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**GARISSA UNIVERSITY**

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

**FIRST 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: 05/04/2021 TIME: 3.00-5.00 AM**

**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)**

**case study:**

**Real- Time Ethical Dilemma**

I worked as a marketing manager in Belgium for a mid- sized engineering company. Total revenues for the company were $120 million. The company had recently gone public and, in two public offerings, had raised more than $60 million. The firm was organized into four distinct strategic business units, based on products. The group that I worked in was responsible for more than $40 million in sales. We had manufacturing plants in four countries.

Our plant in Belgium manufactured a component that was used in several products, which produced $15 million in revenue. However, these products were old technology and were slowly being replaced in the industry. The overhead associated with the plant in Belgium was hurting the company financially, so they decided to sell the facility. The unions in Belgium are very strong and had not approved the final sale agreement. After this sale, the workforce was going to be reduced by half. Those who were laid off were not going to receive full severance pay, which, in Belgium, could take several years, and then workers would receive only 80% of total payment---a drastic change from what is offered in the United States. I was surprised that our executives in the United States had stated that the sale agreement was more than fair— contrary to the union’s position. A strike was imminent; the materials manager was told to stock 10 weeks of product.

My ethical dilemma started after the strike began. Originally, the company thought the strike would not last longer than a couple of days. Instead of causing a panic among our customers, management decided to withhold information on the strike from our customers and sales force. I could understand the delay in telling our customers, but to withhold information from our sales force was, I believed, unconscionable. Inevitably, our inside sales representatives became suspicious when they called the Belgium plant to get the status of an order, and nobody answered. They called me, and I ignored the corporate request and informed them of the strike. When it became obvious that the strike was going to be longer than anticipated, I asked the vice presidents of marketing and sales about our strategy for informing the affected customers. They looked at me quizzically and told me to keep things quiet (“don’t open a can of worms”) because the strike should be over soon. In addition, they dictated that Customer Service should not inform customers of the strike and excuses should be developed for late shipments.

The strike lasted longer than 12 weeks. In this time, we managed to shut down a production line at Lucent Technologies (a $5- million customer) with only a couple of days notice and alienated countless other valuable and loyal customers. I did not adhere to the company policy: I informed customers about the strike when they inquired about their order status. I also told Customer Service to direct any customer calls to me when we were going to Miss-shipments. This absolved them of the responsibility to tell the customer.

We did not take a proactive stance until 11 weeks into the strike, when the vice president of sales sent a letter informing our customers about the strike— too little and much too late to be of any help. The materials manager was fired because he only stocked 10 weeks of product, even though management thought he should have been conservative with his estimates. Halfway through this ordeal, I updated my resume and started a search for a new job. It was clear that management was more concerned about their year- end bonus than doing the right thing for the long- term prospects of the company and its customers.

**Questions**

1. Do you agree with the writer’s decision to inform customers about the strike? Explain. (5 marks)
2. Did management have the right to withhold this information from customers?

Explain. (5 marks)

1. Explain what you would have done, and why, if you had been in the writer’s situation. (5 marks)
2. What should management have done in this case? (5 marks)

**QUESTION TWO**

1. Define the term ethics and explain how it is different from the Law (5 Marks)
2. Explain six principles of personal ethics essential for managers (6 marks)
3. Discuss any six ethical issues in human resource management today (9 Marks)

**QUESTION THREE**

1. Explain the nature of business ethics (5 Marks)
2. Explain any four arguments against corporate social responsibility (6 marks)
3. Discuss the importance of code of ethics in a working organization (9 marks)

**QUESTION FOUR**

1. Discuss five arguments in favor of Business Ethics (5 Marks)
2. Examine six factors that influence business ethics (6 marks)
3. Discuss six advantages of a corporate acting socially responsibly (9 marks)

**QUESTION FIVE**

1. Explain six important rules or principles of business ethics (6 Marks)
2. Explain six corporate Social Responsibilities of business towards the government (6 Marks)
3. With a relevant example, outline four differences between business ethics and corporate social responsibility (8 Marks)