

**Business Values and Ethics**

**SBS MBA / MSc**

**Assignment - DXB 2020**

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| STUDENT ID | 1 | 0 | 2 | 4 | 1 |

UNIT TITLE / CODE: \_MBA – Business Values and Ethics\_\_\_\_\_\_\_\_\_\_\_\_

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## GENERAL INSTRUCTIONS

* All assignments are to be submitted **7th May 2020** on to [examinationboard@atmsedu.org](mailto:examinationboard@atmsedu.org) and cc to [azrafatima@atmsedu.org,](mailto:afatima@atmsedu.org) [assignmentsubmission2019@gmail.com](mailto:assignmentsubmission2019@gmail.com)
* If assignment is not submitted on date, will follow with penalty of 10% deduction of marks for every day.
* Similarity between students work is strictly not accepted, any student found with similar work will be graded Zero and fail for the course. However, Plagiarism is an academic offence and will not be tolerated under SBS
* Assignment once submitted to exam board is final for marking.
* Total 100 marks

## GUIDELINES FOR ASSIGNMENT

1. If assignment is Question & Answer based then.
   * Introduction is needed for each question.
   * Question has to be answered based on the mark allotted for each question with references if any idea or information is taken from other source.
2. If assignment is case based then,
   * Executive summary
   * Table of content
   * Body of assignment (questions related to case need to be answered)
   * Conclusion / Recommendation if any
   * References (in-text + citation) to be used.

## Total Marks / 100

**PLAGIARISM**

Plagiarism is a form of **cheating**, by representing someone else's work as your own or using someone else's work (another student or author) without acknowledging it with a reference. This is a serious breach of the Academic Regulations and will be dealt with accordingly. Students found to have plagiarised can be **excluded from the program**.

Plagiarism occurs whenever you do any of the following things without acknowledging the original source:

* Copy information from any source (including the **study guide**, books, newspapers, the internet)
* Use another person's concepts or ideas
* Summarise or paraphrase another person's work.

## How do I avoid plagiarism?

To ensure you are not plagiarising, you must acknowledge with a reference whenever you:

* use another person's ideas, opinions or theory
* include any statistics, graphs or images that have been compiled or created by another person or organization
* Paraphrase another's written or spoken word.

## What are the penalties?

The penalties for plagiarism are:

* Deduction of marks,
* A mark of zero for the assignment or the unit, or
* Exclusion from the program.

Plagiarism is dealt with on a case-by-case basis and the penalties will reflect the seriousness of the breach.

## Please note: claiming that you were not aware of need to reference is no excuse.

***Answer any 5 from the below. Each question carries equal marks***

**Case Scenario I**

You are running with a business since last many years. Over a period of time you have very good corporate image in market. But unfortunately since last two years your firm is passing through crisis. Your business is suffering from heavy losses. You are planning to wind up your business. Meanwhile one big corporate house has announced a big corporate deal through auction. You have also decided to take part in that deal as it will be a last option for you to save your business. On the day of auction, so many companies have participated for this bid. Committee would declare the result after lunch break. You found the closed envelope of your competitor’s bid during lunch break.

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Executive Summary

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References

1. **Executive summary**

Being in business for many years, you have grown to have an excellent corporate image in the market. However in the past two years, the company is going through crisis and heavy losses. To help the business, you have decided to take part of a big corporate deal through auction. Many companies participated on the day of the auction for this bid. The results will be declared by the committee after lunch, however you found the closed envelop of the competitor’s bid.

We should always choose to be ethical at all times. It defines who we are as an individual and as a company. Being ethical may involve dismissing the opportunity that will lead to biggest short team profit. Choosing unethical ways may harm the company’s reputation / name and will make it less attractive to shareholders. If honesty, trust and good ethics are crucial today, they will be even more imperative in the future. The leaders can no longer flourish at the expense of the others. In this generation, only the ethical leaders and companies will survive.

1. **Body of assignment**
2. Will you be ethical in this situation? If yes how? And if no! Why?

Yes. Ethics involve one’s noble judgement regarding what is right or wrong. Decisions and choices taken within the company should be what they think is the right course of action. Being ethical defines who we are as an individual and as a society. In this situation, being ethical is not checking or opening the envelope of the competitor’s bid. You need to wait for the official declaration. Being ethical may involve dismissing the opportunity that will lead to biggest short team profit. Choosing unethical ways may harm the company’s reputation / name and will make it less attractive to shareholders. It is fine to pursue what you think will be beneficial right now and will put you in a good disposition, however, as an ethical person, you must be willing to place the interest of others ahead of self benefits because of our responsibility to a civil society – and this is the moral point of view.

1. If you be ethical, how you will survive your business.

“Only the ethical survives” - Michael Hackworth, CEO of Aspirian Corp. and a member of the Markkula Ethics Center¹s Advisory Board. It has been said that good ethics is good business. Weak ethical performance can drive to financial losses. If honesty, trust and good ethics are crucial today, they will be even more imperative in the future. The leaders can no longer flourish at the expense of the others. In this generation, only the ethical leaders and companies will survive. The importance of business ethics is far more than employee loyalty, moral or strength of the bond of the management team. It is directly related to both short and long terms. However, no one ever said being ethical in business is easy. Most of the time, decisions are not easy, incomplete information, mistakes, etc.. It is hard but fundamental.

1. **References**

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Blog.iese.edu. 2020. Why Is It Hard To Be Ethical In Business? | Business Ethics. [online] Available at: <https://blog.iese.edu/ethics/2015/07/09/why-is-it-hard-to-be-ethical-in-business/> [Accessed 21 April 2020].

**Case Scenario II: Discrimination in the Workplace**

Marian, a top graduate from Loyola in Humanities, was hired by a major corporation into a management position. Marian finished the corporation's management training program top in her group, and is performing above the norm in her position. She is really enjoying her work.

As a woman she feels isolated, as there are no other women managers and few women in her area. One night at a company party she heard a conversation between two of her male co-workers and their supervisor. They were complaining to him about Marian's lack of qualifications and her unpleasant personality. They cursed affirmative action regulations for making the hiring of Marian necessary.

Marian is very upset and wants to quit.

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References

1. **Executive Summary**

**Marian is a top graduate of Humanities from Loyola and was hired by a major corporation as a manager. She finished the management training program top of her class and performing above average in her position. She enjoys working. However, she feels out of place since she is the only woman manager and there are few women in her department. She overheard few colleagues talking behind her back one night in a company party. They complained to their supervisor that she lacks qualification and has unpleasant personality. They blasted Affirmative Action regulation for making Marian where she is now.**

**Marian should not quit and affect these conversation that she heard. These are unofficial and done by people who has nothing better to do, and were jealous of here success. Marian knows that her colleagues are wrong with their opinions. She should just continue her work and let this not affect her. Every work place has gossips and rumors. Best way for her to do is to ignore and keep a positive attitude towards work and colleagues.**

1. **Body of Assignment**
2. *Should Marian quit?*

No, what Marian heard is not official even if it’s an office party. It is not a board meeting. In any workplace, there are people who talk/guess about their colleagues and motives. Gossips are rampant in some cases. Wherever she will go, gossip will follow. Marian should stand her ground and not let anyone make her quit.

1. *Are her co-workers correct in their evaluation?*

Definitely not. She is a top graduate, finished the management training program top of her class and performing above the norm for her position, aside from the fact that she enjoys her work

1. *Should Marian confront the co-workers?*

Marian should need not to worry. In any organization, people have their own opinion and judgement. It is an informal discussion, not a formal meeting. People may speak behind our back. She just need to ignore it. These are people who might be jealous of her success and has nothing better to do than gossip. These are all speculations.

1. *Should Marian file a discrimination suit?*

Unless the management have conveyed anything in writing regarding race, sex, this should not be a case to file a suit. This is off the record remarks such as rumors and purely gossip. Depending on the company’s Code of conduct and the set of law and regulations, she can make some actions. There are companies that has policies restricting gossips. Filing a lawsuit for this case will need some strong evidence to support the claim.

1. *Should Marian go to the supervisor?*

Marian should suck it up a little. Be busy. Gossipers want attention however if Marian is busy with focusing on her work, she will not have the time to be updated with her co-workers’ tales. It is terrible to have people talking behind your back. Marian can make the matter worst by trying to confront these people so the best thing to do is to ignore.

1. *What else could Marian do?*

Best way is to ignore. Many people gossip to get attention and ignoring them will make them bored and stop talking about you eventually. She can also beat them with kindness and make them guilty for talking bad about you in the first place. Also, don’t engage in other people’s gossips. Stay positive and distract with positive people around,. Think that rumors happen to everyone at different level. Keep mentally strong.

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**Case Scenario III: Employee Absence**

Joan, an employee of Great American Market, was warned about her excessive absenteeism several times, both verbally and in writing. The written warning included notice that "further violations will result in disciplinary actions," including suspension or discharge.

A short time after the written warning was issued, Joan called work to say she was not going to be in because her babysitter had called in sick and she had to stay home and care for her young child. Joan's supervisor, Sylvia, told her that she had already exceeded the allowed number of absences and warned that if she did not report to work, she could be suspended. When Joan did not report for her shift, Sylvia suspended her for fifteen days.

In a subsequent hearing, Joan argued that it was not her fault that the babysitter had canceled, and protested that she had no other choice but to stay home. Sylvia pointed out that Joan had not made a good faith effort to find an alternate babysitter, nor had she tried to swap shifts with a co-worker. Furthermore, Sylvia said that the lack of a babysitter was not a justifiable excuse for being absent.

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1. **Executive Summary**

**Joan is an employee of Great American Market who received verbal and written warning about her excessive absenteeism several times. It says “ further violations will result in disciplinary actions” that includes a suspension or discharge. Few fays after the recent written warning that has been issued, Joan called to work to inform her supervisor Sylvia, that she will not be able to come due to the babysitter calling in sick. She needs to stay home and take care of her young child. Sylvia advised that since she had already exceeded the allowed number of absences, we could be suspended if she will not report to work. Joan didn’t report and she was suspended for 15 days. Joan’s argument is that the recent absence was not her fault because the babysitter has cancelled and that she doesn’t have a choice but to stay at home and take care of her child. As per her supervisor Sylvia, Joan didn’t make an effort to find an alternative solution such as swapping work schedule with coworkers, looking for another babysitter. She said that her excuse is not justifiable for being absent.**

**The suspension was fair and Joan has received enough warnings for her absenteeism. Sylvia needs to act on the matter since the team is being affected and she also needs to make sure the job is done and covered. Joan can do multiple things in this case and since the warning was recent, she should have showed more effort that she values her work and to show that she is willing to work on her issue.**

1. **Body of the Assignment**
2. *Was the suspension fair?*

Yes. Joan has received several warnings both verbal and written regarding her absenteeism in the past. However she still skipped work even though after another verbal warning that she can get suspended.

1. *Did Sylvia act responsibly?*

Yes, Sylvia has informed Joan of the consequences immediately after the call. Sylvia is looking after the company and the team for doing the right thing. Sylvia needs to make sure that everyone has team work spirit. She is also reporting to somebody and Joan is affecting the entire team.

1. *Should Joan be fired?*

Yes, there were several warnings written and verbal that has been given. If not, Sylvia will be answerable / questioned for her team member’s performance that affects the team.

1. *Should the babysitter be fired?*

It depends on Joan, if the babysitter has informed her ahead of time or if she has reasons to fire the babysitter like performance, behavior etc she can. It is not related to Joan’s performance in the workplace.

1. *Was Sylvia fair in her actions?*

Yes. Sylvia was able to communicate the consequences of Joan’s actions before she do it. However, she could have suggested some alternatives like exchanging work schedule with other colleagues, or making up for the lost time – double shifts etc.

1. *Is there ever a solution for working mothers?*

Yes. Being organized and scheduling everything will make mothers’ life better. There are Baby care / child care options to look into, checking with HR of the company if there’s an opportunity for working mothers such as flexible working hours, work from home etc.

1. *Should working fathers take turns staying home?*

It depends on the family’s lifestyle, earnings, commitments, timings, nature of work and number of family members. Workplace flexibility is more of maternal in most companies, however the paternal is being ignored. I believe they should also have the opportunity to stay at home to be able to spend quality time with the family. They should have flexibility to take paternal leave because in most cases, the mothers bear the burden of the lack of paternal flexibility in the workplace. It can also be in relation to equal rights. Fathers has important role in the family as well.

1. **References**

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**Case Scenario IV**

Sandoz Nutrition Corporation is a subsidiary of the Swiss pharmaceutical giant, Sandoz Ltd. Sandoz, based in Minneapolis, Minnesota, began manufacturing Optifast 70, a liquid meal-replacement weight loss program in 1976. The six month program is designed for people who are at least 30 percent or 50 pounds over their ideal weight. Health problems often accompany excessive weight. Optifast provides an opportunity to get rid of the weight fast.

The Optifast program is only available through doctors, hospitals, and medical clinics; a prescription is required to purchase the products. The Optifast program typically begins with the patient being placed on 420 to 800 calorie diet per day of liquid protein for 12 to 16 weeks. Calorie intake is then increased to 1000 or 1200 calories per day for the remainder of the program. The total cost is between $1400 and $2800. Optifast sales grew slowly following its introduction as the medical community and consumers became aware of the program. Sales continued to build slowly until mid November1988. Then Oprah Winfrey announced on her TV talk show that she had lost 67 pounds using Optifast. She appeared on the program in size 10 jeans to prove her point. Here was a celebrity endorsing Optifast without being asked for or paid! Within hours Sandoz received more than 200,000 phone inquires about the Optifast diet program.

The firm does not publish sales figures, but they forecasted a sales increase of from 25 to 30 percent during the six weeks following Oprah’s announcement. In 1989 Sandoz launched a print advertisement program, mostly in professional journals. Its promotional brochure and ad claims included: (1) “ The one that’s clinically proven safe and effective” and (2) “You can call the Optifast program today, and have all you need to control your weight for the rest of your life.” Unfortunately for Oprah, she regained 17 pounds during the first year after she completed the Optifast program. Studies at the University of Pennsylvania suggested that people who undertake quick weight loss programs such as liquid diets are likely to experience weight rebounds. Studies at the University of Michigan indicated that as many as 90 percent of dieters regain weight within five years after losing it. Liquid diets have also been linked with dizziness, headaches, nausea, gallbladder problems, and irregular heartbeat. Thus, there appears to be some difference between claims and use experience.

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1. **Executive Summary**

Sandoz Nutrition Corporation, a subsidiary of the Swiss pharmaceutical giant, Sandoz Ltd. Sandoz, based in Minneapolis, Minnesota, began manufacturing Optifast 70. It is a liquid meal-replacement weight loss program in 1976, a six month program which designed for people who are at least 30 percent or 50 pounds over their ideal weight. As known, there are a lot of health problems associated with being over-weight. Optifast provides the chance to get rid of the weight fast.

The program is only available through doctors, hospitals and medical clinics and required a prescription to purchase it. The program starts with the patient being on a 400 to 800 caloric deficit per day of liquid protein for the period of 12-16 weeks. Then slowly the caloric intake will be increased to 1000-1200 per day for the remainder of the program. It costs between $1400 - $2800. The Optifast sales grew slowly after its introduction to the medical community and consumers until mid 1988. When Oprah Winfrey announced on national TV that she used it personally and has lost 67 pounds, within hours Sandoz received 200,000 phone inquiries about the program. Oprah has endorsed Optifast without being paid and asked for and even came to the show in size 10 jeans to prove her point.

Sandoz has forecasted that their sales will have an increase from 25%-30% during the 6 weeks after Oprah’s endorsement however no sales figures has been published. Sandoz has printed an advertisement program mostly in professional journals in 1989 that says “ The one that’s clinically proven safe and effective” and (2) “You can call the Optifast program today, and have all you need to control your weight for the rest of your life.”

Sadly, Oprah gained back 17 pounds during the first year after completing the program. Research done at University of Pennsylvania advised that people who initiate quick weight loss program such as the liquid diet are expected to gain back their weight that they have lost. According to the studies done at University of Michigan, 90% regain their weight within 5 years after losing it. Liquid diets has been linked with dizziness, headaches, nausea, gall bladder problem, and irregular heartbeat. There are lots of differences between the claims and user experience.

1. **Body of Assignment**
2. *Were any ethical norms or principles violated by Sandoz?*

Oprah was impressed by the product because she has personally used it and experienced first-hand the effect on her. She didn’t endorse personally and not officially so Sandoz didn’t pay. It’s like word of mouth, however since Oprah is a well-known figure, the testimonials has a wider reach, thus causing a huge increase in the inquiries of the program. Sandoz didn’t violate any ethical norms

1. *Are liquid diet products ethical products? Justify your answer*

Based on the Dietary guidelines for health promotion and disease prevention in the USA, it is recommended to consume on grains, fruits and vegetables with small amount of meat and dairy, and smaller amount of foods high in sugar and fats. However nowadays, there is a shift in plant based diets and organic. According to some nutritionist, liquid diets are good to kickstart your weight loss, however exercising it for more weeks or more will not lead to success. Any diet with less calorie intake will lead to weight loss however if the lifestyle will not change, you will not keep the extra weight off. In deliberation of ethical dilemmas in choosing healthy dietary convey that food choices are political acts that offer opportunities for all parties such as food industry, government agencies, nutrition professional, concerned to consider the importance of such choices.

In the UAE, according to 2019 Gulfood Global Industry Outlook Report, the middle class are changing their consumer lifestyle and purchasing decision based on several factors:  include the ‘concepts of being eco-friendly, awareness of harmful effects of plastic on the environment, concerned of fair trade, and practicing honest advertising’.

1. *What moral responsibility might Sandoz have considered when developing its promotion messages for the customers?*

Sandoz can add disclaimer, terms and conditions. “Results may vary from person to person based upon medical history and adhering to the program. No claim or opinion is intended to be, or should be construed to be, medical advice or a substitute for professional medical advice. No intent to diagnose, treat, cure or preventing of pre-existing conditions, gene mutation or disease is implied or intended. No claims about the program and any info enclosed herein is personal conclusion only and should not be interpreted as medical guidance in any way.” It can also mentioned should consult their physician or health care professional before starting especially people with type of health conditions such as heart disease, diabetes, pregnancy etc. or currently taking medications due to other health conditions.

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**Case Scenario V**

Arthur Edward Anderson (1885-1947), the founder of Arthur Anderson & Co. must have turned in his grave in 2001, as the auditor firm founded by him became a synonym for scandal in the accounting profession. On 15th August 2001, Sherron Watkins, an employee of Enron, questioned the company’s accounting practices, in a single-page letter to its CEO. Enron, the energy giant that ruled the world, and its auditor Arthur Anderson & Co., became the ridicule of the world. In early 2002, the US Justice Department began criminal investigations into Enron’s bankruptcy. In 2002, Arthur Anderson was convicted by the lower and appellate courts for obstruction of justice. The firm had worked hand in glove with Enron and cooked its account books. The audit firm that once had an 85,000 strong workforce, now had closed offices and business interests around the globe. The firm’s name is so tarnished that there is no other business going on in it, other than attending to over a hundred civil suits.

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1. **Executive Summary**

Arthur Anderson & Co. founded by Arthur Edward Anderson became an equivalent to a scandal in the Accounting profession. Sherron Watkins, an employee of Enron challenged the company’s accounting practices on 15th Aug 2001 in her single page letter to its CEO. Enron is an energy company that is known worldwide and its auditor is the Arthur Anderson & Co. The US Justice Department started their criminal investigation to the Enron’s bankruptcy in early 2002. Arthur Anderson was convicted in 2002 by the lower and appellate courts for obstruction of justice. The firm worked hand in hand with Enron to cook its account books. The audit firm has 85,000 employees and now has closed its offices and business interests world wide. The firm’s reputation has been tarnished and no other business going on it aside from hundreds cases of civil suits.

1. **Body of Assignment**
2. What do you think can be the outcomes of an accounting fraud to the society and business at large?

Fraud in general can have considerable significance on business. Financial fraud is often known by the employees / management. This fraud’s effect can be devastating on the company’s spirit and culture. Aside from the obvious financial loss, when a fraud has been disclosed, the company will have to confront the issue of public trust in the organization. Whatever is the result of this scandal, their image will be irreversibly tainted. It can also greatly affect the employees even when they leave the company. They will be carrying the name of the fraudulent company in their work history even if they are not part of the fraud activity. Company with a fraud history will also be in high risk of high audit. Auditors will closely dissect the company books, will perform more procedures, thus the cost will be higher. Like what happened to NMC Group now, everyone’s eyes are on UAE Exchange since it is subsidiary of Finablr, a company owned by NMC’s BR Shetty. They have sources that says he is helping up NMC financially with cash in UAE Exchange. Now everything connected to the people in NMC will be in scrutiny.

1. Why do you think that the history of accounting fraud repeats itself, such as so many frauds which we have heard after Enron scandal?

“Those who do not learn history are doomed to repeat it.” - George Santayana. It has been said that history lesson doesn’t charm much the corporate world. Fraud is not an accounting problem. It is the use of illegal practices of the people. Humans never learn from the history, they are unpredictable and can be a recipe for disasters. However, every defeat is a chance to improve the company’s strategy. It has been said that the problem is not about complying to the rules, but the rules itself. They cause conflict of interests and weaken the auditors’ ability. The auditors’ ability is essential. They should be able to justly analyze if the companies are stating the truth about their finances. The auditors’ ability is vulnerable because of the long term partnership that has formed between firms and their auditors.

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**~~Case Scenario – VI: Purchasing Ethics~~**

J.R. accepted a position at Cripple Creek Vocational University and he and his family made a permanent move. Soon, J.R. was promoted to Administrative Vice President, overseeing the purchasing department of the University. His oldest son, Jim, got a good job in educational equipment sales at Tiddley Computer Corporation in Fort Worth.

As Vice President, J.R. quickly saw the need for 4 to 5 computers in his office. Although CCVU had a bidding policy, J.R. purchased Tiddley Corporation's computers direct from Tiddley for about $3500 each, when IBM clones were selling for around $2000 and the clone had more promising features than the Tiddley. Jim handled the sale and received a healthy commission on the sale. If the purchase had gone through the normal bidding process, the TC model would not have been selected. Tiddley's local Cripple Creek franchise dealer objected to Tiddley Corporation that his protected franchise had been bypassed in the deal.

**Questions:**

1. Since J.R. was over the purchasing department and had final decision authority, should purchasing have gone through the normal bidding routine?

Yes. Conflict of interest / voluntary disclosure

1. Is it acceptable for a V.P. to bypass the normal routine to do business with a family member? No, not ethical. Violation of organization ethics and conflict of interest
2. Was J.R.'s decision not to request bids an ethical choice? No, unethical
3. What should the college purchasing agent do? Go to the market, regarding the requirement, collect proposal, tabulate, conclusion
4. Should anyone else at CCVU have any interest in this activity? No, Mr JR and corporation because the son is working there
5. Has Tiddley's Cripple Creek franchise owner been wronged? Yes, pure breach of contract.
6. Should Jim have made the sale? Received a commission? No. Unjust enrichment