

FORM FOUR JULY 2018 EXAMINATION
MARK SCHEME; BUSINESS STUDIES PAPER 565/2

1. (a) Benefits occurring to a business that uses e-mail

- Saves on the cost of sending / receiving information
 - Reduces paper work
 - Saves on the cost of storing information
 - Its fast
 - Facilitates access to a large number of recipients
- 5x 2 = 10 marks*

(b) Factors that determine the size of a firm.

- Number of employees
 - Level of output (volume of output)
 - Capital invested / level of capitalization.
 - Production methods.
 - The market share it controls / mkt served.
 - Sales volume.
 - Floor area covered by premises.
- Any five points well explained (2X5=10mks)*

2 a). Characteristics of a monopolistic market structure.

- Product are differentiated but with close substitutes
- There is freedom of entry and exit into the industry/market
- No single firm controls a significant proportion of the total market supply
- There is little interdependence on pricing and output decisions
- These are many buyers and sellers of the commodities who act independently
- There is perfect knowledge of the market for both seller and buyers

5x 2 = 10 marks

b). *Factors that influence choosing a particular channel of distribution*

- Where customers are few, the manufacture may use its own sale force and for large number of customers, the manufacturer would use intermediaries
- Geographic concentration of the market/Nature of the market
- Where the market is centralized in a few geographical areas, direct distribution is okay. However, seller would use intermediaries in less concentrated markets.
- Order size – It is economically feasible to sell directly to customers who can buy their goods in large quantities. The producers would use intermediaries to sell customers who buy in small quantities
- Unit value of the product – Products of high unit value can be distributed directly to the customers due to higher risks they are likely to be exposed to if longer channels of distribution were used
- Perishability of the product – Products that are subject to physical or fashion, perishable must be sold through short, fast channels hence such goods mostly go directly to the customers
- Technical nature of the product – Goods of highly technical nature are normally sold directly to the customers as the seller ought to provide considerable pre-sales and after sales service
- Financial resources – A producer who is financially strong can afford to distribute directly to consumers
- The intermediaries- Different intermediaries perform different functions, hence a firm should select the channel that would be convenient to it.
- (Competitors – A firm wishing to have its produce compete directly with that of a competitor, would select a channel that the competitor uses and vice versa
- Environmental factors – For example the government laws and regulations may prohibit manufacturers or their own outlets from selling directly to consumers i.e. appointments of the independent distributors may be called for.

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3. (a) **Emerging issues and trends in office management**

- Computerization – increased speed, efficiency and accuracy of carrying out office activities and procedures.
- Technological changes in communication eg. Mobile phones, e-mails, twitter, face book etc.
- Changing trend in customer care services have developed to give satisfaction to customer get customer feedback eg. Customer care desk, suggestion box etc
- High degree of competition for customer has led to giving satisfactory services to customers.
- Changing trend in office location whereby most offices are relocated to the outskirts
- Changing trend in external/internal appearance of office e.g internal decoration, open layout etc.
- Changing trend in office furniture and equipment i.e. modern furniture
- Establishment of vision, mission and core values of the business.
- Emphasis on HIV/AIDS awareness and allocating resources/money to the affected/ infected
- Performance based productivity – remunerations of workers based on performance/ output
- Taking part in community services as social responsibility e.g. Charity works
- Entering into mergers with other firms to have a bigger control of the market.

(any 5 well explained points 2 x 5 = 10)

b) **Roles of micro finance institutions**

- Act as saving schemes / encourage saving
- Offer large scale loans to groups
- Provide individual loans and financing e.g. medical
- Provide consultancy e.g. K-rep bank /Advisory
- Bridge financing for businesses to expand
- Supervise and monitor people to whom they have given loans.
- Encourage clients to carry out business activities.

4.(a) **Benefits of globalization to a business.**

- The business is able to access a large market.
- Enables business enterprises to take advantage of resources found in other parts of the world without relocating there.
- Facilitates application of better technology for improved products.
- Encourages collaboration among businesses from different countries.
- Facilitates the sharing of research findings by business globally / information

(b)

Sales Journal

Date	Particulars	Amount
2013		Shs
May 2	Chaka	12,000✓
"2	Jane	16,000✓
"23	Chaka	8,000✓
"23	Turu	11,000✓
"23	Joseph	13,000✓
		<u>60,000✓</u>

Purchases Journal

Date	Particulars	Amount
2013		Shs.
May 8	Sharma Traders	40,000✓
"15	Koki	34,000✓
"15	Peter	31,050✓
		<u>105,050✓</u>