INDUSTRY AND DEVELOPMENT VOCABULARY PRACTICE TEST (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.

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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!

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Questions

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1. The term given to zones in northern Mexico with factories supplying manufactured goods to the U.S. market. The low-wage workers in the primarily foreign-owned factories assemble imported components and/or raw materials and then export finished goods.

A. EPZs

B. Maquiladoras

C. HDI

D. Neocolonialism

2. HDI is composed of three components. Which set correctly lists them?

A. Life expectancy, education (mean years of schooling and expected years of schooling), and standard of living (GNI per capita).

B. GDP, inflation, and unemployment.

C. Life expectancy, healthcare access, and literacy rate.

D. Infant mortality, education, and health expenditure per capita.

3. Transfers of money, goods, or services that are not reported to the government are part of which economy?

A. Formal Economy

B. Shadow Economy

C. Underground Economy

D. Informal Economy

4. What is the term for the ability to produce a good at a lower opportunity cost than another producer?

A. Absolute advantage

B. Substitution principle

C. Comparative advantage

D. Quaternary activity

5. Which statement about industrial diversification is most accurate?

A. Industrial diversification reduces risk by spreading activity across multiple sectors.

B. Industrial diversification increases risk by focusing on one industry.

C. Industrial diversification only affects services, not manufacturing.

D. Industrial diversification eliminates the need for capital investment.

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6. What is the core idea of the Lewis two-sector model in development economics?

A. The Lewis model argues that urban sectors must supply labor to agriculture.

B. The Lewis model requires a balanced growth between all sectors.

C. The Lewis model focuses only on capital markets.

D. The Lewis model postulates surplus rural labor feeds into the modern industrial sector, enabling growth through higher productivity in manufacturing.

7. A non-governmental, non-profit organization that runs aid programs and lobbies for people's rights around the world describes which term?

A. NGOs

B. SEZs

C. Mercosur

D. NAFTA

8. Which indicator, constructed by the United Nations, combines income, literacy, education, and life expectancy to measure development?

A. Maquiladoras

B. Human Development Index (HDI)

C. EPZs

D. Neoliberal Policies

9. What does environmental sustainability mean for industry?

A. The practice of removing pollution entirely in any scenario

B. Minimizing environmental impact through reduced emissions, resource efficiency, responsible waste management, and long-term viability.

C. The process of increasing production without regard to environmental costs

D. The commitment to sustainable growth through unlimited resource extraction

10. Which term describes service sectors that require a high level of specialized knowledge or skill, often associated with high-level management?

A. Quaternary activity

B. Tertiary activity

C. Quinary activity

D. Secondary activity

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Answers

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

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Explanations

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1. The term given to zones in northern Mexico with factories supplying manufactured goods to the U.S. market. The low-wage workers in the primarily foreign-owned factories assemble imported components and/or raw materials and then export finished goods.

A. EPZs

B. Maquiladoras

C. HDI

D. Neocolonialism

This is about border manufacturing zones in northern Mexico where foreign-owned plants assemble imported components for export to the United States. These factories, called maquiladoras, rely on low-wage labor to put together finished goods that are then shipped north. The term specifically captures the Mexican border context and the practice of importing parts for immediate assembly and export, often under favorable tariff or duty arrangements. Export Processing Zones are a broader concept used in many countries; while they describe similar setups, the well-known term for the Mexican border factories is maquiladoras. The other options don't fit because they refer to different ideas: HDI is a development index, and neocolonialism is a political-economic concept, not a type of industrial zone or manufacturing arrangement.

2. HDI is composed of three components. Which set correctly lists them?

A. Life expectancy, education (mean years of schooling and expected years of schooling), and standard of living (GNI per capita).

B. GDP, inflation, and unemployment.

C. Life expectancy, healthcare access, and literacy rate.

D. Infant mortality, education, and health expenditure per capita.

HDI measures development through three dimensions: health, education, and standard of living. Health is captured by life expectancy at birth. Education combines two indicators: mean years of schooling for the adult population and expected years of schooling for children. Standard of living is represented by gross national income per capita (GNI per capita). The set that lists life expectancy, education (mean years of schooling and expected years of schooling), and standard of living (GNI per capita) matches these three dimensions exactly. Other options mix in indicators not used as part of the HDI, such as GDP, inflation, and unemployment, or rely on single indicators like infant mortality, literacy rate, or health expenditure per capita, which do not form the HDI components.

3. Transfers of money, goods, or services that are not reported to the government are part of which economy?

A. Formal Economy

B. Shadow Economy

C. Underground Economy

D. Informal Economy

Unreported economic activity falls outside official records and regulation, which is the informal economy. It covers everyday work and small businesses that operate without formal registration or accounting, often paid in cash and not reported for taxes or oversight. This means these transfers aren't captured in government statistics, even though the activities are real economic activity. The formal economy, by contrast, includes registered and taxed transactions. Terms like shadow or underground economy are sometimes used to describe activities kept hidden from authorities, often implying illicit ones; the broader idea in this context is simply the lack of reporting, which points to the informal economy.

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4. What is the term for the ability to produce a good at a lower opportunity cost than another producer?

A. Absolute advantage

B. Substitution principle

C. Comparative advantage

D. Quaternary activity

The idea being tested is comparative advantage: the ability to produce a good at a lower opportunity cost than another producer. Opportunity cost is what you give up to make one more unit of a good—the value of the next best alternative foregone. If one producer sacrifices fewer resources or gives up less of a second good to produce an extra unit of the first good, that producer has a comparative advantage in the first good. When each producer specializes in the good where they have the lower opportunity cost and then trades, total output rises and both can benefit, even if one producer is more productive in absolute terms for both goods. This concept is distinct from absolute advantage, which is about who can produce more with the same resources, not about the relative trade-offs. The other terms aren't about these trade-offs in production costs, so they don't capture why specialization and exchange can make everyone better off.

5. Which statement about industrial diversification is most accurate?

A. Industrial diversification reduces risk by spreading activity across multiple sectors.

B. Industrial diversification increases risk by focusing on one industry.

C. Industrial diversification only affects services, not manufacturing.

D. Industrial diversification eliminates the need for capital investment.

Spreading activity across multiple sectors reduces risk by avoiding dependence on a single industry's performance. When a company or economy engages in several different industries, a downturn in one area may be offset by stability or growth in another, leading to more stable overall results. This is the core idea behind diversification in industry strategy: it smooths earnings and lowers exposure to sector-specific shocks rather than leaving all outcomes tied to one market. The other statements don't fit this understanding. Focusing on one industry actually increases risk, not reduces it. Diversification covers more than just services and can include manufacturing and other sectors, so it's not limited to one type of activity. And diversification does not eliminate the need for capital investment; funds are still required to invest across the various areas, even if the overall risk is lowered.

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6. What is the core idea of the Lewis two-sector model in development economics?

A. The Lewis model argues that urban sectors must supply labor to agriculture.

B. The Lewis model requires a balanced growth between all sectors.

C. The Lewis model focuses only on capital markets.

D. The Lewis model postulates surplus rural labor feeds into the modern industrial sector, enabling growth through higher productivity in manufacturing.

The main idea is that a large reserve of underutilized rural labor in agriculture can be absorbed into a growing industrial sector, fueling development. In the Lewis model, the rural sector has surplus labor with near-subsistence wages and low productivity. The modern industrial sector uses capital to hire these workers, paying them at subsistence levels at first, while profits from production are reinvested to expand manufacturing. As the industrial sector grows, it pulls more labor from the countryside without immediately raising rural wages, allowing continued capital accumulation and rising productivity in manufacturing. This combination—surplus rural labor feeding the modern sector and boosting manufacturing productivity—drives overall economic growth. This differs from ideas that emphasize balanced growth across all sectors or a focus solely on capital markets. The essence is the flow of surplus rural labor into the modern sector and the resulting productivity gains in manufacturing.

7. A non-governmental, non-profit organization that runs aid programs and lobbies for people's rights around the world describes which term?

A. NGOs

B. SEZs

C. Mercosur

D. NAFTA

Non-governmental, nonprofit organizations that run aid programs and lobby for people's rights around the world are NGOs. The key idea is independence from government, a nonprofit mission, direct humanitarian or development work, and advocacy to influence policies for human rights and well-being across borders. The other terms refer to economic or political groupings: Special Economic Zones are government-designated areas to boost trade, Mercosur is a regional trade bloc, and NAFTA (now USMCA) is a trade agreement between countries. None of these describe a nonprofit, independent organization focused on aid and rights advocacy.

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8. Which indicator, constructed by the United Nations, combines income, literacy, education, and life expectancy to measure development?

A. Maquiladoras

B. Human Development Index (HDI)

C. EPZs

D. Neoliberal Policies

The main idea being tested is a single, widely used measure that combines multiple dimensions of development into one score. The indicator is the Human Development Index. It was designed by the United Nations Development Programme to go beyond income alone and reflect a broader picture of well-being. It does this by including health, education, and standard of living. Health is shown through life expectancy at birth, which captures the overall health environment and longevity of a population. Education is represented by the education component, typically using mean years of schooling and expected years of schooling, which together indicate the level of knowledge and skills in a country. Standard of living is captured by income, usually measured by gross national income per person, adjusted for purchasing power differences. Putting these together creates a single score that helps compare development levels across countries in a more nuanced way than GDP alone. Other options refer to economic zones or policy approaches rather than a development index. Maquiladoras and EPZs are types of manufacturing zones and trade policies, while neoliberal policies describe a broad approach to economic reform, not a composite measure of development.

9. What does environmental sustainability mean for industry?

A. The practice of removing pollution entirely in any scenario

B. Minimizing environmental impact through reduced emissions, resource efficiency, responsible waste management, and long-term viability.

C. The process of increasing production without regard to environmental costs

D. The commitment to sustainable growth through unlimited resource extraction

Environmental sustainability in industry means aligning production with the planet's limits by reducing harm, using resources more efficiently, and ensuring operations can endure over time. The best answer captures this by emphasizing lowering emissions, improving energy and material efficiency, responsible waste management, and long-term viability rather than short-term gains. In practice, this includes adopting cleaner energy, designing products for reuse, recycling, minimizing waste, and practicing water stewardship with a lifecycle mindset. Other ideas suggest complete pollution elimination in every scenario, growth without regard to costs, or unlimited extraction of finite resources, none of which fit the sustainable approach.

10. Which term describes service sectors that require a high level of specialized knowledge or skill, often associated with high-level management?

A. Quaternary activity

B. Tertiary activity

C. Quinary activity

D. Secondary activity

Think about how service sectors are described by the level of knowledge and responsibility involved. Quaternary covers knowledge-intensive work like research, advanced IT, and specialized education. Quinary, on the other hand, targets the top-tier decision-making and leadership side—roles that require highly specialized skills and strategic management, such as executives, top government officials, and elite advisory positions. The question is asking for sectors that demand this high level of expertise and are tied to high-level management, so the best fit is quinary activity. The other sectors map to different focuses: tertiary is general services, secondary is manufacturing, and primary is extraction.

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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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