



CIPS L4M8 Practice Questions

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Question 1

Question Type: MultipleChoice

SIMULATION

What are the 3Ps in the triple bottom line.

Options:

A- See the answer in explanation.

Answer:

A

Explanation:

Trying to measure how sustainable an organization was use to be challenging undertaking. However, during the 1990s, a concept brought up by American John Elkington change the way sustainability was measured. This framework is known as the triple bottom line (TBL) and measures sustainability in relation to organizational performance and investment against the 3Ps (1) Profits (2) People (3) Planet. For example;

Profit: A packaging manufacturer reinvesting its profits in State- of-the-art recycling machinery for it wasted cardboard.

People: A large privately owned call centre donate its end of life computers to a local youth clubs and social groups to help gain internet cases.

Planet: A driving instructors using only hybrid vehicles to teach her learners, thus to reducing Co2 emission.

*

Refer to the question column for response

Question 2

Question Type: MultipleChoice

When benchmarking what other factors, apart from price should be considered to find the total

cost of acquisition?

Options:

A- Explanation:

When evaluating potential suppliers, procurement professionals can carry out benchmarking. Benchmarking is the process of comparing a function, a process performance with another which is best in-class.

Other factors, apart from price that can be considered to find the total cost of acquisition include the product or service quality, lead time, supplier culture, its environmental awareness and sustainability.

Case study:

Tetsuya Tada, Chief engineer of the Toyota Supra Sports car has revealed how the process of benchmarking contributed to the car's design.

Tada has worked by comparing the Supra to other cars. For example, it has been intentionally designed with a shorter wheelbase, than the Toyota 86 to make it more suitable for track racing. Furthermore, Tada has benchmarked the Supra against competition by suggesting that drivers will find the car's performance comparable with that of Porsche's Cayman sports car.

Tada's knowledge of the features belonging to different sports cars in his industry shows how benchmarking can be used by companies to successfully differentiate their products and remain competitive through awareness of their competitor's activities.

Answer:

A

Question 3

Question Type: MultipleChoice

Using the case study about Toyota, which type of benchmarking Tada has used when comparing the Toyota with Porsche?

Options:

A- Explanation:

Benchmarking is the process of comparing a function, process or performance with another which is best-in-class. Benchmarking is either internal or external. External benchmarking has three types; 1) Competition benchmarking, 2) Functional 3) Generic

Company Toyota with the Porsche a competition in the same industry and by suggesting that drivers will find the cars performances comparable with that of Porsche Cayman sports car, suggest think it is an external competitive benchmark.

Answer:

A

Question 4

Question Type: MultipleChoice

What topics are covered within ethics?

Options:

A- Explanation:

Topics that are covered within ethics are;

1. Environmental factors
2. The triple bottom line: profit, people and planet
3. Adopting sustainable practice.
4. considering the social impact of organization's behaviors

Answer:

A

Question 5

Question Type: MultipleChoice

What information should be included on a purchase requisition?

Options:

A- Explanation:

RESPONSE

A purchase requisition should contain the following information

- 1) Date of the requisition
- 2) Description of what is required
- 3) Supplier if known
- 4) The quantity
- 5) when the need is required
- 6) why the need is required
- 7) who identified the need

- 8) who approved the need
- 9) if it's a re-buy

Answer:

A

Question 6

Question Type: MultipleChoice

What are the four methods that can be used to try to resolve dispute?

Options:

A- Explanation:

Conflict or dispute is the final area a procurement professional considers when creating terms for a contract with a supplier. If conflict or dispute arises, there must be a process put in place in the contract to try to resolve it and these includes;

a) Negotiation, b) mediation, c) arbitration and d) litigation.

Negotiation is usually carried out between senior people within organization that are in conflict, if they cannot reach an agreement through negotiation, mediation is the next stage, mediation is when a third party tries to help find a resolution among the parties in dispute. If mediation fails arbitration can start, arbitration involve independent professionals (arbitrators) working with all the party to try to reach an agreement. Parties do not have a formal or legal obligation to follow the arbitrator's recommendation. Arbitration is expensive. If arbitration fails to resolve the conflict, the final stage is litigation, litigation takes time and money, and most people avoid it. It is a legal process where a court decides on the outcome of the dispute. The judge's ruling is final.

Answer:

A

Question 7

Question Type: MultipleChoice

What is depreciation and deterioration?

Options:

A- Explanation:

When an organization want to purchase an asset, it considers the depreciation and deterioration in the whole life of the asset and how it will be manage.

Depreciation is the reduction in value of a tangible and a fixed asset over time. The purpose of calculating the depreciation of the asset is to give the organization a fair and current view of what the asset is worth at a particular time. Depreciation is a way of converting the cost of an asset into an expense over a period of time. Depreciation is a permanent feature listed against an asset throughout its life time and it based on wear and tear, reduction in performance and reduction in value.

Deterioration is the process of something becoming lower in quality or performance. The longer the asset can last without deteriorating the better value the asset represents.

Answer:

A

Question 8

Question Type: MultipleChoice

Explain the concept of the 3Ps/TBL and how it can be used by an organization.

Options:

A- Explanation:

Trying to measure how sustainable an organization was used to be challenging undertaking.

How-ever, during the 1990s, a concept brought up by American John Elkington change the way sustainability was measured. This framework is known as the triple bottom line (TBL) and measures sustainability in relation to organizational performance and investment against the 3Ps (1) Profits (2) People (3) Planet. For example;

Profit: A packaging manufacturer reinventing its profits in a State- of-the-art recycling machinery for it wasted cardboard.

People: A large privately owned call center donate its end of life computers to a local youth clubs and social groups to help gain internet cases.

Planet: A driving instructors using only hybrid vehicles to teach her learners, thus to reducing Co2 emission.

The TBL, although a useful tool, is simply a way of recording how sustainable an organization is. Alone, it does not contribute towards any improvements or generate any actions promoting a more favorable, sustainable outlook. Objectives should be set in relation to what the 3Ps show and then monitored by implementing KPIs or other measuring methods.

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Refer to the question column for response

Answer:

A

Question 9

Question Type: MultipleChoice

What is the retention of title clause also known as?

Options:

A- Explanation:

Retention of title (ROT) states when ownership transfers from supplier to buyer.

The retention of title terms also referred to as the Romalpa clause, which is related to a legal case from 1976 between Aluminum industries Vaassen BV and Romalpa Aluminum LTD

Answer:

A

Question 10

Question Type: MultipleChoice

In relation to the case study 'Walmart and H&M in spotlight regarding human rights in media ex-plain which human rights are not being granted to the workers.

Options:

A- Explanation:

Human rights are the statutory ways in which individual expects to and should be treated.

Ethical and responsible sourcing includes the protection of human rights, not violating it.

When young women are being bound into contracts where they work for two to three years, they are not being granted the right to freedom from slavery.

Forcing these women to live in hostels under restrictions that prevent them from moving and are denied the opportunity to improve on their living condition is a violation of their right to life, liberty and personal security, also, their freedom from torture and degrading treatment is being violated.

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Refer to the question column for response

Case Study

A series of news stories reporting events such as the collapse of the Rana Plaza building in 2013 have drawn attention to the poor conditions in garment factories across India and South East Asia. Human rights groups have long been critical of the excessive hours and poor wages workers are forced to endure, as well as the abuse they receive from supervisors. With consumers becoming increasingly aware of these conditions, more pressure is being put on global brands and retailers to ensure their supply chains are fair and ethical.

Certain areas have been notorious for the mistreatment of workers. In India's textile valley', young women are bound into contracts where they work for two to three years, in exchange for a lump sum of money that they can then put towards a dowry. This is known as the 'Sumangali [a married woman] Thittam' scheme. These women are forced to live in hostels under restrictions that prevent them from moving, and are denied the opportunity to improve their living conditions. Retailers including Walmart and H&M are known to source garments from factories in the 'textile valley'.

Reports by organizations including the Asia Floor Wage Alliance (AFWA), Central Combodia, Global Labor Justice, Sedane Labour Resource Centre (LIPS) Indonesia, and Society for Labour and Development (SLD) India have exposed unethically run factories that supply garments to H&M, Gap and Walmart. However, retailers will continue to benefit from expensive labour until mounting customer pressure causes them to change.

Answer:

A

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