

MOI UNIVERSITY
SCHOOL OF BUSINESS AND ECONOMICS MARCH 2025
DEPARTMENT OF MANAGEMENT SCIENCE AND ENTREPRENEURSHIP
FIRST SEMESTER 2024/2025 ACADEMIC YEAR
END OF SEMESTER EXAMINATION
BBM 461/BHR 402/ BSM 403 – BUSINESS ETHICS & VALUES

Instructions:

- Answer Question **ONE** and any other **THREE** questions.
- Question **ONE** carries **25 Marks**
- Time allowed: **3 hours**
- Marks will be awarded based on clarity depth of analysis, and application of course concepts

Question 1 (25 Marks) Compulsory

Case Study: Ethical Dilemma

You are the CEO (Chief Executive Officer) of a multinational company operating in Kenya. A whistleblower in the company has reported unethical practices involving bribery to secure contracts. While these contracts are significant for maintaining the company's profitability, they violate both company policy and local laws.

The whistleblower is facing counterattacks, including threats of demotion and isolation from colleagues. As a specialist, you must address the whistleblower's concerns and the unethical practices reported. Employees in the company are responding in different ways—some expressing concerns ("voice"), some choosing to remain silent and loyal to the company ("loyalty"), while others are contemplating resigning ("exit") or combining these approaches ("exit and voice").

Required:

- a) Analyze any 4 (four) key aspects of ethical dilemma in this situation. **(8 Marks)**
- b) Identify an ethical theory of your choice that can guide your decision-making in this scenario. Explain how the chosen theory can be applied to resolve the issue. **(5 Marks)**
- c) Discuss the steps you would take to address this issue, ensuring adherence to business ethics, legal compliance, and balancing the ethical responses of exit, voice, exit and voice, and loyalty. **(6 Marks)**
- d) Evaluate the role of ethical leadership in creating a culture that prevents such occurrences in the future. **(6 Marks)**

Question 2

- a) Explain how poor corporate governance can lead to unethical practices in an organization. **(5 Marks)**
- b) Define fiduciary duty of a manager and explain any 4 (four) roles in promoting ethical decision-making within an organization. **(10 Marks)**

Question 3

- a) Explain what Corporate Social Responsibility (CSR) is and present its importance to businesses today. **(7 Marks)**
- b) Using examples from companies operating in Kenya or the region, describe how CSR initiatives can positively impact both society and the company's profitability. **(8 Marks)**

Question 4

- a) Discuss the 3(three) sources of Ethics **(6 Marks)**
- b) Explain how businesses can uphold ethical standards in technology usage, particularly in areas like privacy and data protection. **(9 Marks)**

Question 5

- a) Discuss the concepts of Values, Morals and Ethics and state their key distinctions and integration in Business context **(7 Marks)**
- b) Illustrate how ethical leadership can create an organizational culture of fairness and accountability, using real-life examples. **(8 Marks)**

Question 6

- a) Identify and discuss any 4 (four) common ethical challenges organizations face in addressing family and gender issues in the workplace. **(8 Marks)**
- b) Suggest any 3 (three) practical ways businesses can create an inclusive workplace that minimizes discrimination. **(7 Marks)**

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BBM 461/BHR/402/BSM 403: BUSINESS VALUES AND ETHICS/ETHICS AND SOCIAL RESPONSIBILITY/ETHICS IN STRATEGIC MANAGEMENT

INSTRUCTION TO CANDIDATES:

ANSWER QUESTION ONE AND ANY OTHER THREE QUESTIONS

QUESTION ONE

Read the following case and answer the questions that follow.

John The Bull's Dilemma at Comtel LTD!

John ("The Bull") Zwaete is a director of a very well-known telecommunications company, Comtel that based in South Africa. Comtel is a telecommunications service provider that provides telephony and data communications access services. They have been in business for thirty years and is one of the largest telecommunications companies in South Africa. The economic recession experienced worldwide also affected Comtel and it urgently need new contracts. John Zwaete earned his nickname "The Bull" when he first started as a sales representative, the reason being that it was clear from the start that he would not let anything stand in his way to reach his goals. As a result of his attitude, he became the youngest director in the history of the company after being at the company for only five years. John recently travelled to Zambia where he had a meeting with their Minister of Telecommunications. After a week of intensive talks and consultations with various role-players, a lucrative deal was signed by the Minister that would result in revenue for John's firm in excess of R20 million over a period of five years. The only stipulation was that the contract must be signed by the Chief Executive Officer (CEO) of Comtel by the following day. John consequently booked his ticket with the South African Airways as soon as the contract was signed by the Minister, in order to make sure that he would be back in South Africa and that the contract would be signed on time. While waiting for his flight at the hotel where he was staying, he started feeling very ill. He had a very high fever, sore throat and he also started coughing. He knew that the Covid-19 virus is currently spreading at an alarming rate and suspects that he might have the virus. He contacted the CEO of Comtel to explain the situation to him. After consultation with the Board of Directors, the CEO told him to stay in the hotel room and seek medical advice. The CEO asked him to self-quarantine so as not to expose other people to possible infection. The Board of Directors are also trying to get in contact with the Minister of Telecommunications in Zambia to try and extend the deadline or to perhaps be allowed to sign the contract electronically.

'The Bull' however believes that this contract is very important to his company and decided not to cancel his travel plans as there was too much at stake. He is also of the opinion that the whole Covid-19 pandemic is being blown out of proportion and that the virus cannot be transmitted that easily. He just took extra fever medication so as to mask his symptoms with the intention to get on the plane and finalize the deal.

QUESTION ONE

You are required to:

- a) Identify and explain the possible ethical dilemmas applicable in the above scenario.

(5marks)

- b) Critically justify the ethical theory that you would advance to have informed John 'The Bull' to act in the manner he did to the extent of risking the lives of other travelers. (5 marks)

- c) Explain any five benefits of corporate ethics that can be used to counter such behavior exhibited by John Zwaete-'The Bull'

(10 marks)

- d) Briefly discuss approaches available to Comtel Ltd firm in its effort to improve their moral business climate.

(5marks)

QUESTION TWO

2. Giving relevant examples, discuss the major determinants of ethical behavior at workplace.

(15marks)

QUESTION THREE

- a) Examine the components of an appropriate corporate governance that you would recommend to an organization of your choice. (9 marks)

- b) Explain the principles governing the employment rights. (6 marks)

QUESTION FOUR

Environmental analysis is a fundamental step in any strategy development. Discuss the role of ethics in the general environment. **(15marks)**

QUESTION FIVE

Explain the following approaches to business ethics outlining the moral principles of each.

- | | | |
|------|-----------------|-----------------|
| i. | Utilitarianism. | (5marks) |
| ii. | Egoism. | (5marks) |
| iii. | Social justice. | (5marks) |

QUESTION SIX

Corporate Social Responsibility (CSR) refer to deeper changes in the greater world of business making it necessary for most Multi-National Corporations (MNCs) to do good.

- a) Highlight any six changes that have made these corporations become good citizens. **(6marks)**
- b) Discuss any three ethical principles that most managements associate with as ethical behavior at work environment. **(9marks)**

SIT IN CAT

06/11/2023: BBM 461/BHR 402/BSM403

If you are planning to become an entrepreneur in 2024, then it is imperative that you start learning about the most common ethical challenges in your chosen industry. Local rules and statutes are established criteria for proper workplace behaviour. However, both employers and employees have been known to act carelessly and break the said rules and regulations set by the authorities on a number of occasions.

Identify any (3) three business management practices where ethical issues are witnessed at workplace, explaining the nature of the said dilemmas as well as providing mechanisms of how you can avoid such future business troubles by correctly mitigating each of the stated concerns.

**BBM 461/BHR/402/BSM 403: BUSINESS VALUES AND ETHICS/ETHICS AND
SOCIAL RESPONSIBILITY/ETHICS IN STRATEGIC MANAGEMENT**

ANSWER QUESTION ONE AND ANY OTHER THREE QUESTIONS

QUESTION ONE

Read the following case and answer the questions that follow.

BUSINESS DILEMMAS

Joe is a fourteen year old boy who wanted to go to a group camp very much with his age mates. His father had promised him that he could go if he saved up the money himself. So, Joe worked hard and saved forty dollars it cost to go to camp and a little more in his casual engagements in the neighbourhood. However, before camp started, his father changed his mind.

Some of Joe's father decides to go on a special fishing trip and he was short of the money it costs to travel. So he asks Joe to give him the money he had saved from his casual labour. Joe did not want to give up going to camp so he thought he should refuse to give him his savings.

On the other hand, Joe's mother is diagnosed and found to have a special kind of cancer that threatens her life. There was one special drug the doctor that might save her. It was a form of radium that a pharmacist in their township had recently discovered. The drug was expensive and the pharmacist was charging ten times it cost him to make. The pharmacist charged \$ 4,000.

Joe's father, Mr. Heinz decides to borrow from everyone he knows within is village town and even tried every legal means but could only manage to raise \$ 2,000 which was half what was needed but the pharmacist could hear none of his plea to pay the half amount retorting " I discovered the drug and am going to make money from it"

So, having tried every legal means, Heinz gets desperate and considers breaking into the man's store to steal the drug to treat his wife.

Required:

- a) Identify the pertinent business marketing/sale dilemmas in this narrative (5marks)
- b) Analyze the basic ethical business principles that should have guided the pharmacist in making sound decision in his undertaking. (10 marks)
- c) Critically justify the relevant ethical theories that the three characters in the narrative would have used to solve the dilemmas faced in their decision making process (10marks)

QUESTION TWO

a) Corporate social responsibility (CRS) refers to deeper changes in the greater world that makes it necessary for large corporation to do good.

Identify and discuss any five changes that have made corporations become good citizens.

(10 marks)

b) Outline the basic principles that drive sound corporate governance in an organization

(5 marks)

QUESTION THREE

"Establishing moral principles means determining the core values which should guide the organization"

In view of the statement above, explain how strategic business leaders have effectively embedded anti-corruption mechanisms into their culture.

(15 marks)

QUESTION FOUR

a) With relevant examples, demonstrate how governments ensure that consumers are protected from unethical businesses.

(9 marks)

b) Corporations have created comprehensive mechanisms to manage and ensure that their workplaces do not threaten or intimidate their employees making the environments free from sexual harassment. Elaborate.

(6 marks)

QUESTION FIVE

a) From a Utilitarian view point, reasonable minds engaged in these ethical issues do not always agree on which resolutions might lead towards the greatest common good or even what that good should ultimately be. Discuss.

(9 marks)

b) Explain why pollution and resource depletion have been of great concern to business policy and strategic leaders worldwide in the recent past. (6 marks)

QUESTION SIX

a) A colleague confides in you about some ongoing practices in his unit that are unethical and wishes to bring them to the attention of public. Advise him on the procedures to consider in making such disclosures.

(6 marks)

b) Briefly present an argument for ethical leadership

(9 marks)

SIT IN CAT 30/10/2020**BBM 461/BHR 402/BSM403**

If you are planning to become an entrepreneur in 2022, then it is imperative that you should start learning about the most common ethical challenges in your chosen industry. Local rules and statutes, for the most part, establish criteria for establishing proper workplace behaviour. Having said that, both employers and employees have been known to act carelessly and break the rules and regulations set by the authorities on a number of occasions.

Elaborate on these issues witnessed at workplace and provide for mechanisms of how you can avoid such future business troubles by correctly mitigating each of these concerns and learning about how to prevent them. (30 marks)

BBM 461/BHR 402: BUSINESS VALUES AND ETHICS/CORPORATE SOCIAL RESPONSIBILITY

Answer question ONE and any other THREE questions

Question ONE carries 25marks

Read the following case and answer the questions that follow:

FEARS ON SIDE EFFECT OF SOKOMATA DRUG AT SQUARE DEALS

Sokomata is an antiallergy drug that was released into the market in 2002 by the Square Deals pharmaceutical firm. In 2016, the drug was declared the fifth most prescribed antiallergy drug worldwide. However, this drug later resulted in Square brand being greatly tarnished. 'Drug giant firm covered up safety fears on Sokomata' read the Daily Mail newspaper of 2017 in UK. This was one of the several UK headlines tarnishing Square Deal's reputation in 2017. In January, 2018; the Daily Mail reported that Square Deal had covered up vital evidence about the safety of an antiallergy linked to a string of suicides. Square Deals had revealed its fears about the drug's safety years back among its top management. However, Square which makes \$ 3 billion a year from Komata continued to promote it for people working in industrialized cities. British experts said the continued prescription of the drug led to the young peoples' deaths. An investigation revealed in three key documents among hundredths released for US court cases brought by bereaved families.

One report from Square Deals marketing department in 2009 refers to side effects adding: It seems incongruous that we state the drug is safe yet report so many serious adverse effects". In 20013, the firm still claimed it was safe telling sale staff it showed "remarkable safety and efficacy in treatment of adolescent depression" "An email from a PR executive admits research showed it did not work on teenage depression-not something we want to publicize" Other allegations suggested the company was putting profit ahead of safety of young people. Dan Armstrong of the council for Information on Tranquilizers and Anti-allergy said: "I cannot understand that so many people in one firm could feel it was fine to do nothing". When you are looking at the possibility of children being affected it is reprehensible" It was not until 2019 that Square Deals published full details of studies from as early as 2003 showing children on Sokomata were twice as likely to feel suicidal as those on dummy pills. Karen Berth Mensue, an advocate in the US case said: Even when they have negative studies that show Sokomata is going to harm, they still spin that study as remarkably effective and safe for children. "Not only did the product and the way it was managed attract reputation-damaging publicity for Square Deals, It also led to legal action against the company.

Not only was the company selling a drug that could have serious side effects, but there was also doubt as to whether it actually worked. An investigation by the MHRA Published March 2008, found that the manufacturer withheld evidence that the antiallergy increased the risk of visual impairment among children. According to the Guardian newspaper, nine clinical trials by Square Deals conducted between 2003 and 2008 found the drug was not effective in treating allergies in children. Apparently, SQ Deals failed to notify to the MHRA of this when in 2002 the firm indicated it was planning to apply for approval to use the drug to treat children. The Daily Mail revisited the story following MHRA's investigation stating "Drug company bosses concealed information about the dangers of the anti-allergy Sokomata for five years while it was still being prescribed to children." There were also reports that the firm was aware of possible links to attempted suicides and suicidal thoughts. However, SQ deals did not alert Britain's drugs watchdog to the problem until 2018 when the suicide link had become clear. The medicines and Healthcare product Regulatory Agency hit out at SQ Deals for withholding the information. SQ Deals denied it had withheld data saying it "firmly believed" it had acted "properly" and "responsibly" and safety of its medicines was "paramount".

REQUIRED TO:

- a) Analyze the basic ethical leadership principles that should have guided the management of Square Deals Pharmaceutical Company in making sound decisions.
(10 marks)
- b) Examine the pertinent ethical marketing issues involved in the case. **(10 marks)**
- c) Critically justify an ethical theory that management of Square Deals would use to solve any ethical dilemmas faced in their decision making process
(5 marks)

QUESTION TWO

- a) As young upcoming business Management expert, you feel well armed to venture into the world of work. Make a presentation to a group of young entrepreneurs from your village the basic ethical issues that could be considered unjust in your area of expertise.
(9 marks)
- b) Outline the basic principles of sound corporate governance in a firm you work for.
(6 marks)

QUESTION THREE

- a) Your Board of Directors has invited you to assist in formulating an effective corporate social responsibility at your work environment. Outline what you would recommend as key features of corporate social responsibility.

(8 marks)

- b) A co-worker confides in you that there are some activities going on in his department that are not right and he wishes to bring it to the attention of the media. Advise him on what to consider before taking such an action.

(7 marks)

QUESTION FOUR

The forces of globalization, deregulation, and shareholder activism and information technology continue to influence business practices and processes.

Discuss giving relevant examples, the ethical tensions and issues that workforce diversification presents to your management. (15 marks)

QUESTION FIVE

Integrating ethical leadership into an organization demands that top management play crucial role. With appropriate illustrations, discuss the various steps that CEOs ought to take into consideration to ensure that the stated ethics are institutionalized and fully practiced in a firm.

(15 marks)

QUESTION SIX

With appropriate examples, discuss the relevance of ethics programs at work environment. *Importance*

(15 marks)