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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2017/2018 ACADEMIC YEAR ONE**

**THIRD SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION**

**COURSE CODE: MBA 815**

**COURSE TITLE: BUSINESS ETHICS**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 06/08/18 TIME: 09.00-12.00 PM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other THREE (3) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of THREE (3) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

**Case study:** Mega Drug pharmacy

Claire is a management trainee at Mega Drug, a national retail pharmacy. She has only been there a month, which the store manager, Mr. Jones, seems to think requires that she must still learn every task from the ground up. So today, Claire is developing her management skills by restocking some shelves in the allergy section.

Claire doesn’t really mind. She knows that when she is running her own store, she will have to stock shelves on some days, especially if someone calls in sick, so it’s good practice plus, you get help customers who are looking for items and they are usually very grateful for your help.

As she is stocking the shelves, Claire notices that the quantities of named brand allergy medicines are much smaller than the company’s own label brand. She immediately brings it to Mr. Jones attention, fully expecting him to tell her to put out more of the name brands to balance out shelves equally.

However, Mr. Jones’s response catches Claire by surprise.

“Oh really? There must have been a stocking error in the store room- somebody didn’t fill the order requisition correctly,” said Mr. Jones. “The good news is, the company makes a lot more money on our own-label brand, so maybe running out of the name brands will encourage customers to give us a try.

“Not to worry,” he continued, “I would rather have one or two customers complain about an unavailable item than those profitable sales of our house brand. Leave the shelf stocked as it is.”

**QUESTIONS**

1. Mega drug advertises that it is a socially responsible organization that puts its stakeholders first. Is Mr. Jones being ethically responsible to his customers here? Defend your answer **[3 marks]**
2. Mr. Jones would rather have one or two customers complain about an unavailable item than lose profitable sales of Mega drug’s own brand. Is denying customers a choice of products a valid solution? In two clear points support your answer **[3 marks]**
3. What should Claire do now and why? **[3 marks]**
4. From the above case, explain four examples on how stakeholders can be negatively impacted by unethical corporate behavior. **[6 marks]**

**QUESTION TWO**

1. Differentiate between descriptive and prescriptive approach to business ethics **[2 marks]**
2. Define the term Business Ethics and explain its nature **[4 marks]**
3. With a relevant example explain in detail each of the three distinct types of corporate social responsibilities **[9 marks]**

**QUESTION THREE**

1. Point out three Principles available to you in resolving unethical dilemma. **[3 marks]**
2. Explain four **Clinches** employees often hear when faced with unethical dilemma. **[6 marks]**
3. Outline four types of ethical conflicts, which employees normally face in their routine work. **[6 marks]**

**QUESTION FOUR**

1. Underline any six rights of stakeholders. **[3 marks]**
2. Explain in brief the responsibilities of stakeholders. **[6 marks]**
3. Discuss four internal corporate control mechanisms you may apply in a newly established business enterprise. **[6 marks]**

**QUESTION FIVE**

1. Examine six advantages of applying business Ethics in business. **[3 marks]**
2. Outline four component factors that constitute corporate governance. **[6 marks]**
3. Discuss in detail any four major factors driving the need for improved corporate governance [**6 marks]**