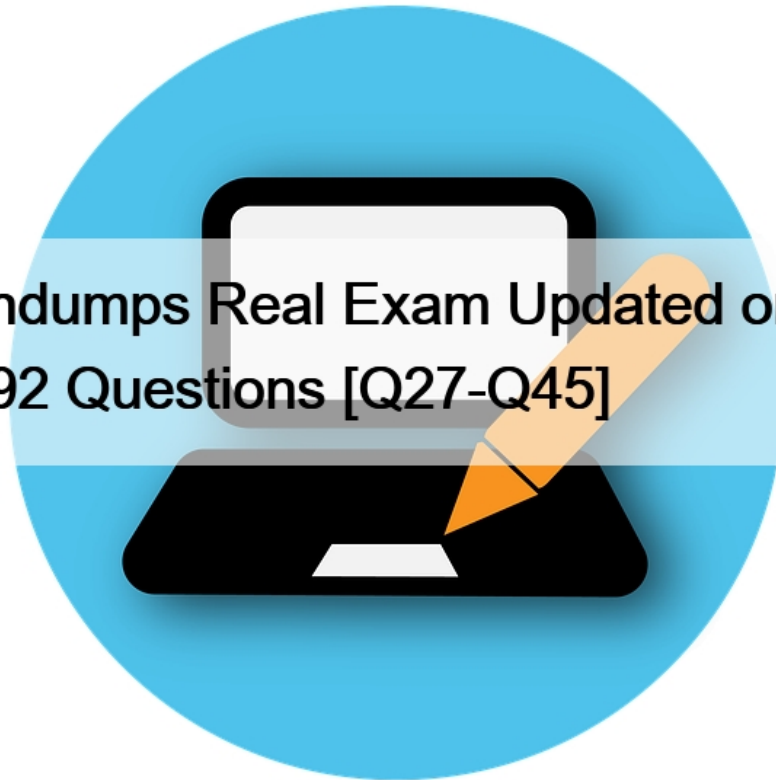


## L3M1 Braindumps Real Exam Updated on May 21, 2024 with 92 Questions [Q27-Q45]



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**Q27.** An organisation is

- \* A social arrangement for the controlled performance of collective goals
- \* A collection of social people controlling performance of arranged goals
- \* A social arrangement for the collective performance of controlled goals

Social arrangement because it involves people; they have a collective goal eg to be a profitable or-organisation; and their performance must be controlled to work towards or to achieve that goal / those goals.

**Q28.** 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:

- \* Industrial espionage
- \* Purchasing research

- \* Data analysis
- \* Environmental scanning

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

**Q29.** Thinking of Michael Porter's Industry Structure Analysis (commonly referred to as Five Forces Analysis), the content of the centre circle is about:

- \* Governmental regulation of competition within an economy
- \* Competitive rivalry within the industry
- \* Governmental interference in an industry
- \* Competitor price-cutting to increase market share

Competitive rivalry within an industry.

This can be quite an important point, and why I have such a dislike of the less formal title for the model; the model is about entire industries, not just about a single firm; this is commonly misunderstood by students (and sadly, some tutors) and the original Porter title; Industry Structure Analysis; helps us understand that, I think. I find this tool of analysis to be very helpful in understanding behaviour within sectors, despite criticism of the model and its age from some commentators. The other answers shown are mere fictions.

**Q30.** Think carefully.

There is low consumer demand; production capacity is unused; prices are stable or are falling; business profits are low; unemployment is high; and business confidence is low. Is this:

- \* Recovery
- \* Recession
- \* Boom
- \* Depression

This is a description of a depression; the worst of all economic situations, which governments will do almost anything to avoid.

A recession is a decline in the performance of the economic factors mentioned (unemployment rises), and technically in the UK, a recession would be two successive quarters of decline (reducing economic activity / reducing GDP). A recovery is coming out of recession, and a boom is when the economy is in the opposite state to the depression shown in the question. Generally, an economy's behaviour is cyclical.

**Q31.** Price; and payment terms; are the same thing.

True or false?

- \* False
- \* True

An easy question.

Price is what the customer will pay for goods or services eg fifty dollars; payment terms are the arrangements 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.

**Q32.** The social responsibility of business is profit maximisation; focusing on returns to shareholders.

This is a famous business philosophy; in contrast to a philosophy of Corporate Social Responsibility as expounded by CIPS.

Which economic and management thinker famously promoted this view?

- \* John Milton
- \* Milton Friedman
- \* John Maynard Keynes
- \* Milton Keynes

It was Milton Friedman who promoted this view in the second half of the 20th century. This view is now less popular than it was. The business of business is business; is another famous quote from Professor Friedman, meaning profit maximisation is what business should be concerned with, not broader social or welfare issues. This thinking takes the view that governments can legislate as necessary to cater for society's needs, funding such activities from taxation placed on successful profit-able businesses.

Milton Keynes is a place in UK; J M Keynes was a famous economist who took a different view to Friedman's and John Milton is a famous 17th century English poet.

**Q33.** Which of the following would not normally be seen as part of public sector procurement?

- \* Achieving defined service levels
- \* Personal bonus payments for procurement staff, linked to savings made
- \* An emphasis on the use of the competitive principle
- \* Personal financial rewards from suppliers for buyers in return for awarding contracts
- \* Pursuit of equal opportunities policies, internally and externally

Public sector procurement staff are expected to work and offer their best to their employer, normally without additional reward for creating cost savings, which is part of their work; and they should not receive rewards from suppliers.

This latter point takes us into the area of procurement ethics, which CIPS regards as being particularly significant for procurement professionals.

The other answers shown are typical features of public sector procurement.

**Q34.** The study of population and population trends is called:

- \* Demographics
- \* Demagoguery
- \* Hieroglyphics
- \* Topography

Demographics now seen as being a part of STEEPLD.

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

**Q35.** 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:

- \* Casual pressure groups
- \* Sectional pressure groups
- \* Blood pressure groups

\* Causal pressure groups

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

&#8216;Sectional&#8217; is an invention by me; blood pressure group is a rather weak attempt at humour.

**Q36.** Which of the following might result from increased costs of production (especially wages) without increased demand, so that producers have to increase their prices to maintain profitability?

- \* Demand-pull inflation
- \* Cost-push inflation
- \* Monetary inflation
- \* Stagflation

Inflation, in this case, is created by the increased cost of production coming through into the economy.

The other answers are essentially names of alternative types of inflation.

**Q37.** The system by which organisations are directed and controlled, thinking about business ethics and stakeholder responsibility, and where Directors may be held to account, is called:

- \* Corporate Identity
- \* Corporate Social Responsibility
- \* Corporate Manslaughter
- \* Corporate Governance

Corporate Governance. Not to be confused with CSR.

Corporate identity relates to marketing and branding; corporate manslaughter is the concept of an organisation being criminally accountable for the deaths of humans through some lack of care. An example might be the deaths of rail company employees on the railway track, where the prosecution would attempt to show that it was the employers&#8217; fault.

**Q38.** In one format for describing socio-economic groupings, skilled, semi-skilled and unskilled working class people would be classified as:

- \* A,
- \* C1
- \* C2,
- \* D

This is a broad group of people deriving income from employment, including some skilled people through to unskilled.

A, B and C1 would be those people often referred to as upper middle class or upper class; whereas E would describe a broad group of the poor, the unemployed, etc.

These are rough generalisations regarding people&#8217;s likelihood of income, taste, lifestyle, etc. To take an extreme example, there is probably not much point in trying to market Dom Perignon (an expensive brand of champagne) to the E group. But the E group might welcome promotion of a low-cost brand of tobacco or cigarettes.

**Q39.** Monetary policy deals with:

- \* Government decisions and actions regarding exchange rates and unemployment in the economy
  - \* Government decisions and actions regarding the size of banknotes and coins in the economy
  - \* Government decisions and actions regarding the level of interest rates and supply of money in the economy
  - \* Government decisions and actions regarding the balance between taxation revenue and public expenditure
- Government decisions and actions regarding the level of interest rates and supply of money in the economy.

Fiscal policy relates to taxation and its relationship to government expenditure.

The other two suggested answers: exchange rates and unemployment rates are a factor of other poli-cies; the size of coins and banknotes is beyond the scope of your syllabus and my knowledge. :)

**Q40.** A mixed economy is:

- \* One which is confused
- \* One in which private and public sectors operate together
- \* A market economy
- \* A centrally-planned economy

It is an economy in which the public and private sectors work together. This is now the norm in most countries, with private sector involvement to a greater or lesser extent. In North Korea there is a (rare example of a) planned economy, and in the United States there is a heavily market-led (private sector) economy.

**Q41.** The five forces model is also known as an Industry Structure Analysis.

True or false?

- \* True
- \* False

This is true. In my view, Industry Structure Analysis is a better term, not only because that is what Michael Porter originally called it, but because it better describes what the model is about. For example, it reminds us that the model is not about a single firm, but it is about an entire industry, and the structure around that industry.

**Q42.** On a diagram of the Product Life Cycle, the x-axis shows:

- \* Growth
- \* Time
- \* Decline
- \* Profit

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.

**Q43.** A genuine pre-estimate of loss describes:

- \* A quantum meruit award
- \* Liquidated damages
- \* Unliquidated damages
- \* A penalty clause

This is 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 a 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 upon.

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.

**Q44.** Which of the following is likely to reduce capital growth? Select all that apply.

- \* Increased sales
- \* Payment of high salaries and large allowances to senior managers

- \* Payment of dividends
- \* Increased profit

Payment of high salaries and large allowances, may, fairly obviously reduce the amount of profit which can be retained for capital growth. If money is being distributed in this way, it isn't being re-tained.

A profitable company has a choice: to pay dividends to a greater or lesser extent; or retain some of its profits to a greater or lesser extent in the form of retained capital; capital growth.

Increased sales and increased profit may result in increased capital growth, all other things being equal, depending on the firm's dividend policy.

**Q45.** Thinking about supply and demand, there is one price at which producers wish to sell the same amount as customers wish to buy: in other words, the market clears, without either a surplus of supply or unsatisfied demand. This price is called the equilibrium price.

- \* Equidistant
- \* Equilibrium
- \* Clearing
- \* Equivalium

Equilibrium price as demand and supply are perfectly balanced.

Equivalium is a made-up word. When I was studying for my MCIPS back in the 1980s it was a requirement to undertake a research study. My research was into the monopolistic supply of valium and librium to the UK's National Health Service by a Swiss company called Hofmann la Roche. That research endeared me neither to branded drugs, nor, possibly unfairly, to multinationals.

The likely choice of answers for people who don't know the correct answer is probably between equilibrium and clearing. Clearing would be a logical choice, but it's not the one your assessor re-quires.

### CIPS L3M1 Exam Syllabus Topics:

**Topic 1- Types of Pricing Arrangements in Commercial Agreements:** It focuses on explaining pricing arrangements of use in commercial agreements so an entity can have the most effective price and cost management. This sub-topic is important because through this the role of pricing in procurement and supply can be deciphered.  
**Topic 2- External Environment and Its Impact on Procurement and Supply:** The external environment and their impact on procurement and supply comprise such subtopics as identification of the impact of the external environment and a description of implications of economic, political, legislative, environmental, ethical, and social criteria on the procurement and supply. Investigating these sub-topics is necessary for comprehending the external factors influencing procurement and supply.  
**Topic 3- Different Sectors of Procurement and Supply:** Under this heading, there are different subtopics of the various sectors of procurement and supply including description of the categories and functions of private sector, roles, and scope of procurement in the private, public, not-for-profit- third sectors. Understanding the above sub-topics is very essential in an attempt to understand the concept of procurement and supply in general in these different sectors.  
**Topic 4- Procedures that Regulate Procurement**

and Supply: It refers to the regulations that guide procurement and supply. The subtopics discuss the types of documentation in procurement and supply and how these documented policies and procedures help in working within this field. Knowledge of the subtopics presents an essential overview of how regulatory aspects work in procurement and supply.

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