**Question 1**

According to Madura (2007), supply chain management refers as the complex of seller, distributors, transporters, storage services and suppliers that contribute in the transaction of sale, delivery and manufactured goods. In the others word, Supply Chain Management (SCM) is also manufacturer the right goods and services to the put their needs at the precise time, in the manner of good quantity with the reasonable cost. This process is also related with the efficiently organization that involves administration relationships between the suppliers and customers, to controlling the supply, forecasting demand and getting constant feedback on the customers (Madura, 2007).

Ethical issues are not just confined to the course of production, but also involves several other layers of middlemen, traders & retailers till it finally reaches the consumer. A dive down the back end supply chain would take us further to production of the “raw materials” thus giving rise to a complex web of supply chain.

In the entire system, there are a number of issues, that can be broadly divided into four categories: Business Ethics, Labour & Welfare, Health & Safety & Environment. Besides these, there are relevant national & local legal requirements that one must take into consideration rather than just focusing on the compliance vs the non-compliance. One must note that the lapse on any of these forms a major risk or threat to the organisation & thus directly affecting its sustainability.

The degree of the problems varies from country to country. Developing countries face the challenges of Child labour, adolescent workers, basic minimum wage, overtime & above all health & safety of the workers. Environment impact & the product footprint is also a major cause of concern starting from pollution – air, water & soil, ecological aspects, biodiversity, flora & fauna, green house gas emission, energy consumption, water consumption , waste management along with the legal compliances wherever applicable.  
Before declaring the product ethically sourced & ethically produced, one needs to think whether the above mentioned issues are taken care of in real sense or is it looked through a rose-tinted glass.  
With the world shrinking day by day in terms of distance & communication, one must admit that business practices cannot be continued in its conventional or orthodox form

**Question 2**

The cause of unethical behaviour is not necessarily the individual's lack of moral standards. Research has shown that the actions of managers, the ethical climate in the enterprise and the absence of a company policy on the matter are all contributing factors towards unethical behaviour.

Corruption, this is one of the factors for unethical behaviors during the process of purcasing. Here the purchasing professioonal intentionally receive bribes or ask for compensatinds from the supplier. And failure to give he threatens to cancel the contract or not offer contract to the supplier.

Increasing cost of living, this makes the purchasing personnels to behave in unethical way so that to meet their basic needs. This makes them to receive gifts from the suppliers.

Laxity on the laws and policies governing procurements

In this case the policies of procerement is strictly followed in a way that incase a procurement officer makes a mistake, he is not penalised for the inappropiate act during the procurement process and makes him to continue with thw practise since there is no sterict follow up.

**Queston 3.**

**The following are some of the examples of unethical behaviors that violate the proffessional code of conduct of procurement professionals in the bussiness environment.**

Nepotism, this is giving offers to close relatives and friends so that the purchasing officer can directly benefit from the business

Giving favours to some cliants based on promises, these could be promise to give some percentage of the business to the procurement proffessional, (kick back)

Leaking some important bid informations which makes the supplier that the interest of the purchasing proffessional is in have the prior knowledge of what is required to win the bid, this is not acceptable since the supplier may not even meet all the requirements.

Bribery, here it may be forcefully asked by thr procurement professional or voluntarily given by the supplier inorder to win favour for the business. This act is not accepyable since it compromises the quality in the business

**Question 5**

A “Win-Win” negotiation can only be achieved if both parties are prepared to concede some of their ‘would like to have’s’ in favour of preserving their ‘must have’s’. The way concessions are handled is a vitally important negotiating skill and can have a huge impact on the final result. Below are the importance of Concerssion on global sourcing negotiation

Helps the negotiators to discover and agree all the points for negotiation before it begins. Ensure that for each one of these points you have identified whether it is a fixed or a variable point from your perspective. (Variable means that there is some flexibility of movement.) If you have a separate meeting scheduled for your negotiation, it’s a good practice to send out you points for negotiation prior to your meeting. This ensures that both parties aren’t presented with any sudden surprises.

It Increases the number of points for negotiation (if possible) because you increase the opportunities for a trade since both parties are represented and brainstorming is allowed. If you only negotiate on price you are potentially setting the stage for a Win-Lose outcome. People very rarely buy on price alone, which is why it’s important to do a thorough fact find at the beginning of the sales process, to flush out the buyer’s list of requirements.

Always trade concessions (as opposed to giving them away). This means that for each point where you agree to a concession, you’ll want the buyer to make a concession in return. If you give a concession without requesting a return concession then you’ll be unlikely to get one afterwards. Therefore, it helps to preface your concession with the words ‘what if’. For example, “What if I offered you this (specify concession), what could you offer me in return?” As soon as you begin the process of trading concessions you are creating a frame for agreement, this underpins the belief that together you can reach an overall agreement.

Make concessions in small incremental amounts, gradually. If you offer up a large concession too quickly you could create the perception that ‘you loaded the deal’. It’s always best to aim to hold something in reserve for those buyers that are tougher with their negotiations, and present every concession as if it has huge value to you. When presenting concessions use features and benefits to really highlight the value that you are offering.

There is flexibility in prices of commodities. If the price changes, change the deal. This can help to maintain your credibility and justifies the reason for the price change. If you simply comply with a request to lower your prices then you imply that you were asking too much originally.

It gives room for creativity during decision making. Creativity is required when generating concessions. Work with the other party to generate a variety of options and brainstorm each option neutrally. You’ll be amazed at how many good ideas are created when this process is allowed to occur. You can help this process prior to the negotiation by seeking input and ideas from other people in your organisation. Often, getting some alternative suggestions from people who are not involved in the deal, can provide you with some refreshing new insights.

Before tackling the price, summarise all the concessions that you have made and where possible attach a value to them. This amount can look even more impressive if you total this over a twelve month period. Always have a list of the buyers agreed requirements in front of you so that you can show the buyer just how many of them you have already met.

**Question 6**

Triangle talk according to Monczka et. al. (2011) can help the negotiator begin the initial preparation for an upcoming negotiation. The planning process consists of three steps which are; 1) know exactly what you want, 2) find out what they want and make them feel heard; 3) propose an action in such a way that they can accept it (Monczka et. al., 2011).

During step 1 the negotiator determines and formalizes their goals and objectives for the upcoming negotiations. Here the negotiator comes up with a list of the things that they want to talk about and this helps them to remain focused during the negotiations. The negotiator van always refer to the points listed to make sure that everything that needs to be covered has been tackled during the negotiations. Examples of things on that list can be price, terms of delivery, quality of the product and so forth.

During step 2, the negotiator needs to find out what the counterpart negotiator on the other side wants out of the negotiation. Knowing what they want always helps to form a common ground on which to reach to an agreement. According to Monczka et. al. (2011), during the negotiation, the negotiator should ask open-ended questions, probing questions to verify his or her preliminary analysis of the other party’s needs and wants. This normally helps the negotiator to adjust their strategy in case the needs of the other party are not as anticipated prior to the negotiation.

Step 3 involves the consideration and analysis of the negotiator’s own needs and wants as well as the needs and wants of the other party (Monczka et. al., 2011). This is aimed at getting the other party to accept the deal by offering proposals and counter proposals to take all needs into account. Flexibility during this period is paramount as it helps in reaching to an agreement that is fair and reasonable to both parties.

**Question 7**

Ethics play a major role in procurement and are considered more important as technology and consumer behavior change. Being ethical means being in accordance with the rules or standards for right conduct or practice, especially the standards of a profession. For instance: procurement is involved in supplier selection, evaluation, negotiation, contracts sign off and awarding business to suppliers. When interacting with suppliers, procurement should treat them in fair and unbiased manner.

Procurement professionals must conduct their business practices in the most ethical manner. Failing to abide to ethical practices can lead to immoral and illegal practices such as bribery, favoritism, illegal sourcing etc. The immediate reaction to the idea of unsatisfactory procurement ethics is that it will be damaging for public relations, if those ethics become public knowledge. Leaders have to make sure that actions are taken to follow proper ethics as this can only contribute to the success of any business.

Procurement represents their organization and is responsible for awarding business to suppliers. Any unethical behavior will have a negative impact on the brand image of the organization

Procurement professionals experience enormous pressure from internal and external forces to act in unethical ways as they usually have control over large sums of money.

Ethical behavior in conducting business helps in establishing a long term relationship and goodwill with suppliers

An ethical person is respected in the business community. Once a buyer earns a reputation within an industry, it is difficult to change it. A professional reputation is something a buyer carries throughout his entire career.

**Question 8**

**Corruption**

Public procurement professionals who become aware of any corrupt activity have a duty to

the profession and to their employing organizations to alert their senior management and/or elected officials. Public procurement shall not tolerate bribery or corruption in any form.

Forms include, but are not limited to

**Bribery** is the offering, promising, giving, authorizing or accepting of any undue

financial or other advantage to, by or for any persons associated with the procurement

process, or for anyone else in order to obtain or retain a business or other improper

advantage. Bribery often includes; kicking back a portion of a contract payment to

government or party officials or to employees of the other contracting party, their close

relatives, friends or business partners or using intermediaries such as agents,

subcontractors, consultants or other third parties, to channel payments to government

or party officials, or to employees of the contracting parties, their relatives, friends or

business partners. This practise is contrary to ethics of a procurement professional since it will not subjet him to the rightful decision making during the process of procurement.

**Extortion or Solicitation** is the demanding of a bribe, whether or not coupled with a

threat, if the demand is refused. Procurement professionals will oppose any attempt of

extortion or solicitation and are encouraged to report such attempts through available

formal or informal reporting mechanisms.

**Trading in Influence** is the offering or solicitation of an undue advantage in order to

exert an improper, real, or supposed influence.

**Laundering the proceeds of the corrupt practices mentioned above** is the concealing

or disguising the illegitimate origin, source, location, disposition, movement or

ownership of property and/or money, knowing that such is the proceeds of crime.

**Nepotism** is the use of authority or influence to show favoritism to relatives or friends

without merit. This violates the principles of ethics of procurement since the officer will favour his relatives and friends which brings in conflicting loyalty.

**Business gifts and hospitality**

The offer and receipt of business gifts and entertainment are sensitive areas for public

procurement professionals, despite being recognized as standard private sector business

practice. Public procurement organizations should develop a clear policy on accepting

business gifts and procurement professionals and suppliers must comply with any such policy as well as prevailing laws. Minimal guidelines include:

Not soliciting or accepting money, loans, and credits or prejudicial discounts, gifts,

entertainment, favors or services from present or potential suppliers which might influence or appear to influence a procurement decision/ process, this will make them to be in cross roads and fail to make the rightful decision.

Avoiding meals or other hospitality with suppliers, in this practise, the procurement officer may be convinced to accept favours from the supplier and compromise with the smooth flow of procurement process. The procurement officer will ofcourse be in dilema whwther to accept the favour or to follow the right channel.

Efforts to gain inside information about competitors that will benefit competition. This is normally done by the suppliers form the officers inorder to win the business.

Activities that allow buyers to gain personal benefits from suppliers.

Activities that manipulate suppliers to benefit the purchasing organization.

**Question 9**

Practise of nepotism. This is a situation where the purchasing profesional offers favours to his/her relatives/friends inorder to win a contract when business contract is being issued, this act is contrary to the professional code of conduct of the officer and this makes him guity of the act.

Accepting gifts from the suppliers. Here the purchasing officer tend to accept gifts be it in kind or monetary terms from suppliers. This is normally done by suppliers inorder to win favour from the purchasing professionals for the contract to be awerded to them incase of bid. This act is as well not acceptable in the professional codes of a purchasing professional.

Kick back mechanism. This is where the purchasing officer expects some rewards from the suppliers once the contract is awarded to the suplier, in this case it’s the purchasing professional to ask even sometimes by force from the suppliers. This is happening in the business world which is a bad act that violates the professional code of conduct of the purchasing proffesionals.

Leaking of information of bids to the suppliers. Here the profesional leaks some f the confidential information to the suppliers prior to the bid openning, this is normally done for the suplier to prior knowledge of what is required. This is to make the selected supplier to win the contract and the purchasing professional benefits from the company.

Use of one supplier for a long time without clear clarification

**Question 10**

Backdoor" buying and selling refers to an arrangement between a supplier and a customer that circumvents the customer's normal purchasing rules. Metaphorically speaking, the supplier is dealing with the company through the "back door" rather than at the front of the shop, where legitimate business gets done. Backdoor deals are problematic from an ethical standpoint, and in some cases may even be illegal.

Backdoor buying is most common in situations where organizations are supposed to obtain bids from multiple potential suppliers before making a deal. A supplier might get in through the back door by building a relationship with executives in the organization, who would then direct their purchasing agents to order from that supplier. Or a supplier could offer kickbacks to a purchasing agent, paying him under the table to choose that supplier. When there's a backdoor arrangement in place, the company might still field bids from other suppliers, but since the ultimate purchasing decision has already been made, it's doing so only for appearances' sake.

Poor quality. Here the buyer may tend to receive poor quality deliveries since right procedures are not followed, this compromises the quality of service that is expected from the supplier.

Incompetency, In this case there is likelihood of dealing with incompetent suppliers which at the end compromises the quality of service compared to when opend tendering was carried out

Inappropiate documentation since the right channel is not followed

Leads to unproffessionalism in the procurement process since there will be unethical behaviours that will crop in during the purchasing process