



**KARATINA UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**  
**FIRST YEAR, FIRST SEMESTER EXAMINATION**  
**2023/2024 ACADEMIC YEAR**

**FOR THE DEGREE OF:**  
**BACHELOR OF HUMAN RESOURCE MANAGEMENT**

**COURSE CODE: BHR 113**

**COURSE TITLE: ETHICS AND COOPERATE SOCIAL  
RESPONSIBILITY**

**DATE: 12/01/2024**

**TIME: 8.00 AM – 10.00 AM**

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**INSTRUCTION TO CANDIDATES**

*See Inside*

Instruction: Answer question ONE and any other THREE

### QUESTION ONE

#### **CORRUPTION AND BRIBERY**

A country with a history of corruption and bribery has made great efforts via education and prosecution to conduct government business in an open and fair way. The country has made considerable progress. As part of its reform, the country overhauled its visa procedures for foreigners wanting to live in the country. In the previous corrupt environment, people with money would secretly pay off a government employee to have their visa application approved quickly, while other visa applications took much longer. Now the government has made the application procedure transparent and established a new procedure in law. The new procedure offers two visa tracks, the "Regular Track", which does not require any payment, and the "Premium Track", which requires a US \$1,000 payment. The Regular Track takes just as long to process a visa application as an application without a bribe took before the reforms. The Premium Track moves along just as quickly as a visa application with a bribe took before the reforms. Most people wanting to immigrate to the country cannot afford the Premium Track.

A similar incident occurred in the 1980s at E. F. Hutton & Company, a brokerage that pleaded guilty to more than 2,000 counts of mail and wire fraud. The company stole money from 400 of its banks by drawing against uncollected funds or non-existent sums. It would return the money into the accounts after it had used it—interest free. Like Manville's cover-up, the E. F. Hutton conspiracy involved many managers over a period of several months. The company encouraged its branch managers to illegally borrow from the accounts, suggesting to them that the practice was savvy business rather than a violation of law or ethics. In some instances, E. F. Hutton even rewarded managers for their skill at utilizing the funds. The managers were likely influenced by the perception that everyone else was doing it and that the company would protect them in the unlikely event that they were caught. In the end, several managers were fired and/or indicted. E. F. Hutton agreed to pay between 3 million and 11 million shillings in damages, and its reputation in the financial community was damaged.

Ethical violations at the Manville Corporation (formerly called Johns Manville), a manufacturer of asbestos, reflect the many dynamics that influence immoral behaviour in large organizations. In the 1940s the company's medical department began to receive information that indicated

asbestos inhalation was the potential cause of a debilitating lung disease. Manville's managers suppressed further research and elected to conceal the information from at-risk employees, even going so far as refusing to allow them to view chest X-rays. The company's medical staff also participated in the cover-up.

After more than 40 years of suppressing this secret, Manville was exposed and was forced to turn over 80 per cent of its equity to a trust that would pay benefits to affected workers and their families. An important point of the case is that many employees—mostly ordinary men and women—participated in the cover up, with reasons ranging from company loyalty to fear of job loss. Rather than hurt the company or damage their career, executives and managers chose to remain silent and conceal data.

An on going ethical dilemma in the business world involves the tobacco industry. Critics of cigarette companies argue that, despite abundant evidence that smoking is a health hazard responsible for millions of deaths, manufacturers continue to produce and sell the deadly goods. The cigarette manufacturers counter that their product embodies a heritage of smoking that dates back several centuries. They also argue that data linking smoking to cancer and other ailments are lacking. Cigarette makers continue to advertise their products using positive, alluring images, and to play down the potential health risks of smoking. As with most business ethics dilemmas, rationalization and the lack of a clear-cut solution cloud the issue. Required;

- (a) Discuss five issues of integrity, ethics and law posed in the case study above  
(10 Marks)
- (b) At E. F. Hutton & Company, explain four unethical behaviours observed and indicate ways the company failed to apply Kant's theory on implied necessity of trust?  
(8 Marks)
- (c) Explain seven ethical dilemma areas in above case indicating the best way it can be addressed considering the health hazard and publicity.  
(7 Marks)

## **QUESTION TWO**

- (a) Discuss four types of Corporate Social Responsibility  
(8 Marks)
- b) Explain seven effects of globalization on Corporate Social Responsibility  
(7 Marks)

### **QUESTION THREE**

- (a) Explain four major areas of ethical issues in human resource **(8 Marks)**
- (b) Describe seven factors that influence business ethics? **(7 Marks)**

### **QUESTION FOUR**

- (a) Discuss the importance of Ethics and Social Responsibility to an organization **(10 arks)**
- (b) Describe two types of code of ethics **(5 Marks)**

### **QUESTION FIVE**

- (a) Discuss utilitarian theory espoused by the nineteenth-century philosophers Jeremy Bentham and John Stuart Mill showing its ethical importance to an organization **(9 Marks)**
- (b) Explain three differences between philanthropy and volunteerism. **(6 Marks)**

### **QUESTION SIX**

- (a) Discuss seven ethical areas in Human Resource Management that must be taken into consideration for smooth operations in an organization **(7 Marks)**
- (b) Describe the four types of CSR according to its beneficiaries **(8 Marks)**