

# WESTERN GOVERNORS UNIVERSITY (WGU) BUS5000 C201 BUSINESS ACUMEN PRACTICE EXAM (SAMPLE)

## STUDY GUIDE



## SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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 type of support system focuses on administrative tasks and data handling?**
  - A. Executive Information System
  - B. Operational Support System
  - C. Decision Support System
  - D. Human Resource Management System
- 2. How is the inventory turnover ratio calculated?**
  - A. Cost of goods sold / average inventory
  - B. Average inventory / cost of goods sold
  - C. Sales / average inventory
  - D. Average inventory / sales
- 3. The amount of assets a firm needs to support its forecast is referred to as what?**
  - A. Capital Requirement
  - B. Asset intensity
  - C. Investment Strategy
  - D. Resource Allocation
- 4. When would a pull promotional strategy enhance a competitive advantage better than a push strategy?**
  - A. When the product is niche-focused
  - B. When demand for the product is driven by the end user
  - C. When inventory levels are high
  - D. When sales trends are declining
- 5. Which level of planning does the middle level manager complete?**
  - A. Operational planning
  - B. Tactical planning
  - C. Strategic planning
  - D. Contingency planning

- 6. Which two risks does a firm face by funding the purchase of long-term assets with short-term funding sources?**
- A. Volatility of interest rates
  - B. Frequent renewals
  - C. Increased maintenance costs
  - D. Loss of operational control
- 7. Which of the following is NOT a type of brand loyalty?**
- A. Recognition
  - B. Preference
  - C. Association
  - D. Insistence
- 8. Which process layout is commonly used for assembly line production?**
- A. Fixed-Position Layout
  - B. Product Layout
  - C. Functional Layout
  - D. Dynamic Layout
- 9. Which inventory turnover indicates better performance?**
- A. Low inventory turnover ratio
  - B. Moderate inventory turnover ratio
  - C. High inventory turnover ratio
  - D. No inventory turnover ratio
- 10. In financial terms, what does a high liquidity ratio indicate?**
- A. A company has high debt levels
  - B. A company is efficiently utilizing its assets
  - C. A company has sufficient resources to cover its liabilities
  - D. A company has low operational cash flow

## **Answers**

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

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## **Explanations**

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## 1. What type of support system focuses on administrative tasks and data handling?

- A. Executive Information System
- B. Operational Support System**
- C. Decision Support System
- D. Human Resource Management System

The focus of the correct answer is on administrative tasks and data handling, which is the primary function of an Operational Support System. This type of support system is designed to facilitate the day-to-day operations of an organization by managing and processing data related to various operational activities. It aids in tasks such as transaction processing, inventory control, and order fulfillment, thereby ensuring that the administrative aspects of the organization run smoothly and efficiently. Operational Support Systems streamline processes and improve the management of data, allowing employees to focus on core activities rather than getting bogged down by procedural concerns. These systems often include technologies and software that automate routine administrative tasks, contributing to enhanced productivity and accuracy in operations. In contrast, the other options serve different purposes. Executive Information Systems provide high-level data analysis and visualization for executives, Decision Support Systems help with complex decision-making by analyzing data and providing insights, and Human Resource Management Systems specifically cater to employee-related functions like recruitment, payroll, and performance management. Each of these systems addresses distinct needs within an organization, but they do not have the primary emphasis on administrative tasks and data handling in the same way that Operational Support Systems do.

## 2. How is the inventory turnover ratio calculated?

- A. Cost of goods sold / average inventory**
- B. Average inventory / cost of goods sold
- C. Sales / average inventory
- D. Average inventory / sales

The inventory turnover ratio is calculated by dividing the cost of goods sold (COGS) by the average inventory. This ratio measures how many times a company's inventory is sold and replaced over a given period, typically a year. A higher inventory turnover ratio indicates effective inventory management and sales performance, as it reflects that products are sold more frequently, minimizing holding costs associated with unsold inventory. Using the cost of goods sold as the numerator provides insight into the total cost of the items sold during that period, while the average inventory used in the denominator indicates the average amount of inventory held. This relationship is crucial for businesses aiming to optimize their inventory levels and enhance liquidity. By analyzing this ratio, businesses can assess their operational efficiency and make informed decisions about inventory management.

**3. The amount of assets a firm needs to support its forecast is referred to as what?**

- A. Capital Requirement
- B. Asset intensity**
- C. Investment Strategy
- D. Resource Allocation

*Asset intensity is the measure of how asset-heavy a firm needs to be to support its forecasted activity. It captures the relationship between planned sales (or other activity) and the asset base required to generate that activity, such as inventory, plant, equipment, and working capital. In planning, you multiply the forecasted level of activity by the asset intensity to estimate the assets needed:  $\text{assets required} = \text{asset intensity} \times \text{forecasted sales}$ . A higher asset intensity means more capital is tied up for each dollar of forecasted activity, which influences financing needs and cash flow. Capital requirement describes the total funds needed for investments, not specifically the asset level tied to forecasted sales. Investment strategy and resource allocation are broader strategic processes rather than the quantitative link between forecast and asset needs. Hence, asset intensity best matches the idea of the exact amount of assets required to support the forecast.*

**4. When would a pull promotional strategy enhance a competitive advantage better than a push strategy?**

- A. When the product is niche-focused
- B. When demand for the product is driven by the end user**
- C. When inventory levels are high
- D. When sales trends are declining

*A pull promotional strategy is particularly effective when demand for the product is driven by the end user. In this approach, marketing efforts are directed towards consumers to generate demand that "pulls" the product through the distribution channels. This strategy encourages customers to actively seek out the product, which is most beneficial when customers are already interested or need the product, leading to higher engagement and loyalty. When consumers have a strong desire for a specific product, particularly in markets where customers research and decide based on their needs and preferences, a pull strategy can create a competitive advantage by fostering brand loyalty and consumer awareness. By effectively reaching and influencing the end users, businesses can enhance demand and sales, making them more responsive to customer needs. In contrast, in situations like high inventory levels or declining sales trends, a push strategy, which involves promoting products to retailers or distributors, may not address the fundamental need to engage the end user effectively. Therefore, leveraging a pull strategy is ideal when consumer demand drives sales, leading to a more organic growth in customer interest and long-term brand equity.*

## 5. Which level of planning does the middle level manager complete?

- A. Operational planning
- B. Tactical planning**
- C. Strategic planning
- D. Contingency planning

Middle-level managers are primarily responsible for tactical planning. This involves translating the broader strategic goals set by top management into specific objectives and actions that middle-level managers and their teams can execute. Tactical planning typically involves creating detailed plans on how to achieve these objectives, including resource allocation, timelines, and responsibilities. In this context, tactical planning focuses on the mid-term and helps ensure that the daily operations align with the overall strategy of the organization. This planning level is essential for coordinating activities among various departments and ensuring that each team contributes effectively to the organization's objectives. The other planning levels differ in scope and focus. Operational planning, for instance, is carried out by lower-level managers and centers on day-to-day operations, while strategic planning is conducted by top management and is oriented toward long-term goals and direction. Contingency planning involves preparing for unexpected events and is often integrated into both tactical and operational planning but is not the primary focus for middle-level managers.

## 6. Which two risks does a firm face by funding the purchase of long-term assets with short-term funding sources?

- A. Volatility of interest rates**
- B. Frequent renewals
- C. Increased maintenance costs
- D. Loss of operational control

When a firm funds the purchase of long-term assets using short-term funding sources, it indeed faces the risk of volatility of interest rates. This risk arises because short-term funding typically involves loans or credit lines that are subject to fluctuating interest rates. If market rates rise, the cost of servicing that short-term debt could increase, leading to higher overall borrowing costs for the firm. This can strain cash flow and negatively impact financial stability. Frequent renewals represent another significant risk in this scenario. Short-term funding often requires the firm to frequently refinance or renew its borrowing arrangements. This process can create uncertainty and administrative burden, as each renewal can lead to changes in terms or costs based on market conditions at that time. Additionally, the ongoing need to find financing can divert attention from other strategic business activities. While increased maintenance costs and loss of operational control can be important considerations in some financial situations, they are not directly tied to the structure of financing long-term assets with short-term liabilities in the same way that volatility of interest rates and the requirement for frequent renewals are. Thus, the correct concerns for this financial strategy primarily focus on interest rate volatility and the administrative challenges of renewing short-term funding.

## 7. Which of the following is NOT a type of brand loyalty?

- A. Recognition
- B. Preference
- C. Association**
- D. Insistence

Brand loyalty is typically categorized into various types that describe how consumers relate to a brand. Recognition, preference, and insistence are commonly accepted types of brand loyalty. Recognition refers to the awareness of a brand and the ability of consumers to identify it among others, indicating a basic level of brand loyalty. Preference occurs when consumers have a favorable attitude towards a brand over others and tend to choose it if available, representing a stronger level of loyalty. Insistence goes further, where consumers will only purchase a specific brand and refuse to consider any alternatives, displaying the highest level of brand loyalty. Association, however, is not classified as a type of brand loyalty. While it can describe the feelings or imagery linked to a brand, it does not denote a consumer's loyalty towards committing to that brand when making purchasing decisions. Thus, it does not fit into the established categories of brand loyalty.

## 8. Which process layout is commonly used for assembly line production?

- A. Fixed-Position Layout
- B. Product Layout**
- C. Functional Layout
- D. Dynamic Layout

The correct answer is the product layout, which is specifically designed to facilitate the efficient movement of goods through the stages of assembly line production. In a product layout, the arrangement of equipment and workstations is aligned in the sequence that reflects the steps of the production process. This setup minimizes movement and allows for streamlined operations, which is essential for mass production environments. In assembly line production, each workstation is assigned a specific task to contribute towards the completion of the final product. By having materials and components organized in a straightforward, linear manner, production rates can be maximized, and workers can perform their tasks with greater efficiency. The product layout effectively reduces bottlenecks and minimizes the time spent moving between processes. Other layouts, such as the fixed-position layout and functional layout, serve different purposes. A fixed-position layout is used when the product remains stationary, and workers and equipment come to that location, which is not suited for assembly lines where continuous flow is vital. A functional layout groups similar functions or equipment together, which can lead to increased handling time and inefficiencies in an assembly line context. Lastly, a dynamic layout is not a formalized layout type but suggests flexibility, which may not have the same efficiency benefits as a well-structured product layout in an

## 9. Which inventory turnover indicates better performance?

- A. Low inventory turnover ratio
- B. Moderate inventory turnover ratio
- C. High inventory turnover ratio**
- D. No inventory turnover ratio

A high inventory turnover ratio indicates better performance because it reflects how efficiently a company manages its inventory in relation to its sales. When a business has a high turnover rate, it implies that the company is selling its products quickly and efficiently, which is generally a positive sign of demand for its goods and effective inventory management. This can suggest to investors and stakeholders that the company is capable of converting its inventory into sales at a rapid pace, which can lead to increased revenue and reduced holding costs associated with storing unsold goods. Moreover, a high turnover ratio can improve cash flow since products that are sold quickly return money to the business more rapidly, allowing for reinvestment in the company. This efficiency can be particularly important in industries where products may have a short shelf life or quickly become obsolete. In contrast, lower turnover ratios may signal that a business is struggling to sell its inventory or has overstocked products, which can tie up resources and impact overall financial health negatively.

## 10. In financial terms, what does a high liquidity ratio indicate?

- A. A company has high debt levels
- B. A company is efficiently utilizing its assets
- C. A company has sufficient resources to cover its liabilities**
- D. A company has low operational cash flow

A high liquidity ratio indicates that a company has sufficient resources to cover its liabilities. Liquidity ratios, such as the current ratio or quick ratio, measure a company's ability to meet its short-term obligations using its most liquid assets. When the ratio is high, it suggests that the company has a strong financial position and is capable of quickly converting assets into cash to pay off its debts. This is an important indicator of financial health, as it reflects the company's short-term viability and ability to weather financial challenges or unexpected expenses. A company with a high liquidity ratio is typically seen as less risky to creditors and investors, as it demonstrates a robust ability to fulfill its obligations.

## 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](mailto:hello@examzify.com).

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

<https://wgu-bus5000-c201.examzify.com>

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

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