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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR FOUR**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: 461**

**COURSE TITLE: BUSINESS ETHICS**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 03/04/2021 TIME: 3.00-5.00 PM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) 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)**

Ethics is a prime concern in marketing, and the areas of price, placement and promotion are no exception. Pricing refers to the way in which prices are set for consumers, considering the cost of inputs, distribution and overhead. Placement involves the strategic positioning of products within retail stores. Promotions involve short-term price discounts or giveaways. Each of these areas presents its own set of ethical dilemmas, challenges and legal guidelines to navigate.

Understanding the role of ethics in product price, placement and promotion in marketing can help you to stay on the right side of the law while developing a reputation for setting high ethical standards. Pricing ethics involves examining what constraints are needed on the pursuit of market share and profits when the actions of a company affect others adversely.

For example, a company that has a monopoly on a particular product with few, if any, directs competitor’s needs to think carefully about raising prices if the price change cannot be justified. Justification may be an increase in labor or material costs that can be demonstrated clearly to customers.

1. Define business ethics. **(**2 marks)
2. *Pricing refers to the way in which prices are set for consumers, considering the cost of inputs, distribution and overhead. Placement involves the strategic positioning of products within retail stores.* Discuss Ethical issues in pricing with relevant examples. (8 Marks)
3. Enumerate five importance of ethics in organisations (5 marks)
4. Cartels are drivers of unethical product pricing. Elucidate with relevant examples. (6 marks)
5. Write short notes on the concept “*collusive tendering*” (4 marks)
6. The most fundamental or essential ethical issues that businesses face today are integrity and trust. Justify this argument citing relevant examples. (5 marks)

**QUESTION TWO**

1. There are some basic principles of business ethics which lead the organization to the road of success. Explain five such principles. (10 marks)
2. Utilitarianism is an ethical theory that determines right from wrong by focusing on outcomes. Discuss giving relevant Examples (10 marks)

**QUESTION THREE**

1. Discuss four ways in which Human Resource Department can promote the culture of professionalism and integrity in an organization (8 marks)
2. Market research is the collection and analysis of information about consumers, competitors and the effectiveness of marketing programs. Explain four unethical practices in Market Research. (8 Marks)
3. Describe, with relevant examples, post-purchase Dissonance. (4 marks)

**QUESTION FOUR**

1. The shrinking role of Government is a major driver of Corporate Social Responsibility among private enterprises. Discuss. (8 marks)
2. According to some versions of laissez faire economics, the world would be a better place if everyone pursued their own self interests. Based on Ethical Egoism theory, justify this argument. (6 marks)
3. Whistle blowing is ethical under four conditions. Describe with relevant examples. (8 marks)

**QUESTION FIVE**

1. The *principles of doubt effect* consist of four conditions that must be satisfied before an act is morally permissible. Describe the conditions citing relevant examples. (8 Marks)
2. A **profit motive** is the motivation of firms that operate so as to [maximize their profits](https://en.wikipedia.org/wiki/Profit_maximization). The intent to achieve monetary gain in a transaction or material endeavour. Discuss Four Ethical issues common with profit motive arrangement. (8 marks)
3. A policy is a statement which underpins how human resource management issues will be dealt with in an organisation. It communicates an organisation’s values and the organisation’s expectations of employee behaviours and performance. Discuss roles played by policies in enforcing Ethical Behaviour in the workplace. (6 Marks)