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Question 1

Question Type: MultipleChoice

'The costs of business activities which are not reflected in the costing of a product or service and paid for by consumers, but which are borne by the wider community -- such as the costs of pollution and associated ill health, traffic congestion or environmental degradation' are known as:

Options:

- A- Externalities
- B- Overheads
- C- Taxation
- D- Exclusions

Answer:

A

Explanation:

We are now aware that the cost of externalities to society are considerable. A simple example would be that proximity to flow of motor vehicles is likely to increase ill-health requiring state-funded medical services where they exist, to treat at state (taxpayers') expense those who become ill. In the UK the number of people affected this way is believed to be numbered in the tens of thousands annually. Thus some businesses' cost structures do not reflect their true cost to society.

Another example would be the discharge of untreated waste into rivers or the sea, where the companies undertaking these activities may not be contributing financially to the cleaning up required.

In future years there is likely to be much debate about this, as some people will attempt to find ways to make companies pay the full cost of running their businesses.

Question 2

Question Type: MultipleChoice

Continuously gathering and analysing intelligence from sources such as professional, industry and trade journals, websites, conferences and exhibitions, published reports and online databases is called:

Options:

- A- Industrial espionage
- B- Purchasing research
- C- Data analysis
- D- Environmental scanning

Answer:

D

Explanation:

Continuously scanning the environment can bring rewards in the form of new supply companies, new products and services, awareness of supply firm or industry difficulties, etc.

Purchasing research is a very close answer to the correct one, but is likely to be more focussed, specific.

If faced with a difficult choice as to which of two options in the exam is correct, think about what was included as part of your syllabus.

In this case, environmental scanning is the first entry in your Learning Outcome 3.1

Question 3

Question Type: MultipleChoice

Which of the following would not be part of the not-for-profit sector?

Options:

- A- Trade unions
- B- A religious organisation, such as a church or a mosque
- C- Professional bodies such as CIPS
- D- A local independent supermarket

Answer:

D

Explanation:

A local independent supermarket would be a private sector organisation - that is one intended to make a profit. The others suggested here would all be not-for-profit.

Public sector organisations, although not created to make a profit, are generally referred to as 'public sector' - often funded from taxation - with 'not-for-profit' often being funded from members, do-nors, or other voluntary sources.

Question 4

Question Type: MultipleChoice

The study of population and population trends is called:

Options:

A- Demographics

B- Demagoguery

C- Hieroglyphics

D- Topography

Answer:

A

Explanation:

Demographics now seen as being a part of STEEPLED.

The other terms shown have nothing to do with this topic and are simply fillers.

Question 5

Question Type: MultipleChoice

Thinking of the STEEPLED factors which may impact long-term on an organisation, under which one heading would the following appear: growth trends, unemployment patterns, incomes, interest rates exchange rates and tax rates?

Options:

A- Economic

B- Environmental

C- Political

D- Ethical

Answer:

A

Explanation:

The correct answer, covering all of these, is 'economic'.

'Political' could also be considered, but 'economic' covers them all.

The other two answers suggested are not really relevant.

Question 6

Question Type: MultipleChoice

Which of the following might be objectives of private sector organisations? Select all that apply.

Options:

A- To maximise taxation

B- To minimise profit

C- Shareholder value

D- Market share

Answer:

C, D

Explanation:

To gain market share and to create shareholder value (increase the value of shares) are common aims of private sector organisations.

The other two answers are the antithesis of what firms usually want.

Question 7

Question Type: MultipleChoice

The letters 'MNC' stand for:

Options:

- A- Multi-national co-operative
- B- Multi-national corporation
- C- Multi-national conglomerate
- D- Multi-national company

Answer:

B

Explanation:

'Multi-national corporation' is the correct answer. Very large international organisations, with very large turnover, purchasing power and influence. Examples would include: Alphabet, Amazon, Apple, Dell, Ford, Shell, Toyota, etc

Question 8

Question Type: MultipleChoice

The film 'An Inconvenient Truth', made by former US Vice-President, Al Gore, is about:

Options:

- A- Political lobbying and corruption
- B- Biodiversity
- C- Climate change
- D- Ethics in commercial environments

Answer:

C

Explanation:

It's climate change.

Interestingly I've seen writings from climate activists who say that the film provides clear evidence that human-made climate change will be disastrous for the human race; and I've seen writings from climate-change deniers saying that if things were that bad we'd have become extinct a while ago. You decide.

Question 9

Question Type: MultipleChoice

Which one of the following is a document issued by a buyer to conduct an initial assessment of the suitability of a potential supplier for possible future use, either for a specific requirement or to add to a list of approved suppliers?

Options:

- A- Pre-qualification QUESTION NO :naire
- B- Invitation to tender
- C- Supplier quotation
- D- Request for quotation

Answer:

A

Explanation:

Pre-qualification QUESTION NO :naire is the correct answer.

A supplier quotation comes from the supplier side; both the RFQ and the ITT are intended to be more formally binding, including the price element, than what is described here.

Question 10

Question Type: MultipleChoice

Which of the following are widely-used measures of output of a country's economy?

Options:

A- GMP

B- GPC

C- GDP

D- GNP

Answer:

C, D

Explanation:

Gross National Product; Gross Domestic Product.

Seen by some commentators as outdated measures, although it's difficult to know what they should / would be replaced by.

Question 11

Question Type: MultipleChoice

Protecting domestic industry from the effects of global competition is known as:

Options:

- A- Preventionism
- B- Interventionism
- C- Protectionism
- D- Globalism

Answer:

C

Explanation:

Increasingly practised, albeit often quietly, protectionism seeks to protect domestic industries, reducing access to markets for foreign companies. The aim is normally to protect domestic worker's jobs, often with an eye on domestic politics. Industries recently (late 2020) mentioned in this subject area include agriculture, airlines, defence, shipbuilding, steel, etc - not just in UK or Europe, but worldwide.

The World Trade Organisation seeks to reduce protectionism - an activity supported by many economists, as globalism is believed by many to increase global wealth overall.

However, this is not clear cut, and there are a variety of views.

Interventionism is not relevant to this QUESTION NO :, and preventionism is a made-up word.

Question 12

Question Type: MultipleChoice

The principle that different spends may require different procedures, with different levels in the organisational hierarchy having different spend authorisations is called:

Options:

A- Distributed authority

- B-** Delegated authority
- C-** Diluted authority
- D-** Devolved authority

Answer:

B

Explanation:

It's 'delegated authority' - where the authority to spend has been delegated to others, at a 'lower level' in the organisation.

Normally organisational finance or procurement policies will explain how this is to work, often with a written delegation provided by a more senior manager. The authority to spend is invariably a temporary permission, which may be withdrawn under certain circumstances eg breach of rules, excessive spend, maverick spend, etc.

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