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Question 1

Question Type: MultipleChoice

Which of the following form part of the Stakeholder Salience Model? Select TWO

Options:

- A- power
- B- legitimacy
- C- interest
- D- level
- E- attitude

Answer:

A

Explanation:

Power and Legitimacy are part of the Stakeholder Salience Model - the third characteristic is Urgency. See p. 138

Question 2

Question Type: MultipleChoice

Yusef is a new procurement manager at FRD Incorporated. He is looking through the Risk Assessments for his department and notices that the cause of the risk is not identified. Why might this be?

Options:

- A- this is a mistake - all risk assessments should specify the cause of the risk. He should raise this with his manager
- B- the organisation has a high risk appetite
- C- the organisation has not recorded cause for cultural reasons
- D- the organisation has completed the risk assessments incorrectly

Answer:

C

Explanation:

This could be for cultural reasons within the company. P. 135 states that sometimes causes of risk are not recorded as this could lead to a blame culture within the company.

Question 3

Question Type: MultipleChoice

In an organisation, who is responsible for creating a risk assessment register?

Options:

- A- the CEO
- B- Procurement Manager
- C- Risk Manager / H+S Manager
- D- Cross-Functional Team

Answer:

D

Explanation:

A Cross Functional Team should create a risk register. It shouldn't be the responsibility of one person to do this- more points of view will lead to more risks being identified. Accountability for the Risk Register may however sit with the CEO or a Department Manager. This is explained on p. 132

Question 4

Question Type: MultipleChoice

Oliver is a procurement manager and he is trying to work out the likelihood that a supplier fails to deliver to the warehouse two days in a row. Which of the following methodologies should Oliver use?

Options:

- A-** value at risk
- B-** normal distribution
- C-** binomial distribution
- D-** Poisson Distribution

Answer:

D

Explanation:

Poisson Distribution would be used for this. Poisson Distribution predicts the likelihood of an event occurring. This is explained on p. 129 of the study guide but this YouTube video explains it a lot better: <https://www.youtube.com/watch?v=zA7fp2s7FIM>

Question 5

Question Type: MultipleChoice

Which of the following statements about normal distribution are correct? Select TWO

Options:

- A-** it is the most common type of distribution pattern
- B-** there's a small number of data points required to produce

- C- it is represented pictorially as a curve
- D- most of the data points correlate around the beginning
- E- it is shaped like a bell curve

Answer:

A, E

Explanation:

1 and 5 are correct- it is the most common type of distribution and it looks like a bell curve when it's drawn as a graph. There's one on p.127 to look at. The other three statements are incorrect- it's a bell shape rather than a curve, it requires a large number of data points and most of the data points correlate around the middle.

Question 6

Question Type: MultipleChoice

Which of the following stages would come first within a risk assessment?

Options:

A- evaluate risk

B- treat risk

C- monitor risk

D- analyse risk

Answer:

D

Explanation:

analyse is the correct answer. The full process is: establish context- identify- analyse - evaluate - treat - monitor and review. This is from p.122

Question 7

Question Type: MultipleChoice

Fraud committed by an employee within a business is what type of risk?

Options:

A- internal risk

B- external risk

C- procurement risk

D- economic risk

Answer:

A

Explanation:

This is an internal risk. A procurement risk would be issues with a supplier or contract, and economic risk would be exchange rate fluctuations etc. See p.118 for more information on internal risks- it's a known exam topic

Question 8

Question Type: MultipleChoice

Which of the following is not an internal risk for a business who imports raw materials from abroad?

Options:

- A- technology malfunction
- B- procurement fraud
- C- loss of customer data
- D- changes to import levies

Answer:

D

Explanation:

changes to import levies is an external risk. Not internal. See p.118-119 for more information on internal risks - this is a popular exam topic. Internal risks are stuff that happens inside a company, external risks are risks from the external environment (whether this is political, economical, weather etc)

Question 9

Question Type: MultipleChoice

In an emergency situation, put the following phases into chronological order as to when they would be activated 1) disaster recover plan
2) incident response 3) business continuity plan

Options:

A- 1, 2, 3

B- 1, 3, 2

C- 2, 1, 3

D- 3, 1, 2

Answer:

C

Explanation:

The correct order is 2, 1, 3 - this is from p.108 of the study guide: 'The Components of a Business Continuity and Disaster Recovery Plan'.

Question 10

Question Type: MultipleChoice

Which of the following legal principles means that a person can only claim the value of a loss once, regardless of if they have multiple insurance policies?

Options:

- A- utmost good faith
- B- insurable interest
- C- contribution
- D- subrogation

Answer:

C

Explanation:

This is contribution. An example of this is if you have two insurance policies and are going on a business trip that is cancelled last minute. You can claim on the insurance the value of the trip- but only once. So you can either use one policy and not the other, or you can claim half the value of the trip on both policies. This stops people taking out multiple policies and then claiming on them all to make a profit. Legal Principles of Insurance is a known exam topic - this is from p.100-101 of the study guide

Question 11

Question Type: MultipleChoice

Which of the following insurances would provide cover in the eventuality that your supplier's place of business flooded and this affected your deliveries?

Options:

- A- business interruption insurance
- B- contingent business interruption insurance
- C- public liability insurance
- D- property insurance

Answer:

B

Explanation:

This is 'contingent business interruption' insurance. This protects you if anything were to happen to your suppliers' premises. Business Interruption Insurance would cover you if something were to happen to your premises. See p.99

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