



# **GRETSA UNIVERSITY - THIKA**

**UNIVERSITY EXAMINATIONS  
JANUARY - APRIL 2021 SEMESTER**

**BACHELOR OF COMMERCE**

**COURSE CODE: BCBA 402**

**COURSE TITLE: BUSINESS ETHICS**

**DATE: 10 MAY 2021**

**TIME: 8:00 AM – 11:00 AM**

**INSTRUCTIONS TO CANDIDATES**

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

**CAUTION:** All exam rooms are under CCTV surveillance during the examination period.

## **SECTION A: COMPULSORY**

### **QUESTION ONE**

Makongeni Paradise Ltd is engaged in the hotel sector but has a reputation for confrontation with its employees and frequent industrial action. The Chairman holds the position of the Chief Executive Officer and has a very hands-on approach to management. The board of directors has justified its aggressive attitude to employees by arguing for the need to improve operational efficiency and cut labour costs in order to maintain profitability. The frequent industrial action causes great inconveniences to the organization and has an impact on the general public.

Conscious of the company's poor reputation and queries about good governance, the board of directors retained the services of Kiganjo Ltd, a Consultant, to consider ways of improving relationships between the Board and the company's shareholders, employees, customers and the public in general as well as enhancing good governance throughout the company.

A suggestion made, in a report, by Kiganjo Ltd, was that the board should adopt a Code of Corporate Governance. The Consultant has also suggested that financial reports and other statements published by the company should be improved, and need to be more "transparent". Finally, Kiganjo Ltd recommended that to promote good governance, the Company Secretary should be required to act as the "conscience of the company", and should report regularly to the Board on compliance and ethical issues, as a matter of good governance practice.

- a) Explain how the Company Secretary contributes to better practice in corporate governance, including the company secretary's role as the "conscience of the company". **[10 Marks]**
- b) Suggest how Corporate Governance could be improved at the level of Makongeni Paradise Ltd. **[10 Marks]**

Established in 1985, the Enron Corporation grew into a huge power, paper, and communications provider, and was hailed by Fortune magazine as America's most innovative company. However, in 2001, Enron was found to be loaded with debt and had no immediate hope of paying its creditors. This debt was hidden from the public through accounting fraud and other deceptive practices. Thousands of Enron employees had their retirement savings in Enron stock, which plummeted after the scandal was revealed. Ethical misconduct was directly responsible for the sudden downfall of the Enron.

- c) In your view, what single most critical ethical issue led to the collapse of Enron? Explain your choice. **[10 Marks]**
- d) Elaborate how you would bring your knowledge of ethical policies to mitigate the Enron-type scandals. **[10 Marks]**

## **SECTION B: ANSWER ANY THREE QUESTIONS**

### **QUESTION TWO**

- a) Bribery is one of the most common and controversial issues that multinational corporation face. According to you, why is bribery considered as a wrong act? **[10 Marks]**
- b) A whistleblower is a person, usually an employee, who exposes information or activity within a private, public, or government organization that is deemed illegal, illicit, unsafe, or a waste, fraud, or abuse of taxpayer funds. Explain four ways in which an organization can prevent itself from going to the extent of whistle blowing? **[10 Marks]**

### **QUESTION THREE**

- a) Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable—to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental. CSR initiatives are undertaken by companies because of the perceived benefits to businesses. Discuss. **[10 Marks]**
- b) Give five differences between justice and fairness in a business setting. **[10 Marks]**

### **QUESTION FOUR**

- a) Every organisation has its own organizational set up that incorporates various components. How does ethics fit in with the various components of an organisation set up? **[10 Marks]**
- b) Although there are arguments for business involvement in social activities, there are also arguments against. Discuss the arguments for and against social involvement of business. **[10 Marks]**

### **QUESTION FIVE**

- a) Discuss the different aspects/issues that might be included in the Code of Ethics? **[10 Marks]**
- b) An Ethical dilemma is a complex situation that often involves an apparent mental conflict between moral imperatives, in which to obey one would result in transgressing another. Critically analyze the steps while dealing ethical dilemma. **[10 Marks]**