

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



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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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. What is a disadvantage of a tall organizational structure?**
 - A. Slower communication
 - B. Higher costs
 - C. Better decision-making speed
 - D. More empowerment
- 2. What makes a contract of employment legally binding, and when might a contract be void or voidable?**
 - A. Mutual agreement enforceable by law; void if illegal, impossible; voidable if misrepresentation, duress, or incapacity.
 - B. It is enforceable by law only if both parties sign a written contract.
 - C. Mutual agreement enforceable by law; void if illegal, impossible; voidable if misrepresentation, duress, or incapacity.
 - D. A contract is legal as long as the organization approves it.
- 3. What term refers to factors that stop effective communication?**
 - A. Communication Barriers
 - B. Formal Communication
 - C. Informal Communication
 - D. Written Communication
- 4. For quick, casual updates among team members, which type is typically used?**
 - A. Formal Communication
 - B. Informal Communication
 - C. Communication Barriers
 - D. Written Communication
- 5. In Maslow's hierarchy of needs, what is the order from lowest level to highest?**
 - A. Physiological, Esteem, Safety, Self-Actualization, Social
 - B. Safety, Physiological, Self-Actualization, Social, Esteem
 - C. Self-Actualization, Esteem, Social, Safety, Physiological
 - D. Physiological, Safety, Social, Esteem, Self-Actualization

6. Redundancy occurs when?

- A. An employee resigns
- B. A temporary layoff
- C. An employee is fired for misconduct
- D. A job is eliminated due to restructuring or automation

7. Who is responsible for directly managing people and coordinating their tasks?

- A. Line managers
- B. Staff managers
- C. Trade unions
- D. Job description

8. Which term describes a leadership approach where broad objectives are communicated and employees organize their own work?

- A. Autocratic Leadership
- B. Democratic Leadership
- C. Laissez-faire Leadership
- D. Delegation

9. What term describes messages sent through established channels?

- A. Messages sent through established channels.
- B. Messages sent casually, not through established channels.
- C. Factors that stop effective communication.
- D. Personal Communication

10. Explain the role of training and development in improving workforce capability.

- A. Training equips staff with current skills; development prepares them for future roles, improving capability and productivity.
- B. Development prepares staff for future roles; training equips staff with current skills.
- C. Training is the same as development.
- D. Development reduces productivity.

Answers

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

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Explanations

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1. What is a disadvantage of a tall organizational structure?

- A. Slower communication**
- B. Higher costs
- C. Better decision-making speed
- D. More empowerment

A tall structure means many layers of management, so information has to travel through several levels before it reaches the people who need it and before decisions come back. That makes communication slow—messages take longer to be passed up and down, approvals hang up in the chain, and responses to changes can be delayed. The idea is to keep the flow of information efficient, and the extra layers in a tall organization naturally hinder that flow, causing slower communication. While higher costs can be a downside of having more managers, the most direct consequence tied to a tall structure is the slower pace of communication, and that's why it's seen as the main disadvantage here.

2. What makes a contract of employment legally binding, and when might a contract be void or voidable?

- A. Mutual agreement enforceable by law; void if illegal, impossible; voidable if misrepresentation, duress, or incapacity.
- B. It is enforceable by law only if both parties sign a written contract.
- C. Mutual agreement enforceable by law; void if illegal, impossible; voidable if misrepresentation, duress, or incapacity.**
- D. A contract is legal as long as the organization approves it.

The main idea is that a contract of employment becomes legally binding when there is mutual agreement between the employer and the employee that can be enforced by law. This means both sides have agreed to the terms (such as duties, pay, and working conditions) and the agreement is legally recognizable. A contract is void if the subject matter is illegal or impossible to perform from the outset. In other words, if what is promised cannot legally happen or would require breaking the law, the contract has no legal force. A contract is voidable if there is a flaw in how it was formed that allows one party to cancel it. Common grounds are misrepresentation (one party was lied to about important facts), duress (pressured into signing), or incapacity (the person was not able to understand or consent, such as due to age or mental state). In these cases, the contract is valid for now but can be annulled by the affected party. Note that a contract doesn't have to be written to be binding; many are oral, and an organization's approval alone doesn't determine legality. What matters is genuine agreement that meets the law and does not involve illegal terms.

3. What term refers to factors that stop effective communication?

- A. Communication Barriers**
- B. Formal Communication
- C. Informal Communication
- D. Written Communication

Communication barriers are the factors that stop effective communication. They act as obstacles that prevent the message from being understood as intended. Barriers can be physical, like lots of noise in a factory; linguistic, such as using jargon or different languages; cultural or psychological, including assumptions and biases; or related to the communication method itself, like information overload or poor feedback loops. Because these blockers directly affect how well a message is received, interpreted, and acted on, the term that fits best is communication barriers. The other terms describe how or through what channel information is sent rather than what gets in the way. Formal and informal communication refer to the style or setting of messages, while written communication identifies a medium. They don't capture the obstacles that hinder understanding.

4. For quick, casual updates among team members, which type is typically used?

- A. Formal Communication
- B. Informal Communication**
- C. Communication Barriers
- D. Written Communication

Informal communication is used for quick, casual updates among team members. It's casual, spontaneous, and often happens through short chats, instant messages, or face-to-face conversations. This style lets people share small, everyday updates fast without the formality or paperwork of official channels, helping the team stay coordinated in the moment. For more official information or formal decisions, formal communication is used, and written communication can be a channel within either approach, but the scenario described calls for the speed and ease of informal talk.

5. In Maslow's hierarchy of needs, what is the order from lowest level to highest?

- A. Physiological, Esteem, Safety, Self-Actualization, Social
- B. Safety, Physiological, Self-Actualization, Social, Esteem
- C. Self-Actualization, Esteem, Social, Safety, Physiological
- D. Physiological, Safety, Social, Esteem, Self-Actualization**

Maslow's hierarchy presents needs in a ladder-like order, from what's necessary to survive up to growth and self-fulfillment. The foundation is physiological needs—food, water, air, sleep, and shelter. Only once those are satisfied do safety needs become prominent, covering security, stability, and protection. After safety comes social needs, the sense of belonging, love, and friendship. When those are met, esteem needs arise, including self-respect, recognition, and status. At the very top is self-actualization, the pursuit of personal growth and realizing potential. Therefore, the correct order from lowest to highest is physiological, safety, social, esteem, self-actualization.

6. Redundancy occurs when?

- A. An employee resigns
- B. A temporary layoff
- C. An employee is fired for misconduct
- D. A job is eliminated due to restructuring or automation**

Redundancy happens when a job is removed because the business no longer needs that role, often as a result of restructuring or adopting automation. The key point is that the position itself disappears, not because the employee has failed or chosen to leave. That makes a job eliminated due to restructuring or automation the clear example of redundancy. By contrast, resigning is a voluntary departure by the employee, a temporary layoff is only a short-term pause with the possibility of the job returning, and dismissal for misconduct ends the employment for behavioral reasons, not because the role itself has been eliminated.

7. Who is responsible for directly managing people and coordinating their tasks?

- A. Line managers**
- B. Staff managers
- C. Trade unions
- D. Job description

Directly supervising staff and arranging their day-to-day work is the job of line managers. They have the authority to assign tasks, set schedules and deadlines, monitor performance, and resolve issues on the shop floor or in a specific department. This hands-on role connects senior objectives with everyday activities, ensuring tasks are coordinated and completed. Staff managers, by contrast, provide specialist support (like HR, finance, or IT) but don't typically supervise workers daily. Trade unions are organizations that represent workers' interests and negotiate terms, not manage tasks. A job description is a document that outlines what a role entails, not the person who executes the management tasks.

8. Which term describes a leadership approach where broad objectives are communicated and employees organize their own work?

- A. Autocratic Leadership
- B. Democratic Leadership
- C. Laissez-faire Leadership**
- D. Delegation

The idea being tested is a hands-off leadership style. In this approach the leader sets broad objectives but then steps back, allowing employees to decide how to carry out the work and organize their own tasks. That's laissez-faire leadership: the leader provides goals and resources but relies on the team to determine the method, pace, and processes. This fits because the emphasis is on autonomy and self-direction rather than close supervision or collective decision-making. By contrast, autocratic leadership involves the leader giving clear instructions and controlling how tasks are done; democratic leadership centers on input and participation from others; delegation is about assigning tasks but still often involves some level of oversight and accountability by the leader.

9. What term describes messages sent through established channels?

- A. Messages sent through established channels.**
- B. Messages sent casually, not through established channels.
- C. Factors that stop effective communication.
- D. Personal Communication

Formal communication is shown here. It uses official, established channels to send messages, such as memos, reports, official emails, and meetings. This approach provides structure, authority, and a written record, which helps ensure messages are clear, consistent, and traceable. The other descriptions refer to informal or personal messaging, or to obstacles that hinder communication, not to messages moved through the recognized channels.

10. Explain the role of training and development in improving workforce capability.

- A. Training equips staff with current skills; development prepares them for future roles, improving capability and productivity.**
- B. Development prepares staff for future roles; training equips staff with current skills.**
- C. Training is the same as development.**
- D. Development reduces productivity.**

Training and development together build workforce capability by improving both what employees can do now and what they can become in the future. Training gives staff the current, job-specific skills they need to perform tasks effectively today, boosting accuracy, speed, and productivity. Development, on the other hand, prepares people for future roles by broadening their knowledge, leadership, and problem-solving abilities, so they're ready to take on more responsibility as the organization grows. Because of this combination, the workforce becomes more capable overall: people perform today's work better and are ready to handle future challenges, which keeps productivity rising over time. For example, on-the-job training helps an employee operate new equipment immediately, while development programs build skills for advancement into supervisory positions later. The idea that training and development are the same or that development reduces productivity isn't accurate; they serve different aims, and both contribute to higher capability and output.

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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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