

DUMPS ARENA

Business Acumen for Compensation Professional

WorldatWork C8

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QUESTION NO: 1

What choices are most commonly faced by companies in the decline phase of the business lifecycle?

- A. Whether to improve productivity, obtain new operating capital or generate new sales growth
- B. Whether to reinvest in existing products, create new products or maximize profits with current products as long as possible
- C. Whether to acquire competitors with greater market share or merge with more successful companies
- D. Whether to increase sales, maximize distribution capacity or increase efficiency to meet growing demand

ANSWER: B**QUESTION NO: 2**

How is the purpose of a non-profit organization typically communicated?

- A. Explained throughout the mission, vision, values and strategy
- B. Implied in the mission, vision and strategy and specifically explained on the organization's website
- C. Reflected in the mission, vision, values and strategy although often not stated directly
- D. Documented internally but not released to the public to protect trade secrets and maintain competitive advantage

ANSWER: C**QUESTION NO: 3**

Your company has had a strong fiscal year with a 15% increase in net income over the prior fiscal year. Share prices are at an all time high. Working with Finance, you have arrived at a 2.5% merit increase budget for the next fiscal year, a smaller increase than the last fiscal year. Finance has indicated that some large capital expenditures will be needed next year, so the company needs to conserve resources. Additionally, Legal is in final negotiations on a lawsuit that may be very costly to the company. Word of the smaller increases has line management concerned that they will lose their best performers. Given all of these factors, what is your best course of action?

- A. Implement the merit increase budget as is because the anticipated financial obligations have made it necessary
- B. Meet with Finance and make a case for a larger merit increase budget because the loss of key talent will cost more over the long term than the savings from the smaller merit increases
- C. Gather the perspectives of all stakeholders, analyze their individual concerns and meet to determine whether a compromise solution is possible

D. Recommend a reduction in force to eliminate poor performers, which will increase the merit budget by reducing headcount

ANSWER: C

QUESTION NO: 4

What most accurately describes a reason why organizations use financial reports?

- A. To differentiate company financial data from industry competitors to prevent loss of proprietary information
- B. To provide subjective information to key constituents that reflects the company's performance in the most favorable manner depending on stakeholder priorities
- C. To create a historical record of financial performance and identify trends that may justify changes in strategy
- D. To promote consistency of communication regarding company performance and value

ANSWER: D

QUESTION NO: 5

What best describes a use of strategic analysis?

- A. Pricing your products appropriately
- B. Understanding your business and its competitive strengths and weaknesses
- C. Forecasting profit, growth and investment performance to develop realistic budgets
- D. Evaluating prior year performance for the narrative portion of annual financial reports

ANSWER: B

QUESTION NO: 6

Which of the following factors has the greatest impact on how aggressive a stance (high vs. low) an organization will take in terms of where it positions itself against the market with its compensation strategy?

- A. The industry it operates in
- B. The bottom line
- C. The organizational headcount

D. The risk tolerance of compensation leaders

ANSWER: B

QUESTION NO: 7

What statement is most accurate regarding communication of compensation information?

- A. Compensation professionals should anticipate the level of the audience and tailor messages to their needs.
- B. Compensation terms and practices are unclear to most individuals who do not work in this area and communication should be tailored to the least informed member of the target audience.
- C. The ready availability of information online has made it unnecessary for compensation professionals to tailor messages since individuals can research terms and concepts after the fact if they don't understand a communication.
- D. Compensation terms are well-known and easily understood by most stakeholders.

ANSWER: A

QUESTION NO: 8

Regarding cost analysis of compensation expense, which job is most likely to incur fixed costs for the company?

- A. Production worker
- B. Account executive
- C. IT contractor
- D. HR Director

ANSWER: D

QUESTION NO: 9

"Cost-benefit thinking" is most useful in the context of financial management for purposes of what?

- A. Procurement
- B. Recruiting
- C. Setting priorities

D. Plan administration

ANSWER: C

QUESTION NO: 10

In what stage of the business lifecycle do companies typically begin standardizing procedures through policy creation?

- A. Start-up
- B. Growth
- C. Mature
- D. Decline

ANSWER: B