CIPS MANAGING ETHICAL PROCUREMENT AND SUPPLY (L5M5) 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. What is the focus of procurement ethics?

A. The legal obligations of suppliers

B. The moral principles governing procurement practices

C. The economic impact of procurement on society

D. The marketing strategies employed by procurement professionals

2. What does the term 'supply chain' refer to?

A. A method of internal production

B. A channel of goods distribution from supplier to consumer

C. A system exclusively for digital products

D. A financial model of business

3. Which term describes a business operated from one's home?

A. Cottage industry

B. Home-based business

C. Freelance work

D. Remote entrepreneurship

4. What is the term used for the sector of the economy that is not monitored or taxed by the government?

A. Informal economy

B. Black market

C. Shadow economy

D. Grey economy

5. In the context of workforce consultation, what is the goal of collective consultation?

A. To ensure employee views are represented

B. To improve service delivery

C. To increase profit margins

D. To recruit new employees

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6. What is an oligopoly?

A. A market with many sellers

B. A market with few sellers and no substitutes

C. A situation with numerous competing buyers

D. A condition of complete market monopoly

7. What is the term for modern slavery where individuals must work to repay a debt with no hope of freedom?

A. Forced labor

B. Debt bondage

C. Human trafficking

D. Involuntary servitude

8. What is a National Contact Point under the OECD Guidelines?

A. A government office for budgeting

B. A central point of contact for information

C. A program for international trade

D. A form of international tax regulation

9. What is the National Living Wage (NLW) primarily aimed at ensuring?

A. A maximum wage limit for high earners

B. A minimum wage standard for workers in the UK

C. A living wage exclusively for public sector employees

D. A wage that varies by region in the UK

10. Which aspect is NOT a focus of value chain activities?

A. Production

B. Marketing

C. After-sales service

D. Staff personal development

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Answers

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

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Explanations

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1. What is the focus of procurement ethics?

A. The legal obligations of suppliers

B. The moral principles governing procurement practices

C. The economic impact of procurement on society

D. The marketing strategies employed by procurement professionals

The focus of procurement ethics centers on the moral principles governing procurement practices, which underscores the importance of integrity, fairness, and transparency in the activities involved in acquiring goods and services. This ethical framework serves as a guide for procurement professionals to make decisions that are not only legally compliant but also morally sound. It addresses issues such as corruption, bribery, and conflicts of interest, emphasizing the necessity of ethical behavior in establishing trust with suppliers and stakeholders. Moreover, ethical procurement practices promote sustainability and social responsibility by ensuring that procurement decisions consider the broader implications for society and the environment. Emphasizing moral principles helps organizations align their procurement strategies with a set of values that foster accountability and enhance reputation, ultimately benefiting the entire supply chain. While the other aspects mentioned in the other choices—legal obligations, economic impacts, and marketing strategies—are important in the context of procurement, they do not directly address the core ethical considerations that guide procurement practices. Thus, the focus of procurement ethics is distinctly on the moral principles that shape decision-making in this field.

2. What does the term 'supply chain' refer to?

A. A method of internal production

B. A channel of goods distribution from supplier to consumer

C. A system exclusively for digital products

D. A financial model of business

The term 'supply chain' primarily refers to the entire network of organizations, people, activities, information, and resources involved in supplying a product or service to a consumer. This encompasses everything from the sourcing of raw materials to the delivery of the final product to the end-user. Choosing 'B' emphasizes the critical aspect of movement and flow within the supply chain, highlighting how goods are distributed from suppliers, through various intermediaries, to the ultimate consumer. It recognizes the interconnectedness of different entities involved in the production and delivery process, illustrating the comprehensive measures needed to manage and optimize these operations effectively. The other options do not encapsulate the broader definition of a supply chain. A method of internal production focuses solely on a single aspect of manufacturing rather than the whole distribution network. The assertion that a supply chain is exclusively for digital products ignores the wide range of sectors it covers, including physical goods. Lastly, describing it as a financial model of business limits the scope to economic considerations, sidelining the logistical and operational components that are essential to the concept of supply chain management.

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3. Which term describes a business operated from one's home?

A. Cottage industry

B. Home-based business

C. Freelance work

D. Remote entrepreneurship

The term that best describes a business operated from one's home is "cottage industry." This concept refers to small-scale manufacturing or production that takes place in a home rather than in a factory or larger commercial setting. Typically, cottage industries are characterized by the production of goods or services that can be managed by an individual or small group, often utilizing local resources or traditional methods. This model allows individuals to operate their businesses in a flexible environment while maintaining a balance between personal life and professional commitments. Home-based business also describes operations conducted from the home, but it is a broader term and can include a variety of activities, not strictly limited to manufacturing or production, whereas cottage industry emphasizes the artisanal and localized nature of the enterprise. Freelance work typically refers to individuals who provide services on a contract or project basis, which may or may not be home-based. This term lacks the focus on the production or business aspect found in a cottage industry. Remote entrepreneurship involves running a business from any location but does not specifically imply that the business is home-based. It encompasses a wider range of possibilities than simply a cottage industry, which is more narrowly defined. Focusing on the traditional elements and characteristics of businesses that originate from a residence, "cottage industry" captures

4. What is the term used for the sector of the economy that is not monitored or taxed by the government?

A. Informal economy

B. Black market

C. Shadow economy

D. Grey economy

The term that refers to the sector of the economy that is not monitored or taxed by the government is the informal economy. This sector encompasses a wide range of unregistered and unregulated economic activities that occur outside the formal system. Individuals and businesses participating in the informal economy may not adhere to government regulations, tax requirements, or labor laws, which often allows for more flexible work arrangements and lower costs. This understanding aligns with the broader implications of the informal economy, such as its contributions to employment and economic activity, particularly in developing regions where formal job opportunities may be limited. Furthermore, the informal economy can provide valuable services and products, even though it lacks oversight from authorities, which differentiates it from other terms like the black market, shadow economy, and grey economy that may include illegal or partly legal activities.

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5. In the context of workforce consultation, what is the goal of collective consultation?

A. To ensure employee views are represented

B. To improve service delivery

C. To increase profit margins

D. To recruit new employees

The goal of collective consultation in the context of workforce matters is fundamentally centered around ensuring that employee views and interests are effectively represented. This process involves engaging with employees or their representatives to discuss workplace issues, changes in terms and conditions, or other significant matters affecting their employment. By collecting feedback and insights from employees collectively, organizations can better understand the concerns and perspectives of their workforce, which in turn promotes transparency and communication. This approach encourages a collaborative environment where employees feel valued and heard, enhancing morale and potentially leading to more informed decision-making by management. While improving service delivery, increasing profit margins, and recruiting new employees are valid considerations for a business, they do not encapsulate the primary objective of collective consultation. Those aspects may be influenced by a positive workforce consultation process but are not the core aim of engaging in collective consultation itself.

6. What is an oligopoly?

A. A market with many sellers

B. A market with few sellers and no substitutes

C. A situation with numerous competing buyers

D. A condition of complete market monopoly

An oligopoly is characterized by a market dominated by a small number of sellers, which creates a situation where these sellers can influence prices and market decisions. In an oligopoly, the few participating firms offer similar or differentiated products, but they are interdependent in their pricing and marketing strategies. This means that the decisions made by one firm can significantly affect the others, leading to a competitive environment that is distinctly different from both perfect competition and monopoly. In this context, the correct option highlights that an oligopoly consists of a limited number of sellers without perfect substitutes available for consumers. This lack of substitutes allows these firms to maintain a certain degree of market power, enabling them to set prices above the marginal cost, unlike in purely competitive markets where many sellers lead to price-taking behavior. Understanding this concept is crucial for analyzing market behaviors, competitive strategies, and economic implications within various industries, as firms in oligopoly often engage in strategic actions such as collusion or price wars to achieve favorable outcomes. This insight helps in exploring ethical considerations in procurement and supply, particularly regarding practices that might arise in concentrated markets.

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7. What is the term for modern slavery where individuals must work to repay a debt with no hope of freedom?

A. Forced labor

B. Debt bondage

C. Human trafficking

D. Involuntary servitude

The term that specifically refers to the situation in which individuals are compelled to work in order to repay a debt, often with no realistic possibility of achieving their freedom, is known as debt bondage. This form of modern slavery creates a cycle of exploitation, as individuals may find themselves trapped in a situation where they are required to work for very low wages or even for free until their debt is paid off, which can often be manipulated by the creditor to extend the term indefinitely. Debt bondage is particularly insidious because it not only involves the coercion of labor but also takes advantage of economic vulnerabilities. Individuals often end up in such situations due to limited financial options, making it difficult for them to escape the cycle of debt and servitude. This distinguishes it from other terms related to modern slavery, highlighting the specific nature of the obligation to repay a debt as the means of control.

8. What is a National Contact Point under the OECD Guidelines?

A. A government office for budgeting

B. A central point of contact for information

C. A program for international trade

D. A form of international tax regulation

The correct answer identifies a National Contact Point (NCP) as a central point of contact for information related to the OECD Guidelines for Multinational Enterprises. NCPs are established by countries that adhere to the OECD Guidelines as part of their commitment to promoting responsible business conduct. Their main roles include providing information about the Guidelines, promoting awareness, and facilitating dialogue among stakeholders concerning issues arising from the application of the Guidelines. NCPs serve as an accessible resource for businesses, trade unions, non-governmental organizations, and the public, helping them understand the guidelines and resolve any concerns about their implementation in practice. This central role in information dissemination and conflict resolution is crucial for ensuring that the principles of responsible business practices are understood and upheld, fostering ethical behavior in international trade and investment. The other options do not accurately reflect the purpose and function of a National Contact Point. For example, a government office for budgeting does not encompass the responsibilities associated with the OECD Guidelines, nor does a program for international trade directly provide a mechanism for understanding or implementing the guidelines. Similarly, a form of international tax regulation is unrelated to the focus of the NCPs on ethical business practices and guidelines for multinational enterprises.

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9. What is the National Living Wage (NLW) primarily aimed at ensuring?

A. A maximum wage limit for high earners

B. A minimum wage standard for workers in the UK

C. A living wage exclusively for public sector employees

D. A wage that varies by region in the UK

The National Living Wage (NLW) is primarily aimed at ensuring a minimum wage standard for workers in the UK. This wage is designed to provide financial security for employees, ensuring that they can meet their basic living costs. By setting a minimum wage threshold, the NLW aims to reduce in-work poverty and enhance the overall standard of living for workers. The focus of the NLW is on protecting employees from excessively low pay, ensuring that full-time workers earn an amount that reflects the cost of living. It is intended to support workers across various sectors and is not limited to any specific group, such as public sector employees. The NLW is reviewed annually and adjusted based on economic conditions, ensuring it remains relevant in meeting living costs for the workforce. In contrast, other options do not align with the primary aim of the NLW. A maximum wage limit for high earners or a wage that varies by region are not the focus of the NLW, which is specifically about establishing a baseline wage to protect the earnings of low-paid workers across the entire UK.

10. Which aspect is NOT a focus of value chain activities?

A. Production

B. Marketing

C. After-sales service

D. Staff personal development

Staff personal development is not typically considered a direct focus of value chain activities. The value chain framework, originally developed by Michael Porter, emphasizes the series of activities that businesses engage in to deliver a product or service, focusing on achieving a competitive advantage. Production, marketing, and after-sales service are all integral components of the value chain as they contribute directly to the creation and delivery of a product or service to the customer. Production involves the processes that transform inputs into outputs, marketing encompasses strategies to promote and sell the product, and after-sales service ensures customer satisfaction and encourages repeat business. While staff personal development is crucial for the overall health and capability of an organization, it does not fall within the primary operational activities defined by the value chain that directly add value to the product or service from a customer's viewpoint. Instead, personal development is a support function that enhances employee capabilities, which can indirectly influence value chain activities but is not part of the core functions that the value chain traditionally emphasizes.

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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://cipsl5m5.examzify.com

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

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