

IB Business Management

Trimester Assessment Worksheet

Worksheet 1: The Nature of Business and Value Creation

Name: _____ Class: _____ Date: _____

Instructions: Answer all questions. Total marks: 50.

Section A: Multiple choice (10 marks)

Select ONE correct answer (A–D).

1. Businesses rarely operate in isolation because:

- A. They avoid suppliers
- B. Value chains link many firms
- C. They have no customers
- D. They do not use technology

2. The transformation process converts:

- A. Profits into wages
- B. Inputs into outputs
- C. Outputs into inputs
- D. Taxes into sales

3. Which is NOT a factor of production?

- A. Land
- B. Labour
- C. Profit
- D. Enterprise

4. A service is best described as:

- A. Tangible and storable
- B. Intangible and cannot be stored
- C. Always a by-product
- D. Always manufactured

5. Mutually beneficial exchange occurs when:

- A. Only firm gains
- B. Only customer gains
- C. Both gain value
- D. Neither benefits

6. Enterprise mainly involves:

- A. Natural resources
- B. Risk-taking and innovation
- C. Payroll processing
- D. Warehousing

7. A value chain refers to:

- A. A single production step
- B. Stages from idea to distribution
- C. Only marketing
- D. Only finance

8. Adding value can be increased by:

- A. Increasing waste
- B. Improving quality/perception
- C. Removing differentiation
- D. Reducing customer benefits

9. Goods are:

- A. Intangible activities
- B. Physical items
- C. Always digital
- D. Never stored

10. By-products may include:

- A. Only dividends
- B. Waste/emissions
- C. Only profits
- D. Only sales revenue

Section B: Short answer (15 marks)

1. Define **business** in your own words. (2)
2. Explain the meaning of a **mutually beneficial exchange**. (3)
3. Explain two ways land can influence business decisions. (4)
4. Distinguish between **goods** and **services** using examples. (6)

Section D: Extended response (10 marks)

Answer ONE question.

1. Discuss how customer expectations influence the choice of inputs in a business. (10)
2. Discuss the importance of enterprise in keeping businesses competitive. (10)

Answer Key + Marking Guidance

Section A answers

Q	Ans
1	B
2	B
3	C
4	B
5	C
6	B
7	B
8	B
9	B
10	B

Sections B–D indicative content

- Business: organised activity combining resources to meet needs/objectives (profit or social).
- Mutually beneficial exchange: customer gets value; firm covers costs and earns income.
- Land affects location/space/resource access; quality/condition influences output and cost.
- Goods are tangible/storable; services are intangible, consumed when delivered.
- Value chain stages: sourcing, processing/production, packaging, marketing, distribution, payment.
- Adding value: speed, convenience, reliable delivery, quality, branding, service experience.
- Outsourcing advantage: specialist expertise, lower fixed costs, scalability. Disadvantage: dependency, quality control risk, higher fees.
- 10-mark answers: develop chains, apply to context, balance, conclude.

Assessment rubric (10-mark responses)

Level	Descriptor
1–3	Descriptive; limited terms; little/no example; weak judgement.
4–6	Clear explanation; some analysis; relevant example(s); some balance.
7–8	Strong analysis; good case use; considers both sides; justified conclusion.
9–10	Sophisticated, balanced evaluation; integrates key terms; criteria-based judgement.