

## CIPS.L5M1.v2026-02-14.q16

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### NEW QUESTION: 1

Describe what is meant by knowledge transfer (10 points). How can a manager ensure strong knowledge management within the organisation? (15 points).

#### Answer:

See the Explanation for Detailed Answer

Explanation:

Part A - Knowledge Transfer (10 points):

Knowledge transfer refers to the process of sharing skills, experience, insights and information from one person or group to another within an organisation. It ensures that valuable expertise is not lost and that best practice can be replicated. This can happen formally, such as through training, mentoring, or documented procedures, or informally, through conversations, collaboration, and shared experiences. In procurement, knowledge transfer might involve senior buyers passing negotiation tactics to junior colleagues or documenting supplier performance insights in a shared database.

Part B - Ensuring Strong Knowledge Management (15 points):

Managers play a key role in creating systems and cultures that support knowledge sharing. Some ways include:

Creating knowledge repositories - using databases, intranets, or category management playbooks where information is stored and accessible to all team members.

Encouraging mentoring and coaching - pairing experienced staff with new employees helps transfer tacit knowledge that may not be written down.

Promoting collaboration and teamwork - cross-functional project teams and regular knowledge-sharing meetings spread expertise across functions.

Using technology - collaboration platforms (e.g., SharePoint, Teams) allow procurement staff to record supplier insights, lessons learned, and contract data in real time.

Rewarding knowledge sharing - recognising and incentivising individuals who share expertise encourages a culture of openness rather than knowledge hoarding.

Embedding learning in processes - after-action reviews, lessons-learned sessions after supplier negotiations or tenders ensure experiences are captured systematically.

Leadership behaviours - managers must role-model transparency and collaboration, showing staff that sharing knowledge is valued.

Conclusion:

Knowledge transfer is about ensuring that critical experience and expertise are shared across the organisation. Managers can ensure strong knowledge management by combining systems, processes, and culture - from IT tools and databases to mentoring and recognition. In procurement, effective knowledge management helps avoid repeated mistakes, builds stronger supplier relationships, and improves decision-making across the team.

## **NEW QUESTION: 2**

What is meant by emotional intelligence? (5 points). In what ways is a high emotional intelligence quotient (EQ) beneficial to the procurement department of an organisation? (20 points)

**Answer:**

See the Explanation for Detailed Answer

Explanation:

Definition of Emotional Intelligence (5 points):

Emotional Intelligence (EI), popularised by Daniel Goleman, is the ability to recognise, understand, and manage one's own emotions as well as the emotions of others. It involves self-awareness, self-regulation, motivation, empathy, and social skills. A high EQ enables individuals to manage stress, build strong relationships, and influence others effectively.

Benefits of High EQ in Procurement (20 points):

**Improved Negotiation Skills:** Procurement professionals with high EQ can read emotions, adapt communication styles, and manage conflict effectively during supplier negotiations. This leads to stronger outcomes and sustainable supplier relationships.

**Stronger Stakeholder Management:** EQ helps buyers understand the needs and concerns of internal stakeholders (finance, operations, CSR). This fosters trust, persuasion, and collaboration in category strategies.

**Conflict Resolution:** In diverse teams or complex supply chains, conflict is common. High EQ managers can defuse tensions, listen actively, and find win-win solutions, maintaining team cohesion and supplier cooperation.

**Resilience Under Pressure:** Procurement often deals with supply crises, deadlines, or cost pressures. High EQ professionals manage stress, stay calm, and make rational decisions under pressure, maintaining credibility.

**Team Leadership and Motivation:** Managers with high EQ can inspire, coach, and support individuals, recognising different personalities and motivations. This improves morale, retention, and performance in procurement teams.

**Ethical and Responsible Behaviour:** High EQ includes empathy and awareness of wider impacts. Procurement leaders with EQ are more likely to consider ethical sourcing, sustainability, and supplier welfare, aligning decisions with organisational values.

**Change Management:** Procurement functions often undergo transformation (e.g., digital tools, supplier consolidation). Leaders with high EQ can communicate sensitively, understand employee concerns, and build buy-in for change.

**Conclusion:**

Emotional intelligence is the ability to manage emotions and relationships effectively. In procurement, high EQ strengthens negotiations, builds trust with stakeholders, resolves conflicts, motivates teams, and supports ethical and sustainable practices. It is therefore a critical capability for procurement leaders aiming to achieve both operational excellence and strategic value.

### **NEW QUESTION: 3**

Describe 4 reasons why groups may form within an organisation. (25 points).

**Answer:**

See the Explanation for Detailed Answer

**Explanation:**

Groups are an essential feature of organisational life. A group can be defined as two or more individuals who interact and work together to achieve a purpose. Groups may be formally created by management or may form informally through social interaction. There are several reasons why groups form in organisations.

The first reason is task and goal achievement. Formal groups are created to achieve organisational objectives that require collaboration. For example, in procurement, a cross-functional sourcing group may be formed to run a tender process involving operations, finance, and procurement staff. Individuals form these groups because working together helps them achieve outcomes that they could not accomplish alone.

The second reason is social and psychological needs. According to Maslow's hierarchy of needs, people seek belonging and relationships. Informal groups often form to meet these needs, providing friendship, support, and a sense of identity. In Star Fish Ltd, for instance, employees working remotely may form a social group using Teams or WhatsApp to stay connected and reduce feelings of isolation.

The third reason is safety and security. Groups can give members confidence and protection when facing uncertainty or change. For example, during organisational restructuring, employees may form informal groups to share information and support each other, making them feel less vulnerable. In procurement, staff may collaborate in groups to manage supplier risks or market volatility.

The fourth reason is power and influence. Groups provide individuals with a stronger collective voice. Trade unions are a formal example, but informal groups can also lobby management or resist unpopular changes. In procurement, buyers might form a group to

influence senior managers on issues such as introducing sustainable sourcing practices. By forming groups, individuals can increase their bargaining power and impact decisions. In conclusion, groups form for task achievement, to satisfy social needs, to provide security, and to increase power and influence. Managers must understand these dynamics because groups can both support organisational objectives and create challenges if informal groups resist change. Effective leaders harness the benefits of group formation while addressing the risks to ensure both cohesion and productivity.

#### **NEW QUESTION: 4**

Caleb is the newly appointed CEO of Star Fish Limited, a company that manufactures and installs gym equipment. The company employs 100 people and has dedicated teams for Finance, Product Development and Procurement. Some staff work from the office and some staff work remotely from home. Contrast and provide an example of a formal and informal group that may form at this organisation. What factors should Caleb be aware of that can contribute to group formations? (25 points)

#### **Answer:**

See the Explanation for Detailed Answer

Explanation:

Formal vs Informal Groups (10-12 marks):

Formal groups are those deliberately created by management to achieve organisational objectives. They have defined structures, roles, and reporting lines. In Star Fish Ltd, examples include the Procurement Team, responsible for sourcing suppliers and managing contracts. This group has clear goals, formal leadership, and measurable outputs.

By contrast, informal groups arise naturally among employees based on social interactions, common interests, or personal relationships. They are not officially sanctioned but strongly influence behaviour. At Star Fish Ltd, an example could be a fitness club of employees who exercise together during breaks or a WhatsApp group among remote workers who support each other socially. These groups provide belonging and morale but may also resist management decisions if excluded.

Factors Influencing Group Formation (12-15 marks):

Common goals and tasks - People working on shared objectives, such as the Product Development Team working on new gym equipment, naturally form groups.

Geography and work arrangements - Staff working remotely may form virtual support groups, while office-based staff bond more through daily interactions.

Shared interests and values - Employees passionate about fitness or sustainability may form informal networks within the company.

Friendship and social needs - Based on Maslow's hierarchy, people seek belonging. Friendships often develop into informal groups.

Leadership and influence - Charismatic or respected individuals may attract followers, leading to informal group formation around their personality.

Organisational culture - A collaborative culture encourages group formation for teamwork, while a competitive culture may create cliques or rival groups.

Technology and communication platforms - With remote work, online groups (Teams, Slack, WhatsApp) facilitate informal interaction and knowledge sharing.

Conclusion:

At Star Fish Ltd, formal groups like the Procurement Department are designed to deliver organisational objectives, while informal groups such as fitness clubs or virtual chat groups form naturally. Caleb must recognise that both types of groups are powerful. Formal groups deliver results, but informal groups influence morale, motivation, and resistance to change. By understanding the factors driving group formation, Caleb can harness both to build cohesion, encourage collaboration, and support the organisation's success.

### **NEW QUESTION: 5**

Compare and contrast how procurement would collaborate with any TWO of the following stakeholders: suppliers, customers, other departments within the organisation, local community. (25 points).

**Answer:**

See the Explanation for Detailed Answer

Explanation:

Procurement plays a central role in engaging with different stakeholders. Effective collaboration ensures efficiency, compliance, and value creation. The way procurement collaborates can vary depending on the stakeholder group. Two examples are suppliers and other departments within the organisation.

Collaboration with Suppliers:

Procurement must develop strong relationships with suppliers to ensure continuity of supply, cost efficiency, and quality. This involves activities such as contract negotiation, performance monitoring, and supplier relationship management (SRM). Collaboration often focuses on building trust, sharing forecasts, and working on joint initiatives like innovation or sustainability. For example, in a manufacturing firm, procurement may collaborate with a fabric supplier to develop new eco-friendly materials. The relationship can be transactional for routine items or strategic for high-value, critical suppliers.

Collaboration with Other Departments:

Internally, procurement must work closely with functions such as Finance, Operations, and Marketing. Collaboration ensures that procurement strategies align with organisational needs. For example, Finance may require procurement to manage budgets and compliance, while Operations depends on procurement for timely materials. Collaboration may involve cross-functional teams, joint decision-making, and regular communication. For instance, procurement and product development may work together to source innovative materials that match design requirements.

Comparison:

Both collaborations require trust, open communication, and alignment of goals.

With suppliers, collaboration often focuses externally on securing value and innovation. With internal departments, it focuses on aligning procurement activity with business objectives.

Supplier collaboration may involve formal tools like contracts, KPIs, and SRM frameworks, whereas internal collaboration relies more on teamwork, communication, and shared processes.

Contrast:

Suppliers are external stakeholders, so procurement must manage risks, legal compliance, and negotiation dynamics. Internal departments are internal stakeholders, requiring influence, persuasion, and partnership.

Supplier collaboration aims at building long-term external relationships; internal collaboration ensures smooth workflows and organisational efficiency.

Conclusion:

Procurement collaborates with both suppliers and internal departments, but the focus differs. Supplier collaboration is about external value creation and innovation, while internal collaboration is about aligning processes and achieving organisational goals. Successful procurement professionals adapt their approach to meet the needs of each group while ensuring overall business success.

### **NEW QUESTION: 6**

What is meant by group conformity? In what ways can 'Groupthink' affect the behaviour of a group? (25 points)

**Answer:**

See the Explanation for Detailed Answer

Explanation:

Group Conformity (10 marks):

Group conformity refers to the tendency of individuals to align their attitudes, beliefs, and behaviours with the norms of the group to which they belong. People conform because they want acceptance, fear rejection, or assume the group's judgement is correct.

Conformity ensures cohesion and cooperation but may limit creativity. For example, in procurement, a junior buyer may adopt the team's approach to negotiations, even if they personally believe another method could achieve better results.

Groupthink and its Effects (15 marks):

'Groupthink', a term developed by Irving Janis, occurs when the desire for consensus overrides realistic appraisal of alternatives. Members suppress doubts, ignore risks, and fail to voice disagreements to maintain harmony. This can seriously affect group behaviour in several ways:

Illusion of invulnerability - Groups may become overconfident and underestimate risks. For example, a procurement team might agree to single-source a supplier without considering supply chain risks.

Suppression of dissent - Members may withhold concerns to avoid conflict. This stifles creativity and prevents better solutions from being considered.

Pressure for uniformity - Individuals may feel obliged to agree even when they disagree. A buyer may stay silent when senior managers push for a supplier contract, even if they know the supplier has performance issues.

Biased decision-making - Groups may ignore warning signs or alternative perspectives, leading to flawed decisions. In procurement, this could mean overlooking ethical issues in a supplier relationship to maintain harmony with stakeholders.

Reduced accountability - Responsibility is shared across the group, so individuals may feel less accountable for poor decisions.

Groupthink can therefore lead to poor decision-making, increased risk, and lost opportunities. It is particularly dangerous in high-stakes environments like procurement, where mistakes in supplier selection or contract negotiation can damage cost, quality, and reputation.

Conclusion:

Group conformity means individuals adapt to group norms to gain acceptance, while groupthink is a negative consequence where consensus is prioritised over critical evaluation. For managers, recognising the risk of groupthink is vital. By encouraging open discussion, appointing a "devil's advocate," and welcoming diverse views, leaders can ensure group decisions are both inclusive and effective.

### **NEW QUESTION: 7**

ABC Ltd is a software development company and employs around 100 people. It's executive Board of Directors is considering investing more resources in employee development. Briefly describe what is meant by employee development and explain the positive impacts of lifelong learning (25 points).

**Answer:**

See the Explanation for Detailed Answer

Explanation:

Part A - Employee Development (5-8 marks):

Employee development refers to the ongoing process of improving staff knowledge, skills, and behaviours to enhance their performance and career progression. It includes both formal methods such as training courses, mentoring, and professional qualifications, and informal methods such as on-the-job learning, self-directed study, and peer collaboration. For ABC Ltd, employee development could mean providing software engineers with technical training, leadership coaching, or professional certifications to improve capability and engagement.

Part B - Positive Impacts of Lifelong Learning (15-18 marks):

Improved performance and productivity: Continuous learning ensures employees remain skilled in the latest technologies, enabling ABC Ltd to deliver innovative software solutions and maintain competitiveness.

Employee motivation and morale: When staff see the company investing in their development, they feel valued, which increases engagement and reduces alienation.

Retention and loyalty: Lifelong learning encourages employees to stay with the organisation as they see opportunities for growth, reducing turnover costs.

Adaptability and resilience: In fast-moving sectors such as software, continuous learning helps staff adapt to new tools, coding languages, and market changes, ensuring the business remains agile.

Innovation and creativity: Learning stimulates new ideas and problem-solving approaches, leading to more effective solutions in product development and project delivery.

Career progression and leadership pipeline: Lifelong learning develops not only technical skills but also soft skills such as communication, negotiation, and leadership, building the next generation of managers.

Conclusion:

Employee development is about building skills, knowledge, and behaviours to improve individual and organisational performance. Lifelong learning delivers multiple benefits, including productivity, innovation, motivation, and retention. For ABC Ltd, investing in continuous development will strengthen competitiveness, employee satisfaction, and long-term organisational success.

### **NEW QUESTION: 8**

Contrast different ways in which an individual can learn new skills/knowledge (15 points).

Describe a factor which may influence how individuals learn a new skill/knowledge (10 points).

**Answer:**

See the Explanation for Detailed Answer

Explanation:

Individuals learn in different ways, and managers must understand these methods to develop their teams effectively.

One method is formal learning, such as classroom courses, e-learning, or qualifications like CIPS. This gives structured knowledge and ensures consistency, but it may lack immediate workplace application.

A second method is on-the-job learning, where skills are developed through daily tasks, job rotation or shadowing. This is practical and tailored to the workplace but may be inconsistent without good supervision.

A third approach is experiential learning, based on Kolb's cycle of experience, reflection, conceptualisation and testing. For example, a buyer may learn negotiation skills by practising in a live supplier meeting, reflecting on performance, and then improving.

Another method is social learning, as described by Bandur

a. Individuals learn by observing and modelling others' behaviour. In procurement, junior staff may observe how senior colleagues manage supplier relationships and copy effective practices.

Finally, there is self-directed learning, where individuals take initiative through reading, research or online courses. This builds independence but requires strong personal motivation.

In contrast, formal learning is structured and standardised, while experiential and social learning are more practical and situational. On-the-job learning blends practice with support, whereas self-directed learning provides autonomy but less guidance. Most organisations use a mix of these methods to ensure balanced development.

One important factor that influences learning is an individual's learning style. According to Honey and Mumford, some people are activists (learn best by doing), others are reflectors (learn by observing and thinking), theorists (prefer analysing concepts), or pragmatists (want to apply ideas in practice). For example, in procurement training, an activist may benefit from a role-play negotiation, while a theorist may prefer studying sourcing models before application. Managers who recognise learning styles can tailor development activities to individual preferences, making learning more effective.

In conclusion, individuals can learn through formal, on-the-job, experiential, social, or self-directed approaches, each with strengths and weaknesses. Learning effectiveness depends on personal factors such as style, and managers who understand these differences can create development opportunities that are both motivating and productive.

### **NEW QUESTION: 9**

Explain the '2 factor hygiene theory' of motivation and how this can affect the motivation of employees within an organisation (25 points).

#### **Answer:**

See the Explanation for Detailed Answer

Explanation:

The Two-Factor Hygiene Theory, developed by Frederick Herzberg, explains what drives employee satisfaction and dissatisfaction at work. Herzberg argued that there are two categories of factors that affect motivation.

The first category is Hygiene Factors. These are extrinsic elements such as pay, working conditions, company policies, job security and supervision. If these are poor or absent, employees become dissatisfied. However, their presence alone does not create motivation - they simply prevent dissatisfaction. For example, in procurement, if buyers do not have fair pay or adequate systems, they will feel frustrated, but improving pay alone will not guarantee enthusiasm or creativity.

The second category is Motivators. These are intrinsic to the job itself, such as achievement, recognition, responsibility, advancement, and personal growth. When present, these factors actively increase motivation and job satisfaction. For instance, giving a procurement professional ownership of a supplier relationship, recognising their success in a negotiation, or offering training opportunities can significantly boost motivation.

The impact of Herzberg's theory on motivation is significant. Managers cannot rely only on hygiene factors like pay and working conditions to motivate staff. These need to be in

place to avoid dissatisfaction, but true motivation comes from providing meaningful work, opportunities for growth, and recognition.

In practice, this means managers should:

Ensure hygiene factors are adequate (fair pay, safe environment, supportive policies).

Focus on motivators such as giving responsibility, offering progression pathways, and recognising achievement.

Design jobs with variety and challenge, rather than only repetitive tasks.

Encourage intrinsic motivation through empowerment and involvement in decision-making.

In procurement and supply, applying Herzberg's theory could mean ensuring staff have reliable systems and clear processes (hygiene), while also providing opportunities to lead supplier negotiations, recognise cost savings achievements, or involve staff in strategic sourcing projects (motivators).

In conclusion, Herzberg's Two-Factor Theory shows that avoiding dissatisfaction through hygiene factors is not enough. Managers must also provide motivators to create true engagement and drive performance. For procurement leaders, balancing both sets of factors is essential for building high-performing, motivated teams.

### **NEW QUESTION: 10**

Describe 5 characteristics of a role that would make it intrinsically motivating to a potential employee. (25 points).

#### **Answer:**

See the Explanation for Detailed Answer

Explanation:

Intrinsic motivation comes from within the individual and relates to personal satisfaction, growth, and achievement, rather than external rewards such as pay. The Job Characteristics Model (Hackman and Oldham) identifies several features of a role that can make it intrinsically motivating.

The first is Skill Variety. A role that allows employees to use a range of skills and abilities prevents boredom and makes the job more stimulating. For example, a procurement professional who undertakes supplier negotiations, contract management, and market analysis will find their role more engaging than one limited to routine administration.

The second is Task Identity. This means being able to complete a whole piece of work from start to finish. Employees are more motivated when they can see a clear outcome. In procurement, this could be managing a sourcing project end-to-end, from supplier selection through to contract award.

Thirdly, Task Significance adds motivation by making employees aware of the impact of their work on others. If individuals see that their role contributes to organisational goals or wider society, they gain intrinsic satisfaction. For example, a buyer working on sustainable sourcing projects may feel motivated by contributing to environmental and ethical improvements.

The fourth is Autonomy. When employees have control over how they perform their work, they feel trusted and empowered. In procurement, this could mean giving staff flexibility in how they manage supplier relationships or structure negotiations, rather than micro-managing every step.

Finally, Feedback is a key factor. Employees are motivated when they receive clear information on their performance, either from managers, colleagues, or the work itself. For example, a procurement professional who gets recognition for achieving cost savings or reducing supplier risks will feel intrinsically rewarded.

In summary, roles that offer skill variety, task identity, task significance, autonomy, and feedback are more likely to be intrinsically motivating. For managers, designing jobs with these characteristics is essential for creating engaged and high-performing teams, particularly in procurement where complex, meaningful, and responsible work opportunities can drive motivation.

### **NEW QUESTION: 11**

How can following the CIPS code of conduct ensure a procurement professional remains unbiased and acts ethically? (25 points).

#### **Answer:**

See the Explanation for Detailed Answer

Explanation:

The CIPS Code of Conduct sets out the ethical standards expected of procurement professionals. By adhering to this code, buyers are guided to remain impartial, transparent, and fair in all their decisions, ensuring that supplier selection and procurement practices are ethical and free from bias.

Firstly, the code requires professionals to act with integrity. This means avoiding conflicts of interest, declaring personal relationships with suppliers, and making decisions based on facts and evidence rather than personal preferences. For example, a buyer cannot award a contract to a supplier owned by a friend without declaring the relationship.

Secondly, the code emphasises transparency and fairness. Procurement professionals must ensure all suppliers are treated equally and given the same information during tendering processes. This prevents favouritism or hidden advantages for certain suppliers.

Thirdly, the code demands professional competence. This includes basing supplier decisions on objective evaluation criteria such as cost, quality, risk, and sustainability, rather than subjective or biased views. By applying standard evaluation models, professionals avoid unconscious bias.

Fourthly, the code promotes accountability. Procurement professionals are expected to keep proper records of decisions and provide audit trails. This reduces the opportunity for unethical practices such as bribery or corruption and ensures decisions can be justified.

Finally, the code supports sustainability and social responsibility. By considering environmental, ethical, and social factors in procurement, professionals act in the best interests of society and avoid discriminatory or exploitative practices.

Conclusion:

By following the CIPS Code of Conduct, procurement professionals remain unbiased by avoiding conflicts of interest, ensuring fairness, and using objective criteria. They also act ethically by maintaining transparency, accountability, and responsibility to wider society. This builds trust with stakeholders, improves supplier relationships, and protects the reputation of both the individual and their organisation.

### **NEW QUESTION: 12**

Describe THREE ways in which a procurement professional could be biased when selecting suppliers to work with (15 points). What are the benefits of remaining unbiased when selecting suppliers? (10 points).

#### **Answer:**

See the Explanation for Detailed Answer

Explanation:

Part A - Three Ways a Procurement Professional Could Be Biased (15 marks):

Personal Relationships / Conflicts of Interest:

A buyer may favour a supplier due to friendship, family connection, or long-standing personal ties. For example, awarding a contract to a supplier owned by a relative, even if another supplier offers better value. This undermines fairness and can damage organisational reputation.

Preference for Incumbent Suppliers (Status Quo Bias):

Professionals may repeatedly select the same suppliers simply because they are familiar, ignoring new entrants who could provide better innovation, cost savings, or sustainability. This limits competition and supplier diversity.

Cultural or Geographical Bias:

A procurement professional may favour local suppliers over international ones, or show unconscious bias against suppliers from certain regions. While local sourcing can have benefits, excluding other suppliers without objective evaluation reduces fairness and potentially increases costs.

(Other possible biases include brand preference, ignoring SMEs, or favouring suppliers who provide personal benefits - but only three are required for full marks.) Part B - Benefits of Remaining Unbiased (10 marks):

Remaining unbiased means making supplier decisions based on objective, transparent, and fair criteria such as cost, quality, delivery performance, risk, and sustainability. The benefits include:

**Fairness and Transparency:** All suppliers have equal opportunity, protecting the organisation's integrity and compliance with regulations.

**Best Value for Money:** Objective evaluation ensures the chosen supplier offers the best mix of cost, quality, and service.

**Encouraging Innovation:** By considering a wider pool of suppliers, procurement can benefit from new ideas and technologies.

Ethical Compliance: Avoids corruption, fraud, or bribery, maintaining alignment with the CIPS Code of Conduct.

Reputation and Trust: Stakeholders and the market see the organisation as professional and ethical, which strengthens long-term supplier relationships.

Conclusion:

Procurement professionals may show bias through personal relationships, favouring incumbents, or cultural preferences. Remaining unbiased ensures decisions are fair, transparent, and ethical, leading to better value, innovation, and stronger supplier trust. This supports both organisational objectives and the professional standards of procurement.

### **NEW QUESTION: 13**

Buttons Ltd is a clothing manufacturer. It began as a very small enterprise but over the last 3 years it has grown and has become very successful. The company has decided it needs a dedicated procurement and supply chain function to help source materials for its clothing. Describe the scope of the procurement and supply chain function (10 points) and explain what knowledge, behaviours and skills will be required by those recruited to work in the department (15 points).

**Answer:**

See the Explanation for Detailed Answer

Explanation:

Part A - Scope of Procurement and Supply Chain (10 points):

The scope of procurement and supply chain at Buttons Ltd will cover all activities involved in sourcing, purchasing, and managing the flow of materials needed for clothing production.

This includes sourcing raw materials such as fabrics, zips, and buttons from reliable suppliers, ensuring cost efficiency and quality. It also covers supplier selection and management, including contract negotiation and supplier relationship management. The function will ensure compliance with ethical and sustainable sourcing standards, which are increasingly important in the fashion industry.

The supply chain scope also involves logistics and inventory management, ensuring that materials are delivered on time to support production schedules and that stock levels are optimised to avoid delays or overstocking. Additionally, procurement must manage risk and continuity of supply, identifying alternative sources in case of disruptions. Finally, procurement contributes to strategic decisions by aligning sourcing activities with company objectives such as cost reduction, sustainability, and innovation.

Part B - Knowledge, Behaviours and Skills Required (15 points):

Knowledge:

Understanding of sourcing and supply chain processes (tenders, contracts, logistics).

Knowledge of ethical and sustainable procurement, ensuring materials are responsibly sourced.

Awareness of fashion industry requirements such as lead times, quality standards, and supplier markets.

Behaviours:

Professional integrity and ethics, ensuring fair treatment of suppliers and compliance with standards.

Collaboration and teamwork, working across departments (design, finance, production).

Adaptability and resilience, since the clothing industry faces rapid changes in demand and supply risks.

Skills:

Negotiation skills to secure best value while maintaining supplier relationships.

Analytical skills to assess supplier performance, costs, and risks.

Communication skills to liaise with suppliers and internal stakeholders effectively.

Problem-solving skills to manage supply chain disruptions and ensure continuity.

For example, a procurement professional at Buttons Ltd might need to negotiate fabric supply contracts while ensuring the supplier meets sustainability standards and delivers within tight production deadlines.

Conclusion:

The procurement and supply chain function at Buttons Ltd will be responsible for sourcing, supplier management, logistics, and risk management, supporting the company's growth and competitiveness. To succeed, staff must demonstrate strong knowledge of procurement processes, ethical behaviours, and key skills such as negotiation, analysis, and communication. Together, these ensure the function delivers value and supports the company's long-term goals.

## **NEW QUESTION: 14**

What is the 'human relations' approach to management? (20 points)

**Answer:**

See the Explanation for Detailed Answer

Explanation:

The human relations approach to management developed in the 1930s and 1940s as a reaction against earlier mechanistic approaches such as Taylorism and bureaucracy. It emphasises that employees are not just motivated by money and rules, but also by social needs, relationships, and recognition. The approach highlights the importance of communication, teamwork, leadership style, and employee well-being in achieving organisational success.

The foundation of this school came from the Hawthorne Studies (Elton Mayo), which showed that productivity improved not just because of physical conditions, but because workers felt valued and observed. This demonstrated the importance of social factors such as morale, group belonging, and management attention.

Key principles of the human relations approach include:

Focus on people rather than just processes - recognising employees as individuals with social and emotional needs.

Motivation through recognition and belonging - linking to theories such as Maslow's hierarchy of needs and Herzberg's motivators.

Leadership style matters - supportive, participative leadership fosters engagement, unlike autocratic control.

Team dynamics are critical - informal groups, communication patterns, and cooperation influence productivity.

Job satisfaction drives performance - happy, respected employees are more productive and loyal.

Advantages of the human relations approach include higher employee engagement, improved morale, stronger teamwork, and reduced turnover. It recognises employees as assets rather than costs.

Disadvantages include the risk of overemphasising relationships at the expense of efficiency or results, and the possibility of managers manipulating employees through "false concern." It can also be less effective in highly standardised, rule-bound environments where compliance is critical.

In procurement, the human relations approach may be applied by creating strong team cohesion, involving staff in decision-making, recognising contributions, and offering development opportunities. For example, involving buyers in supplier strategy discussions and giving recognition for successful negotiations can boost morale and performance. In conclusion, the human relations approach recognises that people are motivated by social and psychological needs, not just financial incentives. It highlights the importance of communication, leadership, and teamwork in driving performance. While it should be balanced with attention to efficiency, it remains highly relevant for modern managers in creating motivated and productive teams.

### **NEW QUESTION: 15**

Discuss 3 main sources of conflict that may arise within a group (15 points). What positive and negative outcomes may arise from conflict? (10 points).

#### **Answer:**

See the Explanation for Detailed Answer

Explanation:

Part A - Sources of Conflict (15 points):

Conflict is natural in groups and arises when individuals or teams have incompatible goals, interests, or behaviours. Three common sources are:

Task-based conflict - This occurs when members disagree about the content of the work, objectives, or methods. For example, in a procurement team, conflict may arise over whether to prioritise cost savings or sustainability in supplier selection.

Relationship conflict - This stems from personality clashes, communication breakdowns, or differences in working styles. For instance, an extroverted negotiator may clash with an introverted analyst who prefers data-driven approaches.

Resource conflict - Groups often compete for limited resources such as time, budget, or staff. In procurement, this could occur if multiple project teams require the same supplier's resources or internal budgets.

Part B - Outcomes of Conflict (10 points):

Positive outcomes:

Can lead to creativity and innovation as different perspectives are debated.

Encourages problem-solving and improvement of processes.

Strengthens understanding when conflicts are resolved constructively.

Negative outcomes:

May reduce morale and trust if personal attacks or unresolved tension occur.

Can delay projects, damage productivity, and harm relationships with stakeholders or suppliers.

Creates stress and alienation, leading to higher turnover if prolonged.

In procurement, positive conflict may lead to innovative supplier solutions, while negative conflict may damage supplier negotiations or internal collaboration.

Conclusion:

The three main sources of conflict are task, relationship, and resource issues. Conflict is not always harmful - it can drive improvement and creativity if managed well, but if left unresolved, it can damage morale, performance, and stakeholder relationships. Managers must therefore encourage constructive conflict while minimising destructive forms.

### **NEW QUESTION: 16**

Discuss 5 characteristics of an effective working group (25 points).

**Answer:**

See the Explanation for Detailed Answer

Explanation:

An effective working group is one that is able to achieve its objectives while maintaining good relationships among its members. Groups that function well display certain characteristics that ensure high performance and motivation. Five key characteristics are discussed below.

The first characteristic is clear objectives and purpose. An effective group understands what it is working towards and has shared goals. For example, in procurement, a category management group with a clear objective to deliver savings and sustainability improvements will be more focused and aligned.

The second characteristic is good communication. Open, honest, and regular communication allows group members to share ideas, raise concerns, and coordinate their activities. In procurement, effective communication between buyers, finance, and operations ensures that sourcing projects meet business needs.

The third is defined roles and responsibilities. Members of an effective group know what is expected of them and how their work contributes to the group's success. This reduces conflict and duplication of effort. For example, one procurement professional may lead supplier negotiations while another manages contract compliance.

Fourthly, trust and mutual respect are essential. Members of effective groups value each other's contributions and support one another. This creates psychological safety, meaning individuals are more willing to share ideas and take risks. In procurement, this could involve trusting colleagues to manage parts of a tender process without interference.

Finally, an effective group demonstrates strong leadership and motivation. A good leader sets direction, supports members, and creates a balance between task and people needs. Leadership also ensures the group stays motivated, particularly during challenges.

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