

# CIPS Managing Ethical Procurement and Supply (L5M5) Practice Test (Sample)

## Study Guide



**Everything you need from our exam experts!**

**Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.**

**ALL RIGHTS RESERVED.**

**No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.**

**Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.**

**SAMPLE**

# Table of Contents

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>5</b>
<b>Answers</b> .....	<b>8</b>
<b>Explanations</b> .....	<b>10</b>
<b>Next Steps</b> .....	<b>16</b>

SAMPLE

# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

**Remember:** successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## **1. Start with a Diagnostic Review**

**Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.**

## **2. Study in Short, Focused Sessions**

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.**

## **3. Learn from the Explanations**

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## **4. Track Your Progress**

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## **5. Simulate the Real Exam**

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## **6. Repeat and Review**

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!**

## Questions

SAMPLE

- 1. What is a driver in a business context?**
  - A. A motivator for employee engagement**
  - B. A factor that causes something else to happen**
  - C. A tool used for forecasting**
  - D. A strategic business goal**
  
- 2. What is the term for the process of using past data to predict future demand?**
  - A. Forecast**
  - B. Outlook**
  - C. Projection**
  - D. Estimation**
  
- 3. Which term refers to the fluctuating levels of stock held by businesses?**
  - A. Stock rotation.**
  - B. Inventory turnover.**
  - C. Inventory level.**
  - D. Backordering.**
  
- 4. What term relates to the geography and international relations between countries?**
  - A. Economic geography**
  - B. Geopolitical**
  - C. International trade**
  - D. Global studies**
  
- 5. What is the primary purpose of trade unions?**
  - A. To promote employer interests**
  - B. To protect and promote the interests of workers**
  - C. To set prices in the industry**
  - D. To manage supply chain logistics**

- 6. How does a company typically measure the success of its procurement strategy?**
- A. By assessing its legal compliance.**
  - B. Through customer feedback surveys.**
  - C. Using key performance indicators (KPIs).**
  - D. Based on employee satisfaction.**
- 7. Which of the following best describes the goal of SRM?**
- A. To eliminate all suppliers**
  - B. To enhance all interactions across the supply chain**
  - C. To increase product prices for the end consumer**
  - D. To create barriers with suppliers for competitive advantage**
- 8. Which of the following identifies a key characteristic of just-in-time (JIT) systems?**
- A. They require high inventory levels.**
  - B. They involve planned stock shortages.**
  - C. They aim to minimize waste by aligning production with demand.**
  - D. They focus on bulk purchasing discounts.**
- 9. What is portfolio analysis used for in procurement?**
- A. To evaluate supplier relationships**
  - B. To calculate risks and returns**
  - C. To determine piece prices**
  - D. To assess the quality of goods**
- 10. What term describes something that is very profitable?**
- A. Beneficial**
  - B. Lucrative**
  - C. Advantageous**
  - D. Profitable**

## Answers

SAMPLE

1. B
2. A
3. C
4. B
5. B
6. C
7. B
8. C
9. B
10. B

SAMPLE

## **Explanations**

SAMPLE

## 1. What is a driver in a business context?

- A. A motivator for employee engagement
- B. A factor that causes something else to happen**
- C. A tool used for forecasting
- D. A strategic business goal

In a business context, a driver refers to a factor that causes something else to happen. This concept is foundational in understanding how various elements in a business environment interact and influence outcomes. When analyzing a company's performance, identifying the drivers allows managers to understand what factors are leading to changes in revenue, market growth, or efficiency. These drivers could include economic conditions, customer behavior, technological advancements, or operational processes. Understanding these drivers is crucial for strategic decision-making, as it enables organizations to allocate resources effectively, respond to market demands, and improve overall performance. For example, if a business recognizes that customer demand for sustainable products is a key driver, it might prioritize eco-friendly practices in its supply chain to meet that demand. This focus on causes and impacts helps ensure that businesses remain competitive and aligned with market trends.

## 2. What is the term for the process of using past data to predict future demand?

- A. Forecast**
- B. Outlook
- C. Projection
- D. Estimation

The term that accurately describes the process of using past data to predict future demand is "forecast." In procurement and supply chain management, forecasting is a critical function that involves analyzing historical data trends, seasonality, and market conditions to estimate future demand for goods and services. A good forecast helps organizations plan their purchasing, production, and inventory levels effectively, reducing the risk of overstocks or stockouts. Forecasting relies on statistical techniques and models to interpret the available data and establish trends, thereby allowing decision-makers to anticipate changes in demand and adjust their strategies accordingly. This capability is especially important in dynamic markets where demand can fluctuate due to various factors such as consumer preferences, economic changes, and emerging trends. While the terms "outlook," "projection," and "estimation" may seem similar, they encompass different nuances in this context. "Outlook" often refers to a general perspective on what is expected in the future rather than the specific statistical analysis that forecasting entails. "Projection" may denote a specific forward-looking calculation but does not emphasize the reliance on historical data to the extent that forecasting does. "Estimation" generally involves approximating values and might not require any historical data at all. Thus, forecasting best captures the structured approach of utilizing past data

### 3. Which term refers to the fluctuating levels of stock held by businesses?

- A. Stock rotation.
- B. Inventory turnover.
- C. Inventory level.**
- D. Backordering.

The term "inventory level" accurately describes the fluctuating levels of stock held by businesses. This term encompasses the quantity of goods that a company has on hand at any given time. Understanding inventory levels is crucial for effective supply chain and procurement management, as it helps businesses assess their capacity to meet customer demand and manage costs associated with holding stock. Maintaining appropriate inventory levels is essential for ensuring that a business can fulfill orders without overstocking, which can lead to increased holding costs and potential waste, especially with perishable goods. Conversely, insufficient inventory levels may result in stockouts and lost sales opportunities, harming customer satisfaction and overall business performance. While the other terms are related to inventory management, they do not specifically refer to the concept of fluctuating stock levels as directly as "inventory level" does. Stock rotation pertains to the practice of managing inventory to sell the oldest stock first, inventory turnover refers to how quickly inventory is sold and replaced over a period, and backordering involves taking orders for items that are temporarily out of stock but will be available in the future.

### 4. What term relates to the geography and international relations between countries?

- A. Economic geography
- B. Geopolitical**
- C. International trade
- D. Global studies

The term "geopolitical" accurately reflects the intersection of geography and international relations between countries. Geopolitics examines how geographic factors, including physical terrain, natural resources, and demographic characteristics, influence political power dynamics, international policies, and diplomatic interactions. It encompasses a broad range of issues such as territorial disputes, resource management, and alliances, all of which are shaped by geographical considerations. In contrast, while "economic geography" focuses on the spatial distribution of economic activities and how these are influenced by geography, it does not fully encompass the political dimensions. "International trade" specifically addresses the exchange of goods and services across borders but does not inherently involve the intricate relationships and power struggles that characterize geopolitical analyses. "Global studies" is a more general term that may include various global phenomena but does not specifically target the political implications of geographic factors as effectively as "geopolitical" does. Thus, the choice of the term "geopolitical" is the most relevant in understanding the complex interplay of geography with international relations.

## 5. What is the primary purpose of trade unions?

- A. To promote employer interests
- B. To protect and promote the interests of workers**
- C. To set prices in the industry
- D. To manage supply chain logistics

The primary purpose of trade unions is to protect and promote the interests of workers. Trade unions are organizations formed by workers to collectively negotiate with employers regarding wages, working conditions, benefits, and rights. By uniting as a collective, workers gain a stronger voice in discussions with employers, which enhances their ability to address concerns and advocate for fair treatment and compensation. Trade unions aim to establish standards within the labor market and ensure that workers have a say in their working conditions, which contributes to greater job security and improved workplace equity. They play an essential role in advocating for labor rights and influencing legislation that benefits employees. Other options do not accurately reflect the core mission of trade unions. While employer interests can be promoted through cooperation with management, it is not the primary aim of trade unions. Setting prices in the industry falls under market dynamics and economic factors, while managing supply chain logistics relates to operational aspects rather than worker representation or advocacy.

## 6. How does a company typically measure the success of its procurement strategy?

- A. By assessing its legal compliance.
- B. Through customer feedback surveys.
- C. Using key performance indicators (KPIs).**
- D. Based on employee satisfaction.

The success of a company's procurement strategy is typically measured using key performance indicators (KPIs). KPIs provide quantifiable metrics that can evaluate the effectiveness of procurement processes and align them with the company's overall objectives. These indicators can include cost savings, supplier performance, procurement cycle times, and the quality of goods or services procured. By establishing clear KPIs, a company can track its performance over time, identify areas for improvement, and make data-driven decisions to enhance its procurement strategy. The importance of using KPIs lies in their ability to provide an objective measure of success, allowing organizations to benchmark their performance against industry standards or internal targets. This quantitative approach ensures that procurement strategies are aligned with broader business goals, ultimately driving efficiency, cost-effectiveness, and supplier relationships. In contrast, while legal compliance, customer feedback, and employee satisfaction are important aspects of a business's overall success, they do not specifically measure the direct effectiveness of procurement strategies. Legal compliance ensures adherence to regulations, customer feedback evaluates the product or service from the end-user's perspective, and employee satisfaction reflects the workplace environment. None of these measures inherently assess how effective the procurement function is in achieving its specific goals.

**7. Which of the following best describes the goal of SRM?**

- A. To eliminate all suppliers**
- B. To enhance all interactions across the supply chain**
- C. To increase product prices for the end consumer**
- D. To create barriers with suppliers for competitive advantage**

The goal of Supplier Relationship Management (SRM) is best described by the enhancement of interactions across the supply chain. SRM focuses on developing strong, collaborative relationships with suppliers to foster communication, trust, and mutual benefit. This approach enables organizations to leverage their suppliers' capabilities and resources effectively, which can lead to better innovation, quality improvements, and cost efficiencies. By enhancing interactions, businesses can better understand their suppliers' perspectives, optimize processes, and ultimately create value for both parties. This synergy can result in improved problem-solving and increased agility in responding to market demands, thereby strengthening the overall supply chain. In contrast, eliminating all suppliers would not be a practical or sustainable approach since a diverse supplier base is often crucial for competition and risk management. Increasing product prices is generally not a goal of SRM; rather, the focus is on creating value and efficiency that can lead to more competitive pricing overall. Lastly, creating barriers with suppliers contradicts the philosophy of SRM, which aims for collaboration and open lines of communication rather than isolation or obstruction.

**8. Which of the following identifies a key characteristic of just-in-time (JIT) systems?**

- A. They require high inventory levels.**
- B. They involve planned stock shortages.**
- C. They aim to minimize waste by aligning production with demand.**
- D. They focus on bulk purchasing discounts.**

Just-in-time (JIT) systems are designed to enhance efficiency and reduce waste in the production process. A key characteristic of JIT is its focus on aligning production closely with actual demand. This approach helps organizations minimize excess inventory and reduce carrying costs, enabling them to respond quickly to changes in customer preferences and market conditions. By synchronizing production schedules with demand signals, JIT systems allow businesses to produce only what is needed, when it is needed, thereby avoiding overproduction and waste of resources. This characteristic is central to the philosophy of lean manufacturing, which seeks to create more value with less work and materials, ultimately improving operational efficiency and competitiveness. The other options do not accurately represent the characteristics of JIT systems. High inventory levels run counter to the JIT philosophy, which strives for minimal stock. Similarly, planned stock shortages are not a goal of JIT but rather a potential risk if not managed properly. Lastly, while bulk purchasing can offer discounts, JIT typically discourages bulk purchasing to maintain low inventory levels and avoid the pitfalls associated with excess stock.

## 9. What is portfolio analysis used for in procurement?

- A. To evaluate supplier relationships
- B. To calculate risks and returns**
- C. To determine piece prices
- D. To assess the quality of goods

Portfolio analysis in procurement is a strategic tool primarily used for understanding and managing the risk-return profile of various suppliers and procurement categories. The focus on calculating risks and returns allows organizations to identify which suppliers and categories offer the best balance of cost versus potential risk. This process involves categorizing suppliers and products in terms of their strategic importance, financial impact, and market volatility. By analyzing these factors, procurement professionals can make informed decisions that align with the organization's overall objectives, ensuring that they are investing resources wisely and strategically. While evaluating supplier relationships, determining piece prices, and assessing the quality of goods are important aspects of procurement, they do not encompass the overarching purpose of portfolio analysis, which is fundamentally about understanding the risk associated with different procurement choices and optimizing the return on investment across the supplier base. This strategic approach empowers organizations to allocate resources where they can achieve the most significant impact while managing exposure to potential risks.

## 10. What term describes something that is very profitable?

- A. Beneficial
- B. Lucrative**
- C. Advantageous
- D. Profitable

The term "lucrative" specifically refers to something that yields a significant amount of profit or financial gain. This word is often used in business contexts to describe ventures, investments, or opportunities that are particularly rewarding in terms of generating income or returns. The other terms, while related to the positive attributes of a financial situation, do not convey the same level of emphasis on profitability as "lucrative." For instance, "beneficial" often refers to anything that results in a positive outcome or advantage, not necessarily linked to profit margins. "Advantageous" similarly indicates a favorable position but lacks the direct financial connotation. "Profitable" does describe something that generates profit, but "lucrative" has a stronger implication of being highly profitable, making it the most precise choice in this context.

## Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://cipsl5m5.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**

SAMPLE