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**QUESTION 1**

In regard to effective negotiation, a win-win attitude is characterized by:

- A. Seeking mutual benefit and satisfaction.
- B. Cooperative.
- C. It promotes support of, and commitment to, the agreement.
- D. All of the answers are correct.

Correct Answer: D

In regards to effective negotiation, a win-win attitude is characterized by seeking mutual benefit and satisfaction, being cooperative, and promoting support of, and commitment to, the agreement. In contrast to a win-win attitude, a win-lose attitude is competitive and is a zerosum game instead of a positive-sum game.

QUESTION 2

Which of the following does not describe perception?

- A. Selectivity.
- B. Organization.
- C. Objective.
- D. Interpretation.

Correct Answer: C

Perception is the process through which someone gives meaning to the surrounding environment. Perception consists of three subprocesses: selectivity, organization, and interpretation. Objectives focus upon the purpose of communication rather than the receipt and interpretation perception).

QUESTION 3

Strategic management includes developing the organization's grand strategy. This strategy is based on:

- A. Existing strategic business units (SBUs).
- B. A SWOT analysis.
- C. Portfolio management of the organization's businesses.
- D. Strategic planning.

Correct Answer: B



Strategic management is a process that includes development of a grand strategy that describes how the organization's mission is to be achieved. This strategy is based on a situational analysis that considers organizational strengths and weaknesses (a capability profile) and their interactions with environmental opportunities and threats. Such an evaluation is also called a SWOT analysis. Strengths and weaknesses (the internal environment) are usually identified by considering the firm's capabilities and resources. What the firm does particularly well or has in greater abundance are known as core competencies. Opportunities and threats (the external environment) are identified by considering macroenvironment factors (economic, demographic, political, legal, social, cultural, and technical) and microenvironment factors (suppliers, customers, distributors, competitors, and other competitive factors in the industry).

QUESTION 4

Which of the following is a benefit of implementing the achievement-oriented leader approach rather than the directive leader approach?

- A. Employee development is enhanced.
- B. The structured environment allows employees to better achieve the organization's goals.
- C. Closer supervision is provided for employees who perform better in a structured work atmosphere.
- D. Employees have more opportunities to develop creativity and meet challenges.

Correct Answer: D

The benefits to the company of the achievement-oriented leader approach include greater employee confidence and commitment, more employee decision making, increased employee creativity, more challenging objectives, and reduced supervision for employees who work best independently.

QUESTION 5

A firm should state its primary competitive scopes when it:

- A. Defines its strategic business units (SBUs).
- B. Establishes strategic control points.
- C. Formulates its mission.
- D. Makes investment and divestment decisions.

Correct Answer: C

At the highest level, a firm's strategic planning function involves formulating its mission (ultimate firm purposes and directions), determining its strategic business units (SBUs), allocating resources to SBUs, planning to start new businesses, and downsizing or divesting old businesses. A mission statement should address reasonably limited objectives, define the firm's major policies and values, and state the firm's primary competitive scopes (e.g., industries, products and services, applications, core competencies, market segments, degree of vertical integration, and geographic markets).

QUESTION 6



In a situation involving a disagreement between two parties, when one party's interests are more important than the other's (for example, a customer believes one product is most suitable while the seller disagrees, yet the seller's primary goal is to keep the customer satisfied), the best conflict-resolution strategy is:

- A. Accommodating.
- B. Compromising.
- C. Competing.
- D. Challenging.

Correct Answer: A

Accommodating is a conflict handling intention. The dimensions of conflict handling intentions are assertiveness and cooperation. An intention is what mediates between one's actual behavior and one's emotions and perceptions. Accommodating entails placing another person's interests above one's own. It represents the minimum of assertiveness and the maximum of cooperation. For example, the seller should accommodate the customer by providing the product the customer wants.

QUESTION 7

A strategic business unit (SBU) has a low relative market share (RMS) and a high market growth rate (MGR). According to the portfolio model for competitive analysis (the growth share matrix) created by the Boston Consulting Group, the SBU is considered a

- A. Star.
- B. Question mark.
- C. Cash cow.
- D. Dog.

Correct Answer: B

QUESTION 8

Which approach to understanding leadership focuses on the social skills, judgment, and maturity of the leader?

- A. Behavioral styles theory.
- B. Emotional intelligence theory.
- C. The Ohio State model.
- D. Path-goal theory.

Correct Answer: B

A recent traitist approach is based on the emotional intelligence of leaders, that is, their social skills and judgment, maturity, and emotional control. These abilities can be learned, especially when a manager or employee understands that



immaturity, erratic behavior, and uncontrolled negative emotions have a bad effect on the workplace. According to Daniel Goleman, a leader can acquire social capital through exhibiting the following leadership traits:

1 Self-awareness is knowing oneself.

2 Self-management is the ability to prevent one's mood swings from interfering with positive relationships.

3 Social awareness is understanding the actions and emotions of others. This ability helps a person to adapt in a productive way.

4 Relationship management is an ability possessed by a person who communicates and resolves conflict effectively. Humor and a benign approach are characteristics of people who develop good relationships.

QUESTION 9

Which of the following is a source of communication breakdown within an organization due to a sense of superiority by members of a particular culture?

- A. Perceptual problem.
- B. Stereotyping.
- C. Ethnocentrism.
- D. Uncertainty avoidance.

Correct Answer: C

Ethnocentrism is the attitude that one's own group is superior. It is perpetuated through the value structures and nationalistic spirit of the people.

QUESTION 10

A large company uses assembly line techniques to manufacture a single product. Its choice of relatively mechanistic organizational design was more likely based on its:

- A. Need for rapid response to environmental change.
- B. Primary concern for operational efficiency.
- C. Low fixed technology requirements.
- D. Project management emphasis.

Correct Answer: B

Mechanistic organizations have vertical structures with duties and authority clearly defined by position in the hierarchy, a stringent set of formal controls, and a centralized staff. Such organizations tend to emphasize efficiency and operate in a stable environment with well-established technology. Large firms in basic industries (autos, utilities) often adopt this structure.

**QUESTION 11**

Many factors cause firms to overbuild, resulting in industry overcapacity. The structural factor that may lead to overbuilding is:

- A. A reduction in supplier prices.
- B. A shallow learning curve.
- C. An absence of exit barriers.
- D. The presence of a strong market leader.

Correct Answer: A

Suppliers of capital, equipment, materials, etc., face their own competitive pressures. Thus, lower supplier prices, government subsidies, favorable interest rates, and similar incentives may promote expansion by customer industries.

QUESTION 12

According to Edward T. Hall, the perception of time is monochronic or polychronic. Which cultures perceive time as monochronic?

- A. Northern European.
- B. Latin American.
- C. Arabic.
- D. Mediterranean.

Correct Answer: A

The perception of time as it relates to business and social life varies with the culture. Polychronic time is based on a perception that time is nonlinear, flexible, and multidimensional. This perception is typical of Mediterranean, Latin American, and Arabic cultures. Monochronic time is based on a perception that time is the same for everyone and is measurable in standard units. This perception is common in Northern Europe and the U.S. These western cultures believe in punctuality and that time is money and should not be wasted.

QUESTION 13

Which of the following is a market-oriented definition of a business versus a product-oriented definition of a business?

- A. Making air conditioners and furnaces.
- B. Supplying energy.
- C. Producing movies.
- D. Selling men's shirts and pants.

Correct Answer: B



Businesses should be defined in market terms, that is, in terms of needs and customer groups. Moreover, a distinction should be made between a target market definition and a strategic market definition. For example, a target market for a railroad might be freight hauling, but a strategic market might be transportation of any goods and people. Accordingly, stating that a business supplies energy is a market-oriented definition as opposed to the product-oriented definition. Moreover, it is also a strategic market definition.

QUESTION 14

Under "groupthink,"

- A. There is a tendency to conform to the majority's will and to ignore relevant individual input that is at variance with group opinion.
- B. The group is not required to reach consensus.
- C. The extent of groupthink is proportional to the size of the group.
- D. There are too many alternatives to facilitate decision making.

Correct Answer: A

Groupthink is the tendency to conform to the majority's will when individual input is at variance with the group opinion. Groupthink is a cause of faulty decision making in a group. Groups may not consider all alternatives because they desire unanimity at the expense of quality decisions. Groupthink occurs when groups are highly cohesive and under considerable pressure to make a decision.

QUESTION 15

Some behavioral models stress employee participation as a key to motivation. A limitation of the participative approach is:

- A. Workers are intrinsically lazy and must be driven.
- B. A number of dissatisfiers must be present in order for the approach to work.
- C. It is difficult to elicit the participation of all employees.
- D. Unresolvable conflicts arise when a mature, capable, creative person joins a structured, demanding, and limiting organization.

Correct Answer: C

For a participative management approach to succeed, the parties must have sufficient time, the issues must be relevant to employees' interests, employees must have the abilities training and communication skills) to participate, and the organizational culture should support participation. Accordingly, a limitation of the participative approach is that it is unlikely that all employees are willing to participate in decision making.

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