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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR
FOURTH YEAR, FIRST SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 8th December, 2022
Time: 11.30am –1.30pm

KPS 401 - PURCHASING ETHICS

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

FedEX LIMITED COMPANY

Brian Njogu was just arriving back from lunch when his phone rang. It was his wife, Nina, calling from home. Nina told Brian that FedEx has just delivered a package addressed to her. The package contained a beautiful clock now sitting over the fire place. Infact, Nina said, “the clock looks absolutely beautiful on our living room fireplace”, Thinking the clock was from a family, Brian asked who sent the present. She said she did not recognize the name-the clock was from Mr. James Mwangi. Brian immediately told Nina that she had to repack the clock because it was from a supplier who had been trying to win business from Brian’s company. They definitely could not accept the clock. Nina was very upset and responded that the clock was perfect for the room and, besides, the clock came to their home, not to Brian’s office. Because of Nina’s attachment to the clock, Brian was unsure about what to do.

Required:

- a) Briefly give three measures that Brian should take into account regarding the clock delivered to his house. (6 Marks)
- b) Business dealings with suppliers must be fair and transparent. Explain three ways Brian’s company should conduct themselves with suppliers ethically. (6 Marks)
- c) Give two reasons why the supplier sent the clock to Brian’s home and addressed it to his wife. (4Marks)
- d) Does the mere act of sending the clock to Brian’s house mean that Mr. James Mwangi is an unethical salesperson? Explain your answer giving two reasons (4 Marks)
- e) Identify three codes of ethics for suppliers that James Mwangi could have put into practice. (6 Marks)
- f) Explain two approaches that may be used to solve an ethical dilemma. (4 Marks)

QUESTION TWO (20 MARKS)

- a) Explain **five** roles and application of ethics in purchasing and supplies management (10 Marks)
- b) Identify and explain five potential areas of risks relating to ethics in the procurement cycle. (10 Marks)

QUESTION THREE (20 MARKS)

- a) Discuss **four** emerging issues in purchasing ethics (8 Marks)
- b) Define the term code of ethics in purchasing and supply (2 Marks)
- c) Developing an ethical culture in purchasing and supplies function is an important initiative in sustenance and enhancement of organizations reputations. Explain five benefits of creating a code of ethics in an organization. (10 Marks)

QUESTION FOUR (20 MARKS)

- a) Social responsibility is a theory that is tied to ethics. Discuss five principles of social responsibility in purchasing and supply (10 Marks)
- b) Discuss five ways an organizations leadership and management can use to create an ethical culture. (10 Marks)

QUESTION FIVE (20 MARKS)

- a) Discuss five prime corruption practices in purchasing and supplies. (10 Marks)
- b) Explain five Chartered Institute of Purchasing and Supply (CIPS) code of ethics to procurement professional in purchasing and supply (10 Marks)