, glue, nails and varnish
   - Construction – Rails, road and buildings
   - Distribution of goods – Spreading of goods from the manufacturers to the users. Done by distributors
   - Trade – Buying and selling of goods with the aim of making profits. Done by traders
   - Provision of services – Selling services to consumers e.g. hairstylist, car washers

3. State five characteristics of subsistence/direct production in Kenya (5mks)
   a) Goods or service are produced mainly for one's own use.
   b) Usually carried out in small scale
   c) Methods used for production are usually simple
   d) It involves little or no specialization
   e) The quantities produced are relatively low
   f) There is usually no surplus for the market.

4.
   a. business structure
   b. Business culture
   c. Demographic environment
   d. Technological environment
   e. Owner

5. Advantages of division of labour of specialization (5mks)
   i)Less time spent in completing the job

ii)Increase in output
iii)Production of standardized quality goods
iv) Increased use of machines
v) Management is enhanced due to control, coordination and accountability
vi) Increased creativity and innovation
vii) Improved efficiency due to better use of resources.

6. Ways in which political stability benefits business:
   i)Business will attract the kind of labour it requires with ease
   ii. It would access raw materials with ease
   iii. It would achieve its set goals i.e sales and production easily
   iv. It would access market easily
   v. It would be secure to invest in any part of the country.
   vi. It will have better access to auxiliary services
   vii. General security of the business is assured.

7. Reason why consumers makes choices between competing needs:
   i. Due to unlimited needs of consumers
   ii. Due to limited resources or income
   iii. Due to variation in prices of goods
   iv. Due to variations in tastes/preferences of consumers
   v. Government policy i.e restrictions through quotas or tatal ban. 5mks
8. Outline five disadvantages of mining as an economic resource
   a) Causes environmental degradation
   b) Causes displacement
   c) Causes deaths when mines collapse
   d) Gets exhausted
   e) Soil infertility/soil erosion
9. Characteristics of human wants.
   i. Insatiable.
   ii. Competitive.
   iii. Some are universal.
   iv. Complimentary.
   v. Habitual.
10. Features of labour as a factor of production
   i. Mobility.
   ii. Can't be separated from the labourer.
   iii. Human i.e. it's human.
   iv. Can be improved.
   v. A basic factor of production.

11. Differences between goods and services

GOODS	SERVICES

Are tangible	Are intangible
Can be stored	Cannot be stored
Can be standardized	Cannot be standardized
Can change possession (seperable from the producer)	Cannot change possession.
Not all goods are perishable	Services are highly perishable
Most can be seen	Cannot be seen
Can change in value over time	Cannot change in value since they cannot be stored

12.

- ❖ Business – refers to any activity that is carried out by an individual or an organization concerned with provision of goods and services with the aim of making profits
- ❖ Business studies- it is the study of the activities that are carried out in and around production, distribution and consumption of goods and services
- ❖ Goods – These are items which are tangible i.e. can be touched and felt e.g. furniture, buildings, bread. Etc
- ❖ Production – It is the creation of goods and services or increasing their usefulness. Its done by producers e.g. farmers.
- ❖ Consumption – Refers to using of goods/service mostly done by consumers

13. Importance of business studies in the society

- Assists members to relate the knowledge, skills and attitude acquired to day to day business activities.
- Equip members with knowledge and skills to start and run a business
- Assists individuals in appreciating the role of business studies in provision of goods and services
- Makes the members to appreciate the need of good business management practice.
- Assist individuals to acquire self discipline and positive attitude towards work.
- Equips individuals with abilities to promote cooperation
- Enables individuals to understand the role of government in business.
- Equips individuals with abilities to understand role of communication and modern

technology to business management.

- Help individual develop positive attitude towards the environment
- Equips individuals with knowledge and skills required to evaluate business performance

14. Types of business activities
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15. Explain five internal factors that may negatively affects the operation of a business
    a) Inadequate capital
    b) Poor customer relation
    c) Unskilled employees
    d) Inappropriate technology
    e) Unclear business objectives
    f) Negative business culture
    g) Poor management skills
    h) Poor decision making