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**UNIVERSITY EXAMINATIONS**  
**2020/2021 ACADEMIC YEAR**  
**FORTH YEAR SECOND SEMESTER EXAMINATIONS**  
**FOR THE DEGREE OF BACHELOR OF COMMERCE**

**COURSE CODE: BCB 420**

**COURSE TITLE: BUSINESS ETHICS**

**DATE: 07/10/2021**

**TIME: 2.00 – 4.00PM**

**INSTRUCTIONS**

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- Answer question ONE (1) (COMPULSORY) and any other TWO (2) questions
- This Paper Consists of THREE (3) Printed Pages. Please Turn Over.



## QUESTION 1: (30 MARKS)

### CASE STUDY: The Changing Environment

Organizations and individuals are embedded in and interact with multiple changing local, national, and international environments. These environments are increasingly merging into a global system of dynamically interrelated interactions among businesses and economies. We must “think globally before acting locally” in many situations.

- a. Identify and explain the environmental dimensions affecting industries, organizations and jobs. (10 marks)
- b.
  - i What is the Stakeholder Management Approach in the above dimension? (2 marks)
  - ii Highlight the key stakeholders in the case study above (4 marks)
  - iii Discuss the rights each one of the identified stakeholder in (ii) above have (4 marks)
- c. The survival of any organization and individuals largely depends on the relationships between the environmental dimensions with stakeholders and ethical policies. What benefits can an organization get as a result of such an engagement? (10 marks)

Q2 a. i. Before setting a price for the product, goods and services the manufacturer has to know the costs of running the business. What is item pricing? (2 marks)

ii. Discuss the rules that should be satisfied in item pricing (8 marks)

b. Is price-fixing ethical or unethical? Defend your answer (10 marks)

Q3 a. i. Business has become very competitive on how professionals are supposed to approach problems, the ethical principles based on the organization's core values and the standards to which the professional is held. With reference to the above, explain what code of ethical conduct to business is. (2 marks)

- ii. Discuss the functions of the ethical committee in a blue chip company (8 marks)
  - b Customer satisfaction is a vital factor in successful business strategy. What are the main responsibilities of business towards consumers? (10 marks)
- Q4 a While some companies believe there is a positive return on investment from CSR, others think measuring the bottom-line results is difficult. State FIVE arguments why some companies are against CSR (10 marks)
- b Whistle blowers in an ethical organization, go beyond their normal duties of work and report wrong doings in the interest of the public good. What steps can management use to encourage internal whistle blowers? (10 marks)
- Q5a Companies major objective is profit maximization. Discuss how organizations ethically accomplish their goals and mission to maximize on profits (10 marks)
- b The Kenya Constitution 2010 under the Bill of Rights protects employees. Explain how “right to due process” is the most critical right of an employee (10 marks)