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QUESTION 1

The three major factors favoring globalization are

- A. Cultural, commercial, and technical.
- B. Flexibility, proximity, and adaptability.
- C. Political, technological, and social.
- D. Ambition, positioning, and organization.

Correct Answer: C

The new economy is driven by the digital revolution that facilitates international commerce by providing capabilities that did not exist a relatively few years ago. It is also driven by such political events as the fall of the Soviet Union, the participation of China in the world economic system, the emergence of the European Union, and the creation of other regional free trade zones. These technological and political factors are intertwined with social changes, for example, greater concern for the rights of women and minorities; the advance of multilingualism; and the convergence of tastes in fashion, music, and certain other cultural factors. Accordingly, these factors favor globalization by reducing trade barriers, reducing cost of coordination, increasing economies of scale, and encouraging standardization and global branding.

QUESTION 2

Which one of the following statements about the nature of communication is true?

- A. Communication occurs only when people deliberately and consciously decide to communicate.
- B. Accounting terms such as expense, revenue, net income, and variance mean the same to all users.
- C. Because managerial accounting reports classify and summarize vast amounts of data, the reports do not add to the information overload within an organization.
- D. Communication between departments is affected by the level of functional specialization within departments.

Correct Answer: D

Communication between departments is sometimes affected by the level of functional specialization within those departments. Noise of any sort can inhibit communication, and that noise can be physical or nonphysical. An example of nonphysical noise is the difference in expertise between the sender and the recipient. A sender must establish a climate that encourages the elimination of interpersonal barriers to communication.

QUESTION 3

A manager believes that the department's most valuable resource is the employees' time. The manager enforces a set of rigid rules for employees. A characteristic of this leadership style is that

- A. Employees are encouraged to participate in decision making.
- B. Personal interaction among employees is limited.



C. Organizational objectives are coordinated with each employee's goals.

D. The manager's perceptions are similar to McGregor's Theory Y.

Correct Answer: B

The characteristics of a leadership style based on deadlines and strict rules include an emphasis on relatively inflexible congruence with the organization's overall goals, perceptions related to McGregor's Theory X, and limitations on interaction and communication among employees.

QUESTION 4

A small engineering consulting firm accepts special projects from customers in a variety of fields. Its choice of an organic organizational design was most likely based on its:

A. Lack of concern for self-fulfillment of employees.

B. Preference for formal communication.

C. Adoption of directive leadership style.

D. Participative decision making processes.

Correct Answer: D

The organic structure is best suited to a company that emphasizes operational efficiency less than the flexibility needed to respond quickly to changes in its environment and the creativity to find solutions to new problems. Decision making in this context tends to rely on input from many sources and requires multidirectional communication. Hence, a horizontal or flat structure typified by project or matrix management will be appropriate.

QUESTION 5

What is a primary disadvantage of forcing another party to accept terms in a negotiation?

A. Damage of the relationship between the negotiators.

B. Lack of achievement of the negotiator's goals.

C. Increased time involved in reaching an agreement.

D. Reduction in internal support for the negotiator's tactics.

Correct Answer: A

In future negotiations, the "forced" opponent will be less likely to work with the negotiator to achieve mutual goals. Negotiations in which one or both parties feel they must "win" at the expense of the other party ultimately do not build a relationship of trust and cooperation.