

ABC IB Business Management Paper 1 Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Table of Contents

Copyright 1

Table of Contents 2

Introduction 3

How to Use This Guide 4

Questions 5

Answers 8

Explanations 10

Next Steps 16

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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.

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!

Questions

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- 1. If public concern about sustainability increases, what is a likely outcome for ABC?**
 - A. Increased profits regardless of practices.**
 - B. Decrease in recycling activities.**
 - C. Increased support for businesses that recycle e-waste responsibly.**
 - D. No change in regulatory environment.**

- 2. As production increases, which type of cost tends to rise in proportion to output?**
 - A. Fixed costs**
 - B. Variable costs**
 - C. Sunk costs**
 - D. Irrelevant costs**

- 3. Which description best captures ABC's recommended production approach?**
 - A. Hybrid combining batch flexibility with some continuous processes.**
 - B. Fully batch production with no continuous processes.**
 - C. Fully flow production with no batch production.**
 - D. Job production for each unique board.**

- 4. What is investment appraisal primarily used to decide?**
 - A. Financing structure**
 - B. Whether a capital investment is worthwhile**
 - C. Marketing strategy**
 - D. Hiring decisions**

- 5. Why is quality assurance important in an e-waste processing operation?**
 - A. It reduces the chance of defects by building quality into the process from the start.**
 - B. It delays production.**
 - C. It increases waste.**
 - D. It removes the need for testing.**

- 6. What is delegation?**
- A. Delegation is when employees manage themselves without supervision.**
 - B. Delegation is a process of eliminating positions to reduce costs.**
 - C. Delegation is assigning tasks to subordinates without giving authority.**
 - D. Delegation is when managers pass authority and responsibility for decisions to subordinates**
- 7. If the factory investment is financed using debt, what is the likely impact on the balance sheet?**
- A. Decrease assets and increase equity.**
 - B. Increase current assets and decrease liabilities.**
 - C. Increase non-current assets and increase liabilities.**
 - D. No effect on assets.**
- 8. Which group could gain from lower waste and emissions?**
- A. Regulators**
 - B. Competitors**
 - C. Incoming investors**
 - D. Society and the environment**
- 9. What is the best way to motivate highly skilled scientific staff?**
- A. ABC should combine competitive pay with non-financial rewards such as autonomy, recognition, promotion opportunities, and challenging work**
 - B. Pay alone is sufficient**
 - C. Ignore non-financial rewards**
 - D. Provide only symbolic recognition**
- 10. Extent to which the e-waste factory helps both financial and non-financial objectives?**
- A. Only financial**
 - B. Only non-financial**
 - C. Both**
 - D. Neither**

Answers

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

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Explanations

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1. If public concern about sustainability increases, what is a likely outcome for ABC?

A. Increased profits regardless of practices.

B. Decrease in recycling activities.

C. Increased support for businesses that recycle e-waste responsibly.

D. No change in regulatory environment.

When people care more about sustainability, they reward firms that take responsible action, especially on issues like e-waste. If ABC recycles e-waste responsibly, it aligns with stakeholder values and signals trustworthy, environmentally conscious behavior. That tends to boost reputation, customer loyalty, and even attract investors or partners, making increased support for such responsible businesses the most likely outcome. So, the best answer reflects that heightened public concern translates into greater backing for companies that handle e-waste responsibly. In contrast, profits aren't guaranteed simply by concern—there can be higher costs or needed investments. A decrease in recycling activities runs opposite to the trend of rising concern. And regulators are more likely to respond to public pressure, so a statement of no change in the regulatory environment is unlikely.

2. As production increases, which type of cost tends to rise in proportion to output?

A. Fixed costs

B. Variable costs

C. Sunk costs

D. Irrelevant costs

Costs behave based on how they respond to changes in production. The key idea is that fixed costs stay the same no matter how much you produce, at least in the short run, while variable costs rise as you produce more. Variable costs include inputs like raw materials, direct labor, and energy—things you need more of when you manufacture more units. So as production increases, these inputs are used in greater amounts, making total variable costs grow in proportion to output (assuming constant per-unit costs). Sunk costs are past expenditures that aren't affected by current production, and irrelevant costs are those not affected by the decision at hand, so they don't drive the relationship between output and cost. Therefore, the type of cost that rises with output is variable costs.

3. Which description best captures ABC's recommended production approach?

- A. Hybrid combining batch flexibility with some continuous processes.**
- B. Fully batch production with no continuous processes.**
- C. Fully flow production with no batch production.**
- D. Job production for each unique board.**

Balancing flexibility and efficiency is the key. In manufacturing, you want to handle different board designs without paying a high cost for every change. A hybrid approach that uses batch production where customization is needed and continuous processes for the high-volume, standardized steps gives both the ability to adapt and the benefits of steady, predictable throughput. That is why the description that combines batch flexibility with some continuous processes fits ABC's recommended production approach: it captures the need to customize boards while still achieving efficiency on parts of the process that run continuously. The other options describe extremes—fully batch is too inflexible, fully flow eliminates customization, and job production is too slow and costly for many boards—so they don't fit the typical balance ABC would want.

4. What is investment appraisal primarily used to decide?

- A. Financing structure**
- B. Whether a capital investment is worthwhile**
- C. Marketing strategy**
- D. Hiring decisions**

Investment appraisal focuses on deciding whether a proposed capital project will create value for the firm. It examines the expected cash inflows and outflows over the project's life and uses the time value of money to determine profitability. The goal is to determine if the returns justify the initial outlay, often through measures like net present value or internal rate of return. If the project is financially viable, it's worth undertaking; if not, it's not. This isn't about how to finance the project, nor about marketing or staffing decisions, which are separate areas of the business.

5. Why is quality assurance important in an e-waste processing operation?

- A. It reduces the chance of defects by building quality into the process from the start.**
- B. It delays production.**
- C. It increases waste.**
- D. It removes the need for testing.**

Quality assurance means preventing defects by building quality into the process from the start. In an e-waste processing operation, that means setting clear standards for every step—sorting, dismantling, material separation, handling of hazardous components, and environmental controls—and putting in place procedures, training, equipment maintenance, and ongoing checks. When quality is designed into the workflow, potential problems are spotted and corrected before they become defects, so the output is consistent, safety is protected, and waste is minimized. This proactive approach often reduces delays and rework and helps ensure compliance with environmental and safety regulations. In contrast, options that imply delays, increased waste, or eliminating testing don't align with how quality assurance operates, which is to prevent issues before they occur and keep the process running smoothly.

6. What is delegation?

- A. Delegation is when employees manage themselves without supervision.**
- B. Delegation is a process of eliminating positions to reduce costs.**
- C. Delegation is assigning tasks to subordinates without giving authority.**
- D. Delegation is when managers pass authority and responsibility for decisions to subordinates**

Delegation is about giving subordinates both the authority to make decisions and the responsibility to carry out tasks, while the manager remains accountable for the outcomes. This option says that managers pass both authority and responsibility for decisions to subordinates, which is the essence of delegation. It enables decision-making at lower levels and helps develop employees, while the manager still holds accountability for results. The other descriptions don't fit delegation: one describes employees managing themselves without supervision, which is not delegation since the manager isn't authorizing decision power; another talks about eliminating positions to cut costs, which is downsizing, not delegation; and the last mentions assigning tasks without giving authority, which leaves subordinates with work but no power to decide.

7. If the factory investment is financed using debt, what is the likely impact on the balance sheet?

- A. Decrease assets and increase equity.**
- B. Increase current assets and decrease liabilities.**
- C. Increase non-current assets and increase liabilities.**
- D. No effect on assets.**

When you buy a factory with borrowed funds, you acquire a new long-term asset and you incur a loan. The factory increases the non-current assets on the balance sheet, and the loan increases liabilities (typically a non-current liability if the debt is long-term). Equity isn't directly affected by debt financing, so it stays the same. Therefore the immediate effect is higher non-current assets and higher liabilities, which is why that option is the best fit.

8. Which group could gain from lower waste and emissions?

- A. Regulators**
- B. Competitors**
- C. Incoming investors**
- D. Society and the environment**

Lower waste and emissions cut pollution and conserve resources, which directly improves public health, quality of life, and the health of ecosystems. These benefits are felt by everyone, so society as a whole and the environment gain the most. Regulators and investors may benefit indirectly through easier compliance or reputational value, and competitors might gain a greener image, but the most widespread and direct beneficiaries are society and the environment.

9. What is the best way to motivate highly skilled scientific staff?

- A. ABC should combine competitive pay with non-financial rewards such as autonomy, recognition, promotion opportunities, and challenging work**
- B. Pay alone is sufficient**
- C. Ignore non-financial rewards**
- D. Provide only symbolic recognition**

Motivation for highly skilled scientific staff comes from a mix of competitive pay and meaningful non-financial rewards that satisfy autonomy, mastery, and recognition. A solid salary helps attract and retain top talent, but money alone often isn't enough to sustain high engagement, especially for experts who value control over their work and opportunities to grow. When managers allow autonomy in how problems are approached, assign challenging and impactful projects, provide clear chances for advancement, and publicly recognize achievements, they tap into intrinsic motivators that keep experts deeply committed and performing at a high level. Relying only on pay misses these deeper drivers, while offering only symbolic recognition lacks substance to maintain long-term motivation. So the best approach combines both aspects to support sustained motivation and high performance.

10. Extent to which the e-waste factory helps both financial and non-financial objectives?

- A. Only financial**
- B. Only non-financial**
- C. Both**
- D. Neither**

The key idea is that a project can deliver benefits in two broad areas at once: money-related goals and broader social or environmental goals. An e-waste factory can contribute financially by generating revenue from recycled materials, cutting disposal costs, reducing fines from improper waste handling, and potentially earning tax incentives or subsidies. At the same time, it supports non-financial aims by reducing environmental pollution, improving community health, strengthening the company's reputation as a responsible business, and meeting regulatory expectations. These non-financial benefits can also boost long-term financial performance through enhanced brand loyalty, easier access to capital, and better stakeholder relations. Because the factory can advance both types of objectives, it's best described as helping both financial and non-financial goals.

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://abcibbusinessmgmtpaper1.examzify.com>

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

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