

WorldatWork

Exam C8

Business Acumen for Compensation Professional

Verson: Demo

[Total Questions: 10]

Question No : 1

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 : 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

The XYZ Company focuses on maintaining/increasing market share and its products tend to be more evolutionary than revolutionary. What stage of the business lifecycle is XYZ most likely in?

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

Answer: C

Question No : 4

What statement is most accurate regarding compensation communications with employees at varying levels?

- A. They tend to be fairly consistent because the elements of pay may differ, but the concerns are universal.
- B. They generally require a greater degree of detail for lower level employees who have less of an understanding of pay plan design.
- C. They usually require more detail for senior employees regarding plan details and performance and the needs from one employee group to another can vary greatly.
- D. They should be kept to a minimum for employees at all levels to maximize efficiency and efforts can be focused only on those who have questions.

Answer: C

Question No : 5

Regarding key competencies for financial management, HR management and resource

management, what sets top performers apart?

- A. The level of formal education in each area
- B. The ability to prioritize which is most critical in any given situation and allocate time and resources accordingly
- C. The ability to tie them together, distill key messages and make impactful decisions
- D. Effective interpersonal and communication skills that can overshadow minor deficiencies in any one area

Answer: C

Question No : 6

How are the compensation communication needs of managers different from those of individual employees?

- A. They aren't. Managers are concerned about their compensation also.
- B. They are also responsible for merit increases, incentives and hiring so they have greater information needs.
- C. They tend to have more influence, so it is important to resolve any concerns they have quickly and efficiently.
- D. They have more duties and responsibilities and are less likely to have the time to discuss compensation issues.

Answer: B

Question No : 7

Regarding fixed and variable costs, what are Finance's primary concerns?

- A. Fixed costs must be kept to a minimum, but variable costs can fluctuate since they tend to correlate with revenue.
- B. Variable costs often have a heavier focus than fixed costs, which applies to all areas, including compensation.
- C. Fixed costs and variable costs are equally important and both should be kept to a minimum.

D. Fixed costs are not a concern because they cannot be changed, so the focus is primarily on variable costs.

Answer: B

Question No : 8

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 : 9

When connecting with other business units, what best describes a reason why is it important to keep up to date on organizational challenges?

- A.** Because you will be more informed when differences of opinion occur, lending more credibility to your position
- B.** Because you can demonstrate your understanding of issues from multiple perspectives
- C.** Because you will be able to explain the negative consequences of opposing your position
- D.** Because stakeholders with diverse opinions tend to compromise when they are aware that others know their weaknesses

Answer: B

Question No : 10

How do quarterly reports most commonly compare to the annual report?

- A.** The cumulative information on the four quarterly reports adds up to the information on the annual report.
- B.** The quarterly reports are more detailed. The annual report provides similar data in summary form.
- C.** The annual report is required and the quarterly reports, while commonly used, are optional.
- D.** The quarterly reports are not as detailed as annual reports, and might not match due to changing accounting estimates over the year.

Answer: D