

# Everyday Business Networks

The nature of business, factors of production, value chains and sectors

## SL1

Worksheet

<b>Suggested time</b>	55 minutes	<b>Total marks</b>	50
<b>Assessment use</b>	Trimester school assessment / teacher-created practice	<b>Focus</b>	business purpose, transformation process, goods and services, adding value
<b>Student</b>	Name: _____ Class: _____ Date: _____	<b>Calculator</b>	Allowed for calculations where needed

- Original teacher-created IB-style practice worksheet. Not an official IB assessment document.
- Answer in context where possible. Show working for calculations and support evaluations with clear judgment.
- This PDF includes the full answer key and marking guidance at the end for teacher use.

## Section A - Multiple choice (6 marks)

Choose one answer for each question.

1. Which statement best describes a business? [1]

- A. A structured group that uses resources to meet objectives by providing goods or services.
- B. Any organization that only seeks to maximize profit.
- C. A place where only physical goods are produced.
- D. A market in which the government sets all prices.

2. Which of the following is NOT a factor of production? [1]

- A. labour
- B. capital
- C. enterprise
- D. profit

3. A company that turns wheat into flour is operating mainly in which sector? [1]

- A. primary
- B. secondary
- C. tertiary
- D. quaternary

4. Which statement is most accurate about services? [1]

- A. They can always be stored for later sale.
- B. They are physical items bought only in shops.
- C. They are intangible and often consumed when delivered.
- D. They never use capital equipment.

5. A strong brand mainly helps a business by: **[1]**

- A. reducing all labour costs
- B. making its product easier to recognize and prefer
- C. eliminating competitors
- D. removing the need for marketing

6. Adding value happens when: **[1]**

- A. a business uses no labour
- B. the selling price is lower than input costs
- C. the final offering is worth more than the cost of its inputs
- D. a product is sold only online

## Section B - Short answer (14 marks)

Answer in full sentences and apply the case or examples where appropriate.

7. Distinguish between a good and a service using one example of each from a gym business. **[4]**

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8. Explain one way labour quality can affect the success of a call centre. **[3]**

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9. Explain one advantage and one disadvantage of using premium ingredients in a takeaway business. **[4]**

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10. Explain why a transaction can be described as mutually beneficial. **[3]**

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## Section C - Data response / case study (20 marks)

Read the stimulus below and answer all parts of Question 11.

### MetroLunch Meal Boxes

MetroLunch prepares fresh meal boxes for office workers in a large city. It buys vegetables from nearby farms, cooks meals in a central kitchen, packs them in sealed containers, and sells them through its own app and a third-party delivery platform. The owner wants MetroLunch to be known for fast service and lower food waste.

MetroLunch currently sells 320 meal boxes each day. Each box sells for \$9.00. Ingredients and standard packaging cost \$4.00 per box. Delivery riders are paid \$1.20 per box. For orders made through the marketplace app, MetroLunch also pays a 15% commission on the selling price. Fixed kitchen rent is \$280 per day. The owner is considering switching to compostable containers. This would increase packaging cost by \$0.30 per box, but market research suggests demand could rise by 5% and the change could improve the brand image.

### Selected operating data

Item	Value
Daily meal boxes sold	320
Selling price per box	\$9.00
Ingredients and standard packaging cost per box	\$4.00
Delivery rider cost per box	\$1.20
Marketplace commission	15% of selling price
Fixed kitchen rent per day	\$280

11(a) Identify two other businesses in MetroLunch's value chain. [2]

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11(b) Explain how MetroLunch combines two factors of production in its transformation process. [4]

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11(c) Calculate the contribution per meal box sold through the marketplace app before fixed costs. [4]

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11(d) Evaluate whether MetroLunch should switch to compostable containers. [10]

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## Teacher answer key and marking guidance

- Award credit for any other valid response that is accurately applied to the stimulus or business context.
- For calculation questions, award method marks where setup and workings are correct even if there is an arithmetic slip.
- For evaluation questions, reserve the top marks for balanced analysis and a clearly supported final judgment.

### Section A answers

Q	Ans	Reason
1	A	A business organizes resources to provide goods or services and pursue objectives; profit is common but not universal.
2	D	Profit is an outcome of business activity, not an input used in production.
3	B	The secondary sector processes raw materials into manufactured or semi-finished products.
4	C	Services are intangible and usually consumed when produced, so they cannot normally be stored.
5	B	Branding adds perceived value by helping customers recognize and trust an offering.
6	C	Value is added when customers are willing to pay more for the final offering than the total cost of the inputs.

### Section B marking guidance

#### Q7 [4]

Distinguish between a good and a service using one example of each from a gym business.

**Indicative answer:**

- A good is a tangible item that can be stored before sale, such as a gym-branded water bottle or protein bar.
- A service is an intangible activity delivered when demanded, such as a personal training session or fitness class.
- A clear distinction is ownership of a physical item versus the experience or expertise delivered in real time.

**Marking guidance:** Award up to 2 marks per clear difference. Full marks require accurate terminology and an applied example or business context.

#### Q8 [3]

Explain one way labour quality can affect the success of a call centre.

**Indicative answer:**

- Well-trained staff communicate clearly and solve problems quickly.
- This can increase first-contact resolution, raise customer satisfaction, and improve repeat business or reputation.

**Marking guidance:** 1 mark for a relevant point, plus up to 2 further marks for a clear explanation developed in business context.

#### Q9 [4]

Explain one advantage and one disadvantage of using premium ingredients in a takeaway business.

**Indicative answer:**

- Advantage: better ingredients can improve taste and quality, helping the business justify a higher price and build a stronger brand.
- Disadvantage: higher variable costs may reduce margins or force higher prices that some customers will not accept.

**Marking guidance:** Award up to 2 marks for a developed advantage and up to 2 marks for a developed disadvantage.

#### Q10 [3]

Explain why a transaction can be described as mutually beneficial.

**Indicative answer:**

- The customer gains satisfaction because the product or service is worth at least the price paid.
- The business benefits if the price covers costs and generates income, profit, or surplus.
- The exchange continues because both sides perceive a net gain.

**Marking guidance:** 1 mark for a relevant point, plus up to 2 further marks for a clear explanation developed in business context.

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### Section C marking guidance

#### Q11(a) [2]

Identify two other businesses in MetroLunch's value chain.

**Indicative answer:**

- Any two valid examples, such as nearby farms, the packaging supplier, the delivery platform, or the digital payment service.

**Marking guidance:** 1 mark per correct, relevant point. No development is required.

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#### Q11(b) [4]

Explain how MetroLunch combines two factors of production in its transformation process.

**Indicative answer:**

- Labour is used through cooks and riders who prepare and deliver the meals.
- Capital is used through the kitchen, storage equipment, and app systems.
- Land is represented by the kitchen premises and location in the city.
- Enterprise is shown by the owner coordinating resources and taking commercial risk.
- Any two factors explained in context should be credited.

**Marking guidance:** 1-2 marks for a simple relevant explanation; 3-4 marks for a clearly developed answer that is applied to the context.

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#### Q11(c) [4]

Calculate the contribution per meal box sold through the marketplace app before fixed costs.

**Indicative answer:**

- Marketplace commission = 15% of \$9.00 = \$1.35.
- Contribution per box = \$9.00 - \$4.00 - \$1.20 - \$1.35 = \$2.45.
- Answer: \$2.45 per box before fixed costs.

**Marking guidance:** Award method marks for correct setup and workings. A typical split is 1 mark for setup, 2 marks for workings, and 1 mark for the correct final answer.

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#### Q11(d) [10]

Evaluate whether MetroLunch should switch to compostable containers.

**Indicative answer:**

- The switch raises variable cost by \$0.30 per box, so at current output the extra daily cost is about \$96.
- A 5% demand increase would raise daily sales from 320 to about 336 boxes, which could increase revenue and spread fixed costs if capacity exists.
- Compostable packaging may strengthen MetroLunch's brand, improve customer perception, and support sustainability goals.
- The decision is more attractive if MetroLunch can keep more orders on its own app or pass some extra cost on to customers.
- The risk is that demand may not rise as expected, so margins could fall.

- A balanced judgment could support the switch, but only if MetroLunch can maintain service quality and the demand forecast is credible.

**Marking guidance:** 1-3 marks for limited comments, 4-6 for some analysis, 7-8 for balanced evaluation, and 9-10 for a well-supported final judgment.

## Section D marking guidance

### Q12 [10]

To what extent are service businesses more difficult to manage than businesses that mainly produce goods?

**Indicative content:**

- Service businesses are hard to manage because services cannot be stored, demand can fluctuate sharply, and quality often depends on people and direct customer interaction.
- Goods businesses can be easier to plan through inventory, but they may face their own challenges such as stock control, supply chain delays, machinery costs, and quality control across large production runs.
- In many service businesses, speed and consistency are critical because the customer experiences the service as it is produced.
- The most effective answer will recognize that both types of business create management challenges, but the source of difficulty differs by industry and operating model.
- A balanced conclusion might argue that service businesses are often harder to manage in real time, while goods businesses can be harder to manage in logistics and production complexity.

**Marking guidance:** Use the markband below. Reserve the top band for balanced, contextualized evaluation and a clear final judgment.

Marks	Descriptor
0	No relevant business knowledge or application.
1-3	Limited knowledge; response is mostly descriptive and weakly applied.
4-6	Some understanding and some analysis; application is partial.
7-8	Good analysis and application; some balance and a supported judgment.
9-10	Well-structured, well-applied evaluation with balanced reasoning and a clear final judgment.