

Industry and Development Vocabulary Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What is the 'tech adoption lifecycle' in industry development?**
 - A. The process by which a firm adopts only in-house technology.**
 - B. The cycle of replacing technology after a fixed period.**
 - C. The sequence of vendor selection and procurement steps for technology.**
 - D. The process by which new technologies are adopted across markets, from innovators to late adopters.**

- 2. What is an offset in international procurement?**
 - A. An offset is a negotiated concession in procurement where the supplier provides additional benefits to offset the deal's costs.**
 - B. An offset is a tax incentive offered to exporters to reduce tariffs.**
 - C. An offset is a requirement to source only domestically for a contract.**
 - D. An offset is a contract clause that allows payment delays.**

- 3. Global value chains typically require upgrading in which area to stay competitive?**
 - A. Investing in workforce training and education**
 - B. Reducing training programs**
 - C. Lowering wages without skills development**
 - D. Isolating supply chains**

- 4. Which statement about the impact of climate risk on development planning is most accurate?**
 - A. It primarily affects only agricultural outputs.**
 - B. It has no impact on industrial energy choices.**
 - C. It affects infrastructure resilience, supply chains, and productivity, promoting adaptation measures.**
 - D. It is irrelevant to long-term planning.**

- 5. What is the term for the ability to produce a good using fewer inputs than another producer?**
- A. Comparative advantage**
 - B. Substitution principle**
 - C. Vertical Integration**
 - D. Absolute advantage**
- 6. Which term refers to an area designed for high technology with clusters of tech companies?**
- A. Growth Poles**
 - B. Technopoles**
 - C. Post-Fordist**
 - D. Intermodal connections**
- 7. Which term is NOT a component of the Human Development Index (HDI)?**
- A. Life expectancy**
 - B. Education**
 - C. Standard of living (GNI per capita)**
 - D. Inflation rate**
- 8. What is deindustrialization and its typical drivers?**
- A. An increase in manufacturing output due to government subsidies.**
 - B. A shift from industry to agriculture in developing economies.**
 - C. The decline of the manufacturing share of the economy, driven by offshoring, automation, rising services, and trade liberalization.**
 - D. A rapid expansion of service sector employment in manufacturing firms.**

- 9. Which of the following best describes absorptive capacity in the context of knowledge transfer?**
- A. Absorptive capacity refers to hoarding information for competitive advantage.**
 - B. Absorptive capacity means recognizing, assimilating, and applying new knowledge; it determines how effectively external tech improves performance.**
 - C. Absorptive capacity is the speed at which a company can hire new staff.**
 - D. Absorptive capacity is a measure of market share growth.**
- 10. What term refers to when a poorer country ties its currency to that of a wealthier country or adopts that currency as its own?**
- A. Maquiladoras**
 - B. EPZs**
 - C. HDI**
 - D. Dollarization**

Answers

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1. D
2. A
3. A
4. C
5. D
6. B
7. D
8. C
9. D
10. D

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Explanations

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1. What is the 'tech adoption lifecycle' in industry development?

- A. The process by which a firm adopts only in-house technology.**
- B. The cycle of replacing technology after a fixed period.**
- C. The sequence of vendor selection and procurement steps for technology.**
- D. The process by which new technologies are adopted across markets, from innovators to late adopters.**

The question tests how new technologies spread through markets over time. The tech adoption lifecycle describes the diffusion of innovations across different market segments, from innovators to early adopters, then early and late majorities, and finally laggards. This framework explains the typical S-shaped uptake curve and why adoption progresses through distinct groups rather than happening all at once. It's about cross-market adoption dynamics, not a firm's internal choice, a fixed hardware replacement cycle, or a procurement process.

2. What is an offset in international procurement?

- A. An offset is a negotiated concession in procurement where the supplier provides additional benefits to offset the deal's costs.**
- B. An offset is a tax incentive offered to exporters to reduce tariffs.**
- C. An offset is a requirement to source only domestically for a contract.**
- D. An offset is a contract clause that allows payment delays.**

An offset in international procurement is a negotiated arrangement where the supplier provides additional benefits to the purchasing country to offset the costs or impact of the deal. This can include technology transfer, local manufacturing or sourcing, training, or investments that help build the buyer's economy and capabilities beyond the price of the goods or services themselves. The idea is to derive value for the buyer that goes beyond simply paying for the product. The other ideas describe tax incentives, mandatory domestic sourcing, or payment terms, which don't capture the concept of the supplier delivering extra benefits to compensate for the deal.

3. Global value chains typically require upgrading in which area to stay competitive?

- A. Investing in workforce training and education**
- B. Reducing training programs**
- C. Lowering wages without skills development**
- D. Isolating supply chains**

Upgrading through workforce training and education is essential because global value chains hinge on skilled, adaptable workers who can operate advanced technology, implement better processes, and contribute to higher-value activities. When firms invest in training, productivity rises, quality improves, and innovation can flourish, helping them stay competitive as supply chains evolve and tasks shift across countries. Reducing training undermines capability and long-term competitiveness; lowering wages without building skills damages productivity and sustainability; isolating supply chains blocks access to knowledge, cooperation, and opportunities to upgrade.

4. Which statement about the impact of climate risk on development planning is most accurate?

- A. It primarily affects only agricultural outputs.**
- B. It has no impact on industrial energy choices.**
- C. It affects infrastructure resilience, supply chains, and productivity, promoting adaptation measures.**
- D. It is irrelevant to long-term planning.**

The main idea is that climate risk touches development planning on multiple fronts, not just one sector. When planners think about the future, they must account for extreme weather, rising temperatures, floods, and other climate changes to keep infrastructure functioning, keep supply chains stable, and maintain or improve productivity. This pushes decisions toward adaptation: building resilient infrastructure, diversifying sources and routes, improving risk assessments and scenario planning, and choosing investments that can withstand climate surprises. That's why the statement describing climate risk as affecting infrastructure resilience, supply chains, and productivity—and promoting adaptation measures—is the most accurate. The other ideas are too narrow or incorrect: climate risk extends beyond agriculture, it does influence industrial energy choices and system reliability, and it rightly belongs in long-term planning.

5. What is the term for the ability to produce a good using fewer inputs than another producer?

- A. Comparative advantage
- B. Substitution principle
- C. Vertical Integration
- D. Absolute advantage**

Absolute advantage is the ability to produce a good using fewer inputs than another producer. This means one producer is more efficient, needing less labor, materials, or energy to produce the same amount of output. It's about resource use per unit of production, not about the value or profitability of the product. For example, if one factory can produce a widget with fewer hours of work or less material than another factory, it has absolute advantage in widget production. This differs from comparative advantage, which focuses on the lower opportunity cost when producing goods, so trade can still be beneficial even if one producer has no absolute advantage in any good. Vertical integration relates to owning multiple stages of production within a firm, and the substitution principle isn't the term used for this concept.

6. Which term refers to an area designed for high technology with clusters of tech companies?

- A. Growth Poles
- B. Technopoles**
- C. Post-Fordist
- D. Intermodal connections

A technopole refers to a region designed around high technology, where clusters of tech companies, research institutions, and supporting services concentrate to foster innovation, collaboration, and a skilled workforce. The idea is to create an ecosystem that accelerates development through knowledge spillovers, shared infrastructure, and access to universities, incubators, and venture capital. This makes technopole the best fit for describing an area that centers on advanced tech industries and their networks. Growth poles describe a broader regional growth driver, not specifically tech-focused. Post-Fordist refers to a flexible, knowledge-based economy rather than a place name. Intermodal connections are about transportation links, not technology clustering.

7. Which term is NOT a component of the Human Development Index (HDI)?

- A. Life expectancy
- B. Education
- C. Standard of living (GNI per capita)
- D. Inflation rate**

The main idea being tested is what metrics go into the Human Development Index. The HDI combines three dimensions: health, education, and standard of living. Health is represented by life expectancy at birth, education by measures of schooling (years of schooling for adults and expected years for children), and standard of living by gross national income per capita adjusted for purchasing power parity. Inflation rate, while important in economics as a measure of price changes over time, does not directly measure people's health, knowledge, or material well-being, so it isn't part of the HDI. That's why the term inflation rate is not a component of the HDI.

8. What is deindustrialization and its typical drivers?

- A. An increase in manufacturing output due to government subsidies.
- B. A shift from industry to agriculture in developing economies.
- C. The decline of the manufacturing share of the economy, driven by offshoring, automation, rising services, and trade liberalization.**
- D. A rapid expansion of service sector employment in manufacturing firms.

Deindustrialization is about the manufacturing share of the economy falling, not just a drop in total output. The typical drivers reflect structural shifts: production moves to lower-cost regions (offshoring), automation boosts productivity and reduces the need for labor in manufacturing, the service sector grows faster and absorbs more employment and output, and trade liberalization makes imports cheaper and more prevalent, reshaping the economy away from manufacturing. Taken together, these forces reduce manufacturing's relative importance even if some plant output remains or grows in absolute terms. The other ideas miss that pattern. Subsidies that boost manufacturing output describe growth rather than decline. A shift from industry to agriculture in developing economies is a different structural path, not the common industrial-to-service drift seen in deindustrialization. Rapid service expansion within manufacturing firms suggests more integrated services, not a shrinking manufacturing share.

9. Which of the following best describes absorptive capacity in the context of knowledge transfer?

- A. Absorptive capacity refers to hoarding information for competitive advantage.
- B. Absorptive capacity means recognizing, assimilating, and applying new knowledge; it determines how effectively external tech improves performance.
- C. Absorptive capacity is the speed at which a company can hire new staff.
- D. Absorptive capacity is a measure of market share growth.**

Absorptive capacity is about a firm's ability to recognize the value of new external knowledge, assimilate it into existing processes, and apply it to improve performance. This capability explains why some organizations gain substantial performance benefits from external technologies or ideas while others do not: it depends on their prior knowledge, routines, and willingness to transform and exploit what they learn. The best description emphasizes these four linked activities: sensing valuable new information, assimilating it so it can be understood and integrated, transforming it to fit the company's context, and exploiting it to realize performance gains. Hoarding information, hiring speed, or market share growth describe outcomes or unrelated processes rather than the learning and integration capability that underpins knowledge transfer.

10. What term refers to when a poorer country ties its currency to that of a wealthier country or adopts that currency as its own?

A. Maquiladoras

B. EPZs

C. HDI

D. Dollarization

Dollarization is when a country uses another nation's currency as its own money, or makes that currency legal tender, effectively tying its monetary system to that country. This approach can help stabilize prices and reduce exchange-rate risk, making trade and investment with the wealthier country easier, though it means giving up control over domestic monetary policy. For example, some poorer countries adopt the U.S. dollar officially, or rely on it in practice. The other terms refer to different concepts: Maquiladoras are border factories, EPZs are export processing zones, and HDI is a development index.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://industrydevelopmentvocab.examzify.com>

We wish you the very best on your exam journey. You've got this!

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