IGCSE BUSINESS STUDIES SECTION 2 – PEOPLE IN BUSINESS PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

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How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

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Questions

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1. What is a potential downside of pay linked to achieving targets?

A. It encourages long-term planning

B. It reduces competition

C. It can lead to focus on short-term targets and manipulation of metrics

D. It guarantees collaboration

2. Which of the following is the top level in Maslow's hierarchy of needs?

A. Esteem

B. Love/Belonging

C. Physiological

D. Self-Actualization

3. Which of the following is an internal recruitment method?

A. Promotion from within

B. Recruitment agencies

C. Campus recruitment

D. Online job boards

4. Explain the difference between redundancy and dismissal.

A. Redundancy arises when a job no longer exists; dismissal ends employment due to performance or misconduct.

B. Redundancy is when an employee is on vacation; dismissal is when they resign.

C. Redundancy and dismissal are the same.

D. Dismissal occurs only for misconduct; redundancy only for health reasons.

5. Define productivity in the context of people in business.

A. Output per hour worked

B. Output per employee or per hour worked

C. Total sales per day

D. Hours worked per employee

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6. What is delegation and what are two benefits and two risks?

A. Delegation is transferring authority to subordinates; benefits: frees manager time, develops staff; risks: loss of control, tasks may be done poorly.

B. Delegation is giving orders with no accountability; benefits: speed; risks: slows down decisions.

C. Delegation is hiring external consultants; benefits: expert advice; risks: cost.

D. Delegation is merging departments; benefits: synergy; risks: redundancy.

7. Reply from the receiver to the sender to confirm message received or understood is called which term?

A. Feedback

B. Message

C. Two-way communication

D. One-way communication

8. Discuss the relationship between pay, motivation, and productivity in a business.

A. Competitive pay can boost motivation and productivity; poor pay can lower motivation and output; other factors like culture and environment also influence productivity.

B. Pay is the only factor; motivation and productivity depend only on salary.

C. Pay has no impact on motivation.

D. Pay always guarantees high productivity regardless of other factors.

9. Which term best matches 'messages sent through established channels'?

A. Formal Communication

B. Informal Communication

C. Communication Barriers

D. Personal Communication

10. What is employee welfare and give two examples of welfare provisions a business might offer?

A. Employee welfare refers to support for well-being, such as health insurance and counselling.

B. Welfare refers to profits distributed to shareholders.

C. Welfare is only about pension plans.

D. Welfare provisions are illegal in most businesses.

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Answers

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1. C
2. D
3. A
4. A
5. B
6. B
7. A
8. C
9. A
10. B

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Explanations

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1. What is a potential downside of pay linked to achieving targets?

A. It encourages long-term planning

B. It reduces competition

C. It can lead to focus on short-term targets and manipulation of metrics

D. It guarantees collaboration

When pay is linked to reaching targets, the main risk is that people focus on the numbers rather than the full quality and value of their work. This can lead to a short-term mindset, where immediate results are prioritized over long-term benefits, and it may even encourage manipulating the data or metrics used to measure performance. For example, teams might rush to hit quarterly targets, cut corners on quality, or misreport figures to show success, rather than pursuing sustainable improvements. This is the best description of the downside because it directly captures how incentives shaped by targets can distort behavior. The other ideas aren't as accurate: paying for targets doesn't inherently reduce competition or guarantee collaboration, and while it could theoretically motivate long-term planning, the common outcome is the opposite when targets are short-term or poorly designed.

2. Which of the following is the top level in Maslow's hierarchy of needs?

A. Esteem

B. Love/Belonging

C. Physiological

D. Self-Actualization

The highest level in Maslow's hierarchy is Self-Actualization. This level is about realizing your own potential, pursuing personal growth, creativity, and a sense of purpose beyond basic needs. Maslow presents the needs as a ladder: you satisfy basic physiological needs first (like food and shelter), then safety, then love and belonging, then esteem, and only after those are addressed do people typically aim for self-actualization. So Self-Actualization is the pinnacle because it focuses on becoming the best version of yourself and achieving personal fulfillment, rather than meeting immediate survival or social needs. The other options represent lower levels: physiological is about basic survival, love/belonging covers social connections, and esteem relates to recognition and status, with self-actualization sitting at the top.

3. Which of the following is an internal recruitment method?

A. Promotion from within

B. Recruitment agencies

C. Campus recruitment

D. Online job boards

Internal recruitment means filling a vacancy by using someone who already works for the organization, rather than bringing in someone from outside. Promotion from within is the clearest example: a current employee is elevated to a higher role. This fits internal recruitment because the candidate is part of the company, already knows its systems and culture, and training time can be shorter. It also supports motivation and succession planning, showing staff there are growth opportunities. The other options involve external recruitment: bringing in people from outside the organization through agencies, campus programs, or online job boards. These widen the candidate pool but are not internal methods.

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4. Explain the difference between redundancy and dismissal.

A. Redundancy arises when a job no longer exists; dismissal ends employment due to performance or misconduct.

B. Redundancy is when an employee is on vacation; dismissal is when they resign.

C. Redundancy and dismissal are the same.

D. Dismissal occurs only for misconduct; redundancy only for health reasons.

Redundancy means the job itself no longer exists in the business. This happens when decisions like cutting a function, reorganizing departments, or automating work mean there's no need for the role anymore. The employee loses their job because the post is gone, not because of anything they did. Dismissal is when the employer ends the employee's contract for reasons connected to the person's behavior or performance, such as misconduct or ongoing poor performance. The job may still exist, but this particular employee is being let go. So, redundancy is about the role disappearing; dismissal is about the person being removed for reasons tied to their actions or abilities. The other statements mix up what redundancy and dismissal mean (like vacation or resignation, or claiming they're the same, or limiting dismissal to misconduct and redundancy to health reasons), which doesn't fit how these termination types actually work.

5. Define productivity in the context of people in business.

A. Output per hour worked

B. Output per employee or per hour worked

C. Total sales per day

D. Hours worked per employee

Productivity here is about how efficiently people convert their effort into results. It looks at output relative to the amount of labor used. Measuring output per employee or per hour worked directly shows how effectively the workforce is turning time into goods or services: more output with the same number of workers, or the same output with fewer hours, means higher productivity. This is better than total sales per day, which can be influenced by prices, demand, and marketing rather than how well the staff use their time. And measuring hours worked alone doesn't tell you whether those hours produced useful output. So, linking output to the number of employees or to hours worked best captures the idea of how productive the people are.

6. What is delegation and what are two benefits and two risks?

A. Delegation is transferring authority to subordinates; benefits: frees manager time, develops staff; risks: loss of control, tasks may be done poorly.

B. Delegation is giving orders with no accountability; benefits: speed; risks: slows down decisions.

C. Delegation is hiring external consultants; benefits: expert advice; risks: cost.

D. Delegation is merging departments; benefits: synergy; risks: redundancy.

Delegation is about transferring some decision-making authority from a manager to subordinates while the manager remains accountable for the outcome. Two clear benefits are that it frees the manager's time to focus on other tasks and planning, and it helps develop staff by giving them real responsibility and a chance to learn new skills. Two common risks are a loss of control if the manager doesn't monitor progress, and the possibility that tasks are done poorly if the person lacks the necessary skills or clarity. To make delegation work well, give clear objectives, the appropriate level of authority, some training if needed, and follow-up to check progress. Note that delegation is not about giving orders with no accountability; that would miss the essential element of responsibility that comes with delegation.

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7. Reply from the receiver to the sender to confirm message received or understood is called which term?

A. Feedback

B. Message

C. Two-way communication

D. One-way communication

Feedback is the reply from the receiver to the sender that confirms the message was received and understood. This reaction closes the communication loop, letting the sender know whether their message came through clearly and whether any clarification or further action is needed. The actual content being sent is the message itself, while two-way communication describes the overall back-and-forth process; one-way communication has no reply at all. So the specific term for that confirming reply is feedback.

8. Discuss the relationship between pay, motivation, and productivity in a business.

A. Competitive pay can boost motivation and productivity; poor pay can lower motivation and output; other factors like culture and environment also influence productivity.

B. Pay is the only factor; motivation and productivity depend only on salary.

C. Pay has no impact on motivation.

D. Pay always guarantees high productivity regardless of other factors.

Pay influences motivation, and motivation affects how hard people work, which shapes productivity. When pay is competitive, employees feel valued and are more willing to put in effort, often boosting output. If pay is poor or unfair, motivation can drop and productivity may fall. But pay isn't the only factor. The work environment, company culture, leadership, recognition, opportunities for advancement, training, and how fairly workload and conditions are managed all matter for motivation and productivity. A business that combines fair, competitive pay with positive non-financial rewards and good working conditions is more likely to see higher productivity. The other statements are too narrow or incorrect: pay does have an impact; it is not the only factor; and paying more does not automatically guarantee high productivity if other factors are poor.

9. Which term best matches 'messages sent through established channels'?

A. Formal Communication

B. Informal Communication

C. Communication Barriers

D. Personal Communication

Messages sent through established channels are described as formal communication. When information travels via established channels, it follows the organization's structure and procedures—think official memos, policy emails, reports, and scheduled meetings. This kind of communication is planned, documented, and authorized, which is why "established channels" is a hallmark of formal communication. In contrast, informal communication is casual and unofficial, like chats or hallway conversations that aren't part of the official record. Barriers are obstacles that can distort or block messages, not a type of message themselves. Personal communication refers to private, often one-to-one exchanges and can be informal. So the best fit for messages sent through established channels is formal communication.

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10. What is employee welfare and give two examples of welfare provisions a business might offer?

A. Employee welfare refers to support for well-being, such as health insurance and counselling.

B. Welfare refers to profits distributed to shareholders.

C. Welfare is only about pension plans.

D. Welfare provisions are illegal in most businesses.

Employee welfare means the support a business provides to look after workers' wellbeing beyond their usual pay. It covers services and benefits that improve health, safety, and morale. Two common welfare provisions are health insurance, which helps employees cover medical costs, and counselling, which supports mental health and handles stress. Welfare isn't about profits paid to shareholders, it isn't limited to pensions, and welfare provisions are not illegal in general.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://igcsebusinessstudiessec2.examzify.com

We wish you the very best on your exam journey. You've got this!

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