

IB Business Management

Trimester Assessment Worksheet

Worksheet 2: Factors of Production and the Transformation Process

Name: _____ Class: _____ Date: _____

Instructions: Answer all questions. Total marks: 50.

Section A: Multiple choice (10 marks)

Select ONE correct answer (A–D).

1. Labour refers to:

- A. Machines
- B. Human effort/skills
- C. Natural resources
- D. Profits

2. Capital refers to:

- A. Natural resources
- B. Man-made production resources
- C. Only money
- D. Customer loyalty

3. A business focusing on premium inputs will likely:

- A. Charge higher prices
- B. Always lower quality
- C. Avoid branding
- D. Reduce customer value

4. Services face demand peaks because they:

- A. Are stored
- B. Cannot be stored
- C. Are always goods
- D. Are free

5. Enterprise involves:

- A. Following routines only
- B. Organising resources and taking risks
- C. Avoiding change
- D. No decision-making

6. Using renewable energy is mainly linked to:

- A. Sustainability
- B. Monopoly power
- C. Profit tax
- D. Market failure only

7. Making inputs in-house instead of buying is called:

- A. Outsourcing
- B. Make-or-buy / integration decision
- C. Nationalization
- D. Privatization

8. A key reason to buy inputs from suppliers is:

- A. Always higher control
- B. Saves time/costs
- C. Removes risk
- D. Eliminates competition

9. Profit is best described as:

- A. A factor of production
- B. An outcome of meeting customer needs
- C. A natural resource
- D. A type of sector

10. Employee motivation may be influenced by:

- A. Premises quality
- B. Weather only
- C. Share prices only
- D. Packaging design only

Section B: Short answer (15 marks)

1. Explain the difference between **capital** and **enterprise**. (4)
2. Explain two reasons why labour quality matters in service businesses. (6)
3. Explain one advantage and one disadvantage of producing inputs in-house. (5)

Section D: Extended response (10 marks)

Answer ONE question.

1. Discuss how businesses balance cost, quality and sustainability when choosing inputs. (10)
2. Discuss why service businesses may find capacity management difficult. (10)

Answer Key + Marking Guidance

Section A answers

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

Sections B–D indicative content

- Capital = man-made resources (machines, buildings, tech). Enterprise = organising resources, innovation, risk-taking.
- Labour quality affects service experience, reliability, problem-solving and reputation.
- In-house inputs: +quality/control; -higher costs/investment and less flexibility.
- Courier factors: labour (cyclists), capital (bikes/phones), enterprise (routing).
- Mutual value: customers—speed/low emissions; firm—low running costs/high demand.
- Sustainability +: lower emissions; limitation: weather/range/capacity constraints.
- 10-mark answers: explain trade-offs; apply; 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.