CIPS L3M1 Practice Questions

Shared by Fuller on 18-08-2026

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Question 1

Question Type: MultipleChoice

Pressure groups which seek to promote a particular issue, such as human rights, the environment; or raise awareness (eg modern slavery); or lobby for legislative change on a particular issue (eg species protection) are called:

Options:

A- Casual pressure groups
B- Sectional pressure groups
C- Blood pressure groups
D- Causal pressure groups

Answer:

D

Explanation:

Causal, not casual. They exert pressure about particular causes.

'Sectional' is an invention by me; blood pressure group is a rather weak attempt at humour.

Question 2

Question Type: MultipleChoice

On a diagram of the Product Life Cycle, the x-axis shows:

Options:

A- Growth
B- Time
C- Decline
D- Profit

Answer:

B

Explanation:

The x-axis shows time. For some products, it may represent a year; for others, a century.

The other answers given could all be shown on the y-axis of the PLC, depending on circumstances.

Question 3

Question Type: MultipleChoice

Which one of the following is a document describing the requirement of a buying organisation, and may be used in seeking quotations or in a tender process? It may take the form of a written descrip-tion, drawing, model, chemical formula, etc.

Options:

A- Specification
B- Request for proposal
C- Requisition
D- Service level agreement

Answer:

A

Explanation:

Specification is the answer. The second sentence in the rubric makes it clear that this is the correct answer.

Question 4

Question Type: MultipleChoice

The main purpose of a public sector organisation is to:

Options:

A- Boost national prestige
B- Create jobs
C- Make profit
D- Provide services

Answer:

D

Explanation:

The correct answer is to provide services. However, some other secondary factors may come into play. For example, some public sector organisations may be encouraged to boost national prestige eg airports, airlines; or they may be used as job creation schemes.

Question 5

Question Type: MultipleChoice

Sources of finance for a public sector entity are primarily (select one):

Options:

A- Sales revenues
B- Taxpayers
C- Long-term bank loans
D- Delaying payments to suppliers

Answer:

B

Explanation:

The correct answer is 'taxpayers'. On occasion, part of a public sector organisation may make sales which will generate revenue. In some mega-projects (eg power generation), public sector bodies will sometimes into long-term arrangements with private sector financiers, but this is not the mainstream. Delaying payments to suppliers is a tactic used by some organisations, but they are more likely to be private sector, and such a practice is regarded as unethical by many, including CIPS.

Question 6

Question Type: MultipleChoice

'In the not-for-profit sector, funding often comes from those who do not benefit directly from the service provision.' True or false?

Options:

A- False
B- True

Answer:

B

Explanation:

In the not-for-profit sector, funding often comes from external sources or donors. The beneficiaries of the services are often beneficiaries of services because they don't have funds eg the homeless, the poor, the sick, etc

Thus in this sector, the 'paymaster' is often separated from the recipient of services provided, which has implications for the management of such organisations.

Which is the priority? The one providing funding; or the one receiving the services?

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, Ap-ple, Dell, Ford, Shell, Toyota, etc

Question 8

Question Type: MultipleChoice

'Price' and 'payment terms' are the same thing.

True or false?

Options:

A- False
B- True

Answer:

B

Explanation:

An easy question.

Price is what the customer will pay for goods or services eg fifty dollars; payment terms are the ar-rangements under which you pay the price eg in advance, on delivery, 30 days, 60 days, etc.

Although this may seem rather obvious, I have encountered a surprising number of people who seem to confuse the two.

Question 9

Question Type: MultipleChoice

A 'genuine pre-estimate of loss' describes:

Options:

A- A quantum meruit award
C- Unliquidated damages
C- Liquidated damages
D- A penalty clause

Answer:

C, C

Explanation:

This a definition of liquidated damages. Calculated in advance of the event occurring ie pre-contract and thus agreed by the parties in advance. Meaningful advance calculations (estimates) must be available to enforce legally.

The term and the spirit of 'penalty clause' is discouraged in English law - damages should be aimed at returning the damaged party back into the position they would have been in, had a wrong not been done.

Unliquidated damages can only be awarded by a court after the event, and should not be relied up-on.

An example of a quantum meruit award can be found in the British Steel v Cleveland Bridge (1984) case - a rare occurrence, and again something which must not be relied upon.

Question 10

Question Type: MultipleChoice

Doing the same with fewer resources is:

Options:

A- Efficiency
B- Effectiveness
C- Economy
D.
E- Efficiency.

Answer:

A

Explanation:

Economy is most easily thought of as paying less, hopefully with no loss of quality, service, etc

Effectiveness is most easily thought of as achieving the right outputs.

What one really seeks is effectiveness. Unfortunately it is possible to be efficient without being ef-fective. An example from my work life is the collection of statistics / 'returns'. I have come across parts of organisations which were very efficient at collecting data, but the data were not used in any meaningful way - the outputs of the efficiency did not add value and did not create useful outputs. There was a lack of effectiveness. The distinction is worthwhile, I think.