



CIPS L5M5 Practice Questions

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Question 1

Question Type: MultipleChoice

Which of the following is not considered to be an alternative form of dispute resolution?

Options:

- A- Mediation
- B- Adjudication
- C- Conciliation
- D- Litigation



Answer:

D

Explanation:

Comprehensive and Detailed Explanation From Exact Extract of Documents:

Alternative Dispute Resolution (ADR) mechanisms are encouraged in procurement as they save time, reduce costs, and preserve business relationships. The key ADR methods listed in the L5M5 study guide (p.188) include mediation, adjudication, and conciliation. These methods are designed as alternatives to litigation, which involves courts, legal judgments, and lengthy processes. Litigation is not an ADR method; it is the traditional approach, often more adversarial and costly. Procurement professionals are encouraged to adopt ADR whenever possible, as it helps maintain collaborative supplier relationships while resolving conflicts effectively.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, new edition p.188



Question 2

Question Type: MultipleChoice

The illegitimate use of a person's role for gain is what form of ethical issue?

Options:

- A- Bribery
- B- Corruption
- C- Fraud
- D- Slavery

Answer:

B

Explanation:

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The L5M5 study guide (p.48) defines corruption as the illegitimate use of one's role or position for personal gain. This differs from bribery (A), which is offering or accepting inducements, and fraud (C), which involves deception such as falsifying records or creating phantom suppliers. Slavery (D) refers to forced labour. Procurement professionals must recognise corruption risks, particularly in international supply chains, and implement controls such as segregation of duties, audit trails, and whistleblowing policies.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.48

Question 3

Question Type: MultipleChoice

What types of organisations is the UN Global Compact aimed at?

Options:

- A- Governments
- B- NGOs
- C- Businesses
- D- Charities

Answer:

C

Explanation:

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The UN Global Compact is primarily aimed at businesses. The L5M5 study guide (p.258) clarifies that while NGOs and other organisations can engage, the Compact is designed to encourage corporate responsibility in human rights, labour, environment, and anti-corruption. Since 2003, cities and public sector organisations can also join under different frameworks, but businesses remain the main focus. For procurement, this means suppliers aligned with the UN Global Compact are more likely to demonstrate compliance with global ethical standards.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.258

Question 4

Question Type: MultipleChoice

Labour standards facilitate international trade and there are international regulations to secure this. Is this statement TRUE?

Options:

- A- Yes -- labour standards are regulated by the UN and other multi-national bodies
- B- Yes -- there is a minimum labour standard governing pay and conditions
- C- No -- labour standards vary from country to country
- D- No -- no countries have established labour standards

Answer:

C

Explanation:

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The correct answer is that labour standards vary from country to country. According to the L5M5 study guide (p.85), while international conventions exist (e.g., ILO conventions), there is no single binding international law regulating labour standards across all nations. Instead, each country enforces its own rules regarding wages, hours, and working conditions. Some countries have strict protections, while others may have weak or poorly enforced standards. Therefore, procurement professionals must apply due diligence and supplier audits when sourcing internationally, as ethical risks arise in jurisdictions with lower labour protections.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.85

Question 5

Question Type: MultipleChoice

Samir is the Project Manager of a large construction project. Due to the complexity of the build, the main contractor has employed specialist subcontractors. What is the disadvantage of using subcontractors for this work?

Options:

- A- Increased costs
- B- Lower quality of work
- C- Less control
- D- Compliance with the law

Answer:

C

Explanation:

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The disadvantage of subcontracting is less control over performance. The L5M5 study guide (p.156) notes that while subcontracting allows access to specialist expertise, it creates additional risks for project delivery, as the main contractor remains accountable for subcontractor performance. Problems such as delays, quality issues, or non-compliance can occur, and these are more difficult to manage indirectly. Increased costs (A) are not always true since subcontracting can be cost-effective, while lower quality (B) depends on subcontractor capability. Compliance with the law (D) is a requirement, not a disadvantage. Procurement professionals must carefully manage subcontractors through clear contracts, monitoring, and accountability measures.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.156

Question 6

Question Type: MultipleChoice

Creating value responsibly for shareholders would sit under which aspect of the sustainability triple bottom line?

Options:

- A- Legal
- B- Social
- C- Environmental
- D- Economic

Answer:

D

Explanation:

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The economic pillar of the Triple Bottom Line refers to the creation of financial value while maintaining responsibility toward stakeholders. The L5M5 study guide (p.179) explains that sustainability in procurement is not only about compliance with social and environmental standards but also about ensuring financial viability. Activities such as delivering shareholder returns, managing costs, and achieving long-term profitability fall under the economic dimension. 'Legal' is not one of the TBL pillars, and while law supports governance, it is not itself a sustainability principle. Therefore, creating value for shareholders through responsible economic performance is clearly categorised under the economic aspect of TBL.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.179

Question 7

Question Type: MultipleChoice

Knowledge that is not taught or learned from books but gained through personal experience is known as what?

Options:

- A- Inherent knowledge
- B- Primary knowledge
- C- Tacit knowledge

D- Implied knowledge

Answer:

C

Explanation:

Comprehensive and Detailed Explanation From Exact Extract of Documents:

The L5M5 study guide (old p.40, new p.64) defines tacit knowledge as knowledge gained through personal experience, observation, and practice rather than formal education. For example, an employee may develop an instinct for supplier negotiation strategies over years of practice. By contrast, explicit knowledge can be formally recorded and taught. Tacit knowledge provides competitive advantage because it is harder for competitors to imitate. Procurement leaders must capture and share tacit knowledge within teams to strengthen organisational learning.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.64

Question 8

Question Type: MultipleChoice

The use of child labour can affect which parties in the supply chain? Select TWO

Options:

- A- Producers
- B- Retailers
- C- Suppliers
- D- Manufacturers

Answer:

A, D

Explanation:

Comprehensive and Detailed Explanation From Exact Extract of Documents:

Child labour often occurs in the production stage (e.g., farming, mining) and manufacturing stage (e.g., garment sweatshops). According to the L5M5 study guide (p.252), these unethical practices create risks for procurement, as organisations may face reputational damage, legal consequences, and disrupted supply chains. Retailers and suppliers are indirectly affected but are not the primary locations where child labour is found. Procurement professionals must ensure thorough supply chain due diligence, audits, and supplier codes of conduct to prevent child labour risks in procurement decisions.

Reference: Managing Ethical Procurement and Supply (L5M5) Study Guide, p.252



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