

# WorldatWork

## Exam C8

### Business Acumen for Compensation Professional

Version: 7.0

[ Total Questions: 78 ]

**Question No : 1**

What best describes a necessary skill and/or behavior in relation to business acumen?

- A. An understanding of the culture and subcultures of your organization
- B. The capacity to manage multiple projects and priorities and meet deadlines
- C. A willingness to take on additional duties and responsibilities when resources are limited
- D. A thorough understanding of the products and/or services your organization provides

**Answer: A**

**Question No : 2**

You have been asked to develop a short-term incentive plan that motivates employees in business units to increase productivity. Your team has designed a plan that rewards managers and employees quarterly based on achievement against target on measures that should generate productivity increases that will self-fund the plan. When presenting the plan to senior management, what would be the best strategy to receive approval?

- A. Demonstrate how it is aligned to the rewards philosophy, principles and organizational business strategy
- B. Provide details on the plan design and measures and how they will be administered to employees at different levels
- C. Make the case that a self-funded plan poses no risk to the organization while creating the potential for significant gains
- D. Identify in advance the priorities of the various stakeholders and design your presentation to address any objections or perceptions they may have

**Answer: A**

**Question No : 3**

What is the most likely explanation for why compensation and rewards require a strong grasp of business acumen for compensation professionals?

- A. Because the internal and external environments are constantly changing
- B. Because the best interests of the organization take priority, which can lead to difficult decisions and implementation issues
- C. Because they are emotional issues and stakeholders have many vested interests
- D. Because strong business acumen is required for all compensation decisions

**Answer: C**

**Question No : 4**

What best describes an effective core technique for communicating with executives?

- A. Focus on negative issues first, such as compensation costs exceeding budget, to get their attention
- B. Provide a wide range of facts and figures. With their high level of responsibility, executives must have all the data before they can make informed decisions.
- C. Assume they have little knowledge of the issue and make a detailed presentation leading up to the purpose of the meeting.
- D. Recommend a solution that will solve the issue and explain why it is the best solution available.

**Answer: D**

**Question No : 5**

What is the term for the skills, technologies, applications and practices of continuous iterative exploration and investigation of past business performance used to gain insight and drive business planning?

- A. Business forecasting
- B. Business analytics
- C. Predictive modeling
- D. Statistical analysis

**Answer: B**

**Question No : 6**

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 : 7**

Regarding fixed and variable costs, what tends to happen as revenue increases?

- A.** Variable costs decrease
- B.** Fixed costs decrease
- C.** Variable costs increase and consume a higher percent of revenue
- D.** Fixed costs remain the same and consume a lower percent of revenue

**Answer: D**

**Question No : 8**

What best describes a key competency of compensation professionals regarding HR management of the organization's employees?

- A. Ensuring they are appropriately selected, developed, appraised and rewarded
- B. Monitoring individual employee career paths and succession planning
- C. Communicating regularly with line management on performance management
- D. Ensuring that all regulatory and voluntary payroll deductions are properly administered

**Answer: A**

**Question No : 9**

What is the most accurate definition of organizational vision?

- A. A description of who the organization is, where it is headed and what it wants for the future
- B. A written explanation of the intention or purpose of the organization and why it is in business
- C. A statement of what kind of organization it wants to be and the guiding principles and/or beliefs shared by stakeholders
- D. A detailed account of the organization's goals, directions to achieve them and how it will compete

**Answer: A**

**Question No : 10**

Who are you most likely to hear from if there are questions about an employee's compensation?

- A. The employee
- B. A concerned co-worker
- C. The employee's manager
- D. The employee's department head

**Answer: C**

**Question No : 11**

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**

**Question No : 12**

What is the most common term for the broad framework of principles and approaches that guide day-to-day decisions affecting the business, including how it positions itself in the market?

- A. The business plan
- B. The corporate objective
- C. The mission statement
- D. The competitive strategy

**Answer: D**

**Question No : 13**

What is the most accurate statement regarding forecasting?

- A. It is a precise estimate of what the future holds for the organization.
- B. It is done primarily by using historical revenue and expense data.