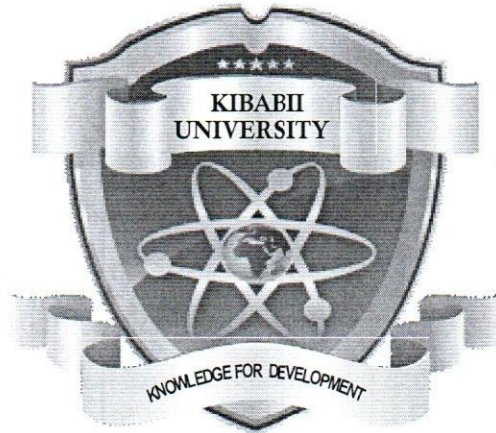


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# KIBABII UNIVERSITY



**SPECIAL/SUPPLEMENTARY EXAMINATIONS**  
**2017/2018 ACADEMIC YEAR**  
**THIRD YEAR FIRST SEMESTER**  
**FOR THE DEGREE OF BACHELOR OF COMMERCE**

**COURSE CODE: BCB 420**

**COURSE TITLE: BUSINESS ETHICS**

**DATE: 04/10/18**

**TIME: 11.30AM – 1.30PM**

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**INSTRUCTIONS TO CANDIDATES**

Answer Question ONE (compulsory) and ANY OTHER TWO questions

## QUESTION 1: (30 MARKS)

### *WORLD LARGEST OIL EXPLORING COMPANY – TULLOW OIL; Journal of the Tullow Oil Company*

In the first part of the 18<sup>th</sup> century, the Group Managing Director of Tullow oil plc. Sir Gregory Coke, concluded that a corporation was but an in personal creation of law – not a being, just a product of written rules and government was fiat. But times have changed. Sir Gregory could not have foreseen the results of the industrial revolution. He certainly did not foresee that 350 years after his pronouncements corporations would be the largest employers on earth, would generate the preponderance of the world's goods and services, and would be owned on a worldwide basis by millions of shareholders.

Although it may be true that Tullow oil remains an inanimate, being for legalistic purposes, the company has a very personal existence for its shareholders, employees, officers and directors. The success or failure of Tullow oil affects most of them during their working lives and may affect them during their retirement. And to the employees, officers and directors, Tullow oil reputation concerns their reputation as well.

No one can deny that in the public mind, corporation can break the laws and be guilty of unethical and immoral conduct. Events in the early 1970, such as corporate violations of federal law and failure of full disclosure convinced that both the government and the citizenry expect corporation to act lawfully, ethically and responsibly.

Perhaps it is then appropriate in today's context to think of Tullow oil as a living corporation, a sentient being whose conduct and personality are the collective effort and responsibility of its employees, officers, directors and shareholders.

- a) Since corporations are not HUMAN individuals, how can we hold the employees responsible for the wrong acts of a corporation? Explain. (5 marks)
- b) Identify key stakeholders to Tullow oil company raised in the case study. (4 marks)
- c) Discuss the right's each one of the stakeholders identified claim from Tullow oil company (6 marks)

- d) The survival of Tullow oil largely depends on the relationship with stakeholders and ethical policies. What benefits will Tullow Oil Company get as a result of such an engagement? (10 marks)
- e) A senior Director of Tullow oil has suggested the company to start a Foundation to spear head the CSR activities. What benefits will Tullow oil company get? (5 marks)
- Q2 a) i). With specific reference to a blue chip company which has ethical committee, explain a code of ethics. (2 marks)
- ii). Discuss the functions of the ethical committee in the blue chip company. (8 marks)
- b) i). Briefly explain the macro environmental factors that influence businesses in an organization (5 marks)
- ii). Discuss five ethical dilemmas faced by a Manager in an organization (5 marks)
- Q3 a) What is the ethical relativism? Explain by using at least one example. (10 marks)
- b) Is price-fixing ethical or unethical? Defend your answer (10 marks)
- Q4 a) Detail using examples how a stakeholder management approach would help you plan and or solve a Business ethical issue (10 marks)
- b) i) What do you understand by the concept of Corporate Social Responsibility? (2 marks)
- ii) Briefly explain four consumer's rights in business context (8 marks)
- Q5 a) Why is the "right to due process" the most critical right of an employee? (10 marks)
- b) i) Highlight the major business stakeholders in business setting (5 marks)
- ii) Whistle-blowers are employees of an organization that go beyond normal procedures & loyalty to their employer and report wrongdoing in the interest of the public good. Under what circumstances could they help to achieve their course?