MACRO EXERCISE

Stakeholder Relationships

CIPS Level 2 Module 3 (L2M3): Certificate in Procurement and Supply Operations

60 multiple-choice questions | covering the full L2M3 module

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Instructions: Read each short case and choose the one best answer. Answers, with a brief reason for each, are given at the end of the paper.

Part A – Stakeholders in Procurement and Supply

Questions 1–15

Q1. *A procurement officer is asked to list everyone who has an interest in, or is affected by, a new contract.*

What are these people and groups called?

- **A.** Competitors
- **B.** Stakeholders
- **C.** Shareholders only
- **D.** Consumers only

Q2. *A furniture company lists the parties outside the business that are affected by its new factory.*

Which of these is an EXTERNAL stakeholder?

- **A.** The local community
- **B.** The finance department
- **C.** The production manager
- **D.** The board of directors

Q3. *A water company is preparing a new project and identifies the people within the organisation who will be involved.*

Which of these is an INTERNAL stakeholder?

- **A.** The government regulator
- **B.** The suppliers
- **C.** The facilities department
- **D.** The customers

Q4. *A toy shop buys toys from a wholesaler. A parent buys a toy from the shop, and a child plays with it.*

Who is the CONSUMER?

- **A.** The toy shop
- **B.** The wholesaler
- **C.** The child who plays with the toy
- **D.** The delivery driver

Q5. *A hospital needs to buy a new MRI scanner costing several million.*

Which internal stakeholders are most likely to be involved in this capital purchase?

- **A.** Finance, senior management, the clinical users and facilities
- **B.** Only the reception team
- **C.** Only the supplier
- **D.** Only the marketing department

Q6. *A buyer gathers information on a stakeholder: what they need from her, what she needs from them, and how her plans will affect them.*

What is this activity called?

- **A.** Expediting
- **B.** Invoicing
- **C.** Stakeholder profiling
- **D.** Tendering

Q7. *A government introduces new rules on the packaging materials that companies are allowed to use.*

How does this stakeholder mainly influence procurement?

- **A.** By changing staff holidays
- **B.** By setting laws and regulations that procurement must comply with
- **C.** By buying the company's products
- **D.** By setting the company's marketing budget

Q8. *A procurement team needs to know how many products marketing expects to sell next year.*

Why does procurement need this information from marketing?

- **A.** To plan advertising
- **B.** To set staff salaries
- **C.** To design the company logo
- **D.** To plan how much stock and material to buy

Q9. *Before signing a large contract, the procurement team checks that the money is available and that payment terms are acceptable.*

Which internal function do they mainly work with?

- **A.** Finance
- **B.** Human resources
- **C.** Marketing
- **D.** Design

Q10. *The design and development team is creating a new product and needs special components.*

How can procurement best support them?

- **A.** By waiting until the design is finished before getting involved
- **B.** By involving suppliers early to suggest suitable, available components
- **C.** By choosing the cheapest components without asking the designers
- **D.** By refusing to buy new components

Q11. *A senior director has the power to stop a project but takes little interest in its day-to-day details.*

How should procurement manage this stakeholder?

- **A.** Manage closely as a key player
- **B.** Keep informed
- **C.** Keep satisfied
- **D.** Ignore completely

Q12. *A supplier of a key component has very high influence over a company and is very interested in the company's plans.*

How should the company manage this stakeholder?

- **A.** Ignore it
- **B.** Inform it only once a year
- **C.** Manage it closely as a key player
- **D.** Monitor it with minimum effort

Q13. *A local residents' group is very interested in a factory's plans but has little power to affect them.*

What is the best approach to this group?

- **A.** Keep them informed
- **B.** Manage them closely as key players
- **C.** Ignore them completely
- **D.** Give them control of the project

Q14. *The senior management board sets the company's overall strategy and must approve very large contracts.*

How does the board mainly influence procurement?

- **A.** By delivering goods to the warehouse
- **B.** By writing every specification
- **C.** By setting strategy, priorities and approval limits
- **D.** By answering supplier phone calls

Q15. *A procurement manager asks why she should care about the views of the warehouse and distribution team.*

What is the best reason?

- **A.** They choose the company's suppliers
- **B.** They have no effect on procurement
- **C.** They set the company's prices
- **D.** They receive, store and move the goods, so their needs affect what and how procurement buys

Part B – Market Factors

Questions 16–32

Q16. *A council, a supermarket and a children's charity each need to buy cleaning services.*

Which sectors do they belong to, in order?

- **A.** Private, public, third
- **B.** Public, private, third
- **C.** Third, public, private
- **D.** Public, third, private

Q17. *A trainer asks the class to name industries that belong to the primary sector.*

Which group are ALL primary sector industries?

- **A.** Forestry, mining and agriculture
- **B.** Car manufacturing, baking and textiles
- **C.** Banking, retail and tourism
- **D.** Mining, banking and car manufacturing

Q18. *The price of cinema tickets rises sharply.*

According to the law of demand, what usually happens?

- **A.** People buy more tickets
- **B.** Demand stays exactly the same
- **C.** Cinemas supply fewer seats
- **D.** People buy fewer tickets

Q19. *The market price of strawberries rises.*

According to the law of supply, what do farmers usually do?

- **A.** Supply fewer strawberries
- **B.** Supply more strawberries
- **C.** Stop selling strawberries
- **D.** Lower their prices

Q20. *In a market, the quantity buyers want exactly matches the quantity sellers offer at a certain price.*

What is this point called?

- **A.** The point of equilibrium
- **B.** The decline stage
- **C.** A monopoly
- **D.** A shortage

Q21. *A heatwave hits the country, and people want much more ice cream at every price.*

What happens to the demand curve for ice cream?

- **A.** It moves along the curve because the price changed
- **B.** It disappears
- **C.** It shifts to the right (demand increases)
- **D.** It shifts to the left (demand falls)

Q22. *Floods destroy much of the rice harvest, but demand for rice stays the same.*

What is the most likely effect for buyers?

- **A.** Prices fall and rice is easy to find
- **B.** No change at all
- **C.** Suppliers offer bigger discounts
- **D.** Prices rise and rice becomes harder to obtain

Q23. *A market has many small sellers offering identical products, and no single seller can set the price.*

What type of competition is this?

- **A.** Monopoly
- **B.** Perfect competition
- **C.** Duopoly
- **D.** Oligopoly

Q24. *In a country, only one company supplies mains water to homes.*

What type of market is this?

- **A.** Monopoly
- **B.** Perfect competition
- **C.** Oligopoly
- **D.** Duopoly

Q25. *Exactly two companies supply all the aircraft engines in a market.*

What type of market is this?

- **A.** Monopoly
- **B.** Perfect competition
- **C.** Duopoly
- **D.** Imperfect competition with many firms

Q26. *A small number of large companies dominate the mobile phone network market.*

What type of market is this?

- **A.** Perfect competition
- **B.** Monopoly
- **C.** Duopoly
- **D.** Oligopoly

Q27. *Many restaurants in a city sell meals, but each offers different food, service and atmosphere.*

What type of competition is this?

- **A.** Imperfect competition
- **B.** Monopoly
- **C.** Duopoly
- **D.** Perfect competition

Q28. *A buyer wants to understand the competitive pressures in a supplier's market: rivals, new entrants, substitutes, and the power of buyers and suppliers.*

Which model is designed for this?

- **A.** The 7 Ps of marketing
- **B.** Tuckman's stages of team development
- **C.** Porter's Five Forces
- **D.** The Thomas-Kilmann model

Q29. *A new type of electric scooter is launched. Few people buy it at first, then sales grow quickly.*

Which two product life cycle stages are described, in order?

- **A.** Maturity, then decline
- **B.** Decline, then introduction
- **C.** Growth, then maturity
- **D.** Introduction, then growth

Q30. *Sales of DVD players have been falling for several years as people switch to streaming.*

Which stage of the product life cycle is this?

- **A.** Introduction
- **B.** Decline
- **C.** Growth
- **D.** Maturity

Q31. *A marketing manager reviews product, price, place and promotion, plus people, process and physical evidence.*

What is this list known as?

- **A.** The 7 Ps of marketing
- **B.** The five rights of procurement
- **C.** The Ten Cs
- **D.** Porter's Five Forces

Q32. *A concert promoter sets ticket prices so high that thousands of tickets go unsold.*

What has the high price created?

- **A.** Excess demand (a shortage)
- **B.** Equilibrium
- **C.** A monopoly
- **D.** Excess supply (a surplus)

Part C – Communication, Negotiation and Team Working

Questions 33–47

Q33. *A new buyer wants to build good working relationships with colleagues in other departments.*

Which approach best builds rapport?

- **A.** Communicating only by formal letter
- **B.** Avoiding meetings to save time
- **C.** Regular contact, active listening and keeping promises
- **D.** Telling departments what to buy without asking

Q34. *During a meeting, a buyer gives full attention to the speaker, nods, asks questions and summarises what was said.*

What is this skill called?

- **A.** Active listening
- **B.** Passive listening
- **C.** Interrupting
- **D.** Expediting

Q35. *A buyer is about to negotiate a new contract with a supplier.*

What should she do FIRST?

- **A.** Accept the first offer to save time
- **B.** Sign the contract
- **C.** Start bargaining immediately
- **D.** Prepare: gather information and set clear objectives

Q36. *A supplier makes an opening price offer in a negotiation.*

What is generally good advice for the buyer?

- **A.** Always accept the first offer
- **B.** Don't accept the first offer; explore whether there is room to improve it
- **C.** Walk out immediately
- **D.** Tell the supplier your maximum budget

Q37. *A buyer plans to order a very large quantity of printer paper for the year.*

Which tactic could help her get a better price?

- **A.** Ordering in very small batches
- **B.** Paying late
- **C.** Asking for a bulk (volume) discount
- **D.** Using only one supplier's quote

Q38. *Before negotiating, a buyer collects quotes from four different suppliers.*

What is the main benefit?

- **A.** It gives her a market comparison and more bargaining power
- **B.** It shows the supplier she is disorganised
- **C.** It guarantees the lowest price
- **D.** It removes the need to negotiate

Q39. *In the communication cycle, a manager turns her ideas into an email to a supplier.*

What is this step called?

- **A.** Decoding
- **B.** Feedback
- **C.** Noise
- **D.** Encoding

Q40. *A supplier reads the email and replies to confirm what it understood.*

Which stage of the communication cycle is the reply?

- **A.** Encoding
- **B.** Feedback
- **C.** The channel
- **D.** Noise

Q41. *A phone call to a supplier is hard to hear because of loud machinery, and the message is misunderstood.*

In the communication cycle, what is the machinery?

- **A.** Feedback
- **B.** Encoding
- **C.** Noise (a barrier)
- **D.** The receiver

Q42. *A buyer must formally tell a supplier that its contract is being ended, and needs a clear record.*

Which method of communication is most appropriate?

- **A.** A quick chat in the corridor
- **B.** A text message with emojis
- **C.** A social media post
- **D.** A formal written letter or email

Q43. *A supplier learns that a delivery will be two weeks late, but waits until the day it is due to tell the buyer.*

What does this show?

- **A.** Good communication
- **B.** Poor, untimely communication that leaves the buyer no time to react
- **C.** Effective negotiation
- **D.** Strong group cohesion

Q44. *A new project team has just met. Members are polite but unsure of their roles.*

Which stage of Tuckman's team development is this?

- **A.** Forming
- **B.** Storming
- **C.** Norming
- **D.** Performing

Q45. *A few weeks later, team members argue about who should lead and how work should be done.*

Which stage is this?

- **A.** Forming
- **B.** Performing
- **C.** Storming
- **D.** Adjourning

Q46. *The team now works smoothly, makes decisions efficiently and achieves its goals with little supervision.*

Which stage has the team reached?

- **A.** Storming
- **B.** Forming
- **C.** Norming
- **D.** Performing

Q47. *A manager wants her procurement team to work well together.*

Which is a characteristic of an effective work group?

- **A.** Members keep information to themselves
- **B.** Clear shared goals, good communication and mutual trust
- **C.** There are no agreed roles
- **D.** Members compete against each other

Part D – Information Exchange and Conflict Resolution

Questions 48–60

Q48. *A supermarket shares its expected sales of bottled water for the next six months with its supplier.*

What type of information is this?

- **A.** A credit rating
- **B.** A demand forecast
- **C.** A complaint
- **D.** An invoice

Q49. *A supplier tells its customer that a key raw material is likely to become more expensive and scarce next year.*

What type of information is being shared?

- **A.** Scheduling difficulties
- **B.** New product development
- **C.** A delivery note
- **D.** Trends in costs and availability

Q50. *A supplier and buyer work together to design a lighter, cheaper packaging solution.*

What type of information exchange does this involve?

- **A.** Invoice matching
- **B.** Designs, innovations and new product development
- **C.** Credit scoring
- **D.** Budget monitoring

Q51. *Two buyers in the same team regularly argue because they dislike each other's working styles.*

What is the source of this conflict?

- **A.** External changes
- **B.** Lack of resources
- **C.** Interpersonal relationships
- **D.** Supplier performance

Q52. *Two departments are both demanding the only available company van on the same day.*

What is the source of this conflict?

- **A.** Competition for limited resources
- **B.** Bullying
- **C.** New regulations
- **D.** Market growth

Q53. *A supplier repeatedly delivers late, and the production team blames procurement.*

What is the main source of this conflict?

- **A.** Interpersonal dislike
- **B.** Bullying and harassment
- **C.** Market decline
- **D.** Poor performance levels

Q54. *A buyer awards a cleaning contract to a firm owned by her brother without telling anyone.*

What does this create?

- **A.** A conflict of interest
- **B.** Group cohesion
- **C.** A demand forecast
- **D.** Effective team working

Q55. *In a dispute with a supplier, a buyer insists on her own terms and ignores the supplier's concerns.*

Which Thomas-Kilmann mode is she using?

- **A.** Accommodating
- **B.** Avoiding
- **C.** Competing
- **D.** Collaborating

Q56. *A buyer and supplier work together to find a solution that fully meets both their needs.*

Which Thomas-Kilmann mode is this?

- **A.** Compromising
- **B.** Collaborating
- **C.** Avoiding
- **D.** Competing

Q57. *Two managers resolve a disagreement by each giving up part of what they wanted and meeting in the middle.*

Which mode is this?

- **A.** Accommodating
- **B.** Competing
- **C.** Collaborating
- **D.** Compromising

Q58. *Two colleagues have a long-running conflict over workload. Their manager wants to resolve it.*

What should be the FIRST step?

- **A.** Discipline both colleagues immediately
- **B.** Get both to accept that a problem exists
- **C.** Ignore it and hope it goes away
- **D.** Move one colleague to another office

Q59. *A conflict keeps recurring because two team members are unsure who is responsible for approving supplier invoices.*

Which approach would best prevent this conflict?

- **A.** Clarifying roles and responsibilities
- **B.** Avoiding the topic
- **C.** Increasing the team size
- **D.** Removing all approvals

Q60. *Procurement wants to introduce a new purchasing system, but several departments are resisting the change.*

What is the best way to gain their buy-in?

- **A.** Force the change without explanation
- **B.** Delay the change indefinitely
- **C.** Introduce it secretly
- **D.** Involve them early, explain the benefits and listen to their concerns

Answer Key

Stakeholder Relationships (L2M3): correct answers with brief reasons

Q	Answer	Reason
Part A – Stakeholders in Procurement and Supply (Questions 1–15)		
1	B	Stakeholders are any individuals or groups with an interest in, or affected by, an organisation's activities.
2	A	The local community sits outside the organisation. The other three are internal.
3	C	The facilities department is part of the organisation, so it is internal.
4	C	The consumer is the end user of the product. The customer is whoever buys it, which may be a different person.
5	A	Large capital purchases involve several internal stakeholders: finance for funding, senior management for approval, users for requirements, and facilities for installation.
6	C	Stakeholder profiling builds a picture of each stakeholder's needs, interests and influence so they can be managed well.
7	B	Government is an external stakeholder that influences procurement through laws, regulations and policy.
8	D	Sales forecasts from marketing and sales help procurement plan the right quantities at the right time.
9	A	Finance controls budgets, approves spending and manages payments to suppliers.
10	B	Getting procurement and suppliers involved early helps designers pick parts that are available, affordable and suitable.
11	C	Stakeholders with high power but low interest should be kept satisfied, so that their needs are met without overloading them with detail.
12	C	Stakeholders with high influence and high interest should be managed closely and kept fully involved.
13	A	High interest but low influence suggests keeping the group informed so that concerns are heard and handled.
14	C	Senior management influences procurement through strategy, objectives, policies and approval of major spending.
15	D	Distribution and warehousing affect delivery times, packaging and quantities, so their needs shape procurement decisions.
Part B – Market Factors (Questions 16–32)		
16	B	Councils are public sector, supermarkets are private sector, and charities are third (not-for-profit) sector.
17	A	The primary sector extracts natural resources, as in forestry, mining, agriculture and fishing.
18	D	The law of demand states that as price rises, the quantity demanded usually falls.
19	B	The law of supply states that as price rises, suppliers are willing to supply more.
20	A	Equilibrium is where the demand and supply curves meet, and the market clears at that price.
21	C	A change in a non-price factor, such as weather, shifts the whole demand curve. Here demand increases, so the curve moves right.
22	D	Lower supply with unchanged demand creates a shortage, which pushes prices up and reduces availability.
23	B	Perfect competition has many sellers of identical products, all of whom accept the market price.
24	A	A monopoly has a single supplier, which gives buyers very little choice or bargaining power.
25	C	A duopoly is a market dominated by two suppliers.
26	D	An oligopoly is a market dominated by a few large suppliers.

Q	Answer	Reason
27	A	Imperfect competition has many sellers with differentiated products, so each has some control over its price.
28	C	Porter's Five Forces is used to understand the competitive influences in a market.
29	D	The product life cycle runs introduction, growth, maturity and decline. Slow early sales are introduction, and rapid increase is growth.
30	B	Falling sales over time indicate the decline stage.
31	A	The 7 Ps form the marketing mix, which is especially used for services.
32	D	When the price is above equilibrium, more is supplied than buyers want, which creates excess supply.
Part C – Communication, Negotiation and Team Working (Questions 33–47)		
33	C	Rapport grows through regular, respectful contact, listening to others' needs and being reliable.
34	A	Active listening shows understanding and respect, which helps build rapport and avoid misunderstanding.
35	D	Preparation is the first stage of negotiation. Good research and clear objectives lead to better outcomes.
36	B	First offers usually leave room to negotiate. Revealing your budget weakens your position.
37	C	Large volumes give the buyer leverage to ask for volume discounts.
38	A	Talking to several suppliers gives the buyer benchmarks and alternatives, which strengthens her position.
39	D	Encoding is turning an idea into a message. The receiver decodes it, and feedback shows whether it was understood.
40	B	Feedback is the receiver's response, which confirms whether the message was understood correctly.
41	C	Noise is anything that interferes with the message, such as physical noise, jargon or distractions.
42	D	Important, formal matters need written communication, which provides clarity and a record.
43	B	Prompt communication gives stakeholders time to plan. Late news causes avoidable problems.
44	A	Forming is the first stage, when members get to know each other and roles are unclear.
45	C	Storming involves conflict as members challenge ideas, roles and leadership.
46	D	Performing is the stage when the team works effectively towards its goals.
47	B	Effective teams share goals, communicate openly, trust each other and have clear roles.
Part D – Information Exchange and Conflict Resolution (Questions 48–60)		
48	B	Demand forecasts help suppliers plan production and capacity, which improves availability.
49	D	Sharing cost and availability trends helps the buyer plan ahead and budget.
50	B	Sharing designs and ideas for innovation can create joint value for both parties.
51	C	Personal clashes between individuals are interpersonal sources of conflict.
52	A	Competition for limited resources, such as money, equipment or staff, often causes conflict.
53	D	Performance problems, such as late deliveries, are a common source of conflict between and within organisations.
54	A	A personal or family link to a supplier creates a conflict of interest. It must be declared, and the buyer should not be involved in the decision.
55	C	Competing is high on assertiveness (own concerns) and low on cooperativeness (others' concerns).
56	B	Collaborating is high on both assertiveness and cooperativeness and aims for a win-win outcome.
57	D	Compromising means each side gives something up to reach a middle ground.
58	B	Resolution starts by accepting that a problem exists. Discipline is a last resort for those who refuse to resolve it.

Q	Answer	Reason
59	A	Clear roles and responsibilities prevent overlap and confusion, a common cause of conflict.
60	D	Early involvement, clear explanation and listening help stakeholders support a change rather than resist it.