

CIPS Level 5 – Advanced Diploma in Procurement and Supply

Module 5 – Managing Ethical Procurement and Supply

SAMPLE EXAM QUESTIONS

OBJECTIVE RESPONSE QUESTIONS AND ANSWERS

The correct answer will be identified as [key]

Q1. Effective discounted cash flow calculations are dependent on understanding which of the following?

- a. Cash-flow contingencies and fluctuations.
- b. Previous income and cash-flow statements.
- c. The past impact of interest rates on cash-flows.
- d. Timings and frequencies of future cash-flows.

LO: 1

AC: 1.4

Q2. There are various strands of influence that comprise an organisation's culture. Within this cultural web, executives and senior management are most likely to directly influence which of the following elements?

- a. Power structures
- b. Rituals and routines
- c. Symbols
- d. Stories

LO: 1

AC: 1.3

Q3. Hi-Fashion Brand (HFB) is a well-known clothing retailer. Its shops are in all major city centres and airports. Its CPO is concerned about reputational risk through the supply chain and has decided to consider only using suppliers that meet the Ethical Trading Initiative. This is because these suppliers are most likely to ...

- a. have an annual bonus scheme for staff
- b. ensure all staff have clean accommodation
- c. pay staff a living wage
- d. provide staff with regular promotions

LO: 3

AC: 3.1

Q4. Why can it sometimes be a challenge when using a third party organisation to conduct sustainability audits on the buyer's behalf?

1. Agreeing clear terms for the audit
2. Ensuring the auditor has full access
3. Forcing supply chain partners to collaborate
4. Obtaining quotations for the audit in advance

a. 1 and 2 only

b. 2 and 3 only

c. 3 and 4 only

d. 1 and 4 only

LO: 2

AC: 2.3

Q5. Which of the following are regarded as core international labour standards?

1. Freedom from casual labour
2. Freedom from untrained labour
3. Freedom from forced labour
4. Freedom from discrimination

a. 1 and 2 only

b. 2 and 3 only

c. 3 and 4 only

d. 1 and 4 only

LO: 3

AC: 3.1

Q6. Major Construction International (MCI) takes on large scale building projects, for example schools, shopping centres and hospitals. MCI always assumes the role of primary contractor but often uses subcontractors to carry out work. Generally speaking, is this permissible?

- a. Yes, unless the terms and conditions state otherwise
- b. No, MCI employees should always deliver the contract
- c. No, procurement organisations will want MCI to be responsible
- d. Yes, but only if MCI notifies the buyer in writing and in advance every time it has subcontracted

LO: 2

AC: 2.1

Q7. A CPO of an industrial equipment manufacturer has decided to pursue a strategy of global sourcing to achieve competitive advantage for the organisation. Is this a valid approach?

- a. Yes, global sourcing is always lower cost
- b. Yes, because global sourcing can drive innovation
- c. No, global sourcing risks cannot be managed
- d. No, it will take too long for components to arrive

LO: 1

AC: 1.2

Q8. Which of the following are examples of modern slavery? Select **THREE** that apply.

- a. Forced labour
- b. Shift working
- c. Bonded labour
- d. Human trafficking
- e. Overtime working
- f. Casual labour

LO: 1

AC: 1.1

Q9. Ethical Coffee Shop (ECS) operates a large network of coffee outlets around the world. ECS has benefited from changing consumer habits as increasingly people like to use coffee shops as a place to meet friends. It has invested in more outlets and is now recognised as one of the fastest growing consumer brands in the world. With this recognition comes the challenge of maintaining the highest ethical standards. Unfortunately, a TV documentary recently focused on ECS supply chains, which the media portrayed as 'being severely exploited for corporate and shareholder gain'. Applying fairtrade standards would help ECS to achieve consistency within supply chains in which of the following?

1. Decent working conditions
2. Product quality and flavour
3. Supply risk avoidance
4. Local sustainability

a. 1 and 2 only

b. 2 and 3 only

c. 3 and 4 only

d. 1 and 4 only

LO: 3

AC: 3.3

Q10. A consumer electronics organisation (CEO) has four main products:

Product A – CEO has achieved competitive advantage in this broad customer market because it is the lowest cost producer of this type of product in the industry. It has achieved this status through adoption of state-of-the-art techniques, equipment and systems.

Product B – CEO’s products are unique in the market in respect of some elements of functionality and these elements are widely valued by consumers, especially as CEO has continually adapted the product to suit the changing age profile of target consumers.

Product C – CEO’s strategy has been to target a smaller and very specific customer segment and achieves advantage through its very low costs of manufacture. Demand for the product has been impacted in recent months because of exchange rate fluctuations.

Product D – CEO’s strategy for this product has focused on targeting a smaller specific customer segment and achieving advantage through unique product features and clear CEO branding. To meet customer demand CEO uses the strapline of ‘Caring for the planet’ on this product.

For each of the products, you are required to match the correct source of competitive advantage and the macro environmental driver.

Choose from these options and drag and drop your answers into the table below. [8]

You can only use each option once.

Macro Environmental Driver	Source of competitive advantage
Demographics	Cost focus
Economic	Cost leadership
Environmental	Differentiation
Technology	Differentiation focus

Product	Macro Environmental Driver	Source of competitive advantage
A		
B		
C		
D		

[KEY]

Product	Macro Environmental Driver	Source of competitive advantage
A	Technology	Cost Leadership
B	Demographics	Differentiation
C	Economic	Cost focus
D	Environmental	Differentiation focus

LO: 1

AC: 1.2