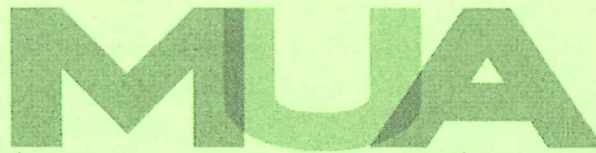


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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**

**SCHOOL OF MANAGEMENT AND LEADERSHIP**

**DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP**

**BML 203: CORPORATE LEADERSHIP AND ETHICS**

**DATE: 2<sup>ND</sup> APRIL 2024**

**DURATION: 2 HOURS**

**MAXIMUM MARKS: 70**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

**QUESTION ONE**

**Read the Case Study below carefully and answer the question**

**HARVEY BANKING SCANDAL**

Harvey was the darling of the banking industry, with some of the highest returns on equity in the sector and a soaring stock price. Top management touted the company's lead in "cross-selling": the sale of additional products to existing customers. "Eight is great," as in eight Harvey products for every customer, was CEO Lewis Milton. In September 2022, Harvey announced that it was paying \$185 million in fines for the creation of over 2 million unauthorized customer accounts. It soon came to light that the pressure on employees to hit sales quotas was immense: hourly tracking, pressure from supervisors to engage in unethical behavior, and a compensation system based heavily on bonuses.

Harvey also confirmed that it had fired over 5,300 employees over the past few years related to shady sales practices. CEO Lewis Milton claimed that the scandal was the result of a few bad apples who did not honor the company's values and that there were no incentives to commit unethical behavior. The board initially stood behind the CEO but soon after received his resignation and "clawed back" millions of dollars in his compensation.

Further reporting found more troubling information. Many employees had quit under the immense pressure to engage in unethical sales practices, and some were even fired for reporting misconduct through the company's ethics hotline. Senior leadership was aware of these aggressive sales practices as far back as 2014, with incidents as far back as 2021 identified.

The Board of Directors commissioned an independent investigation that identified cultural, structural, and leadership issues as root causes of the improper sales practices. The report cites: the wayward sales culture and performance management system; the decentralized corporate structure that gave too much autonomy to the division's leaders; and the unwillingness of leadership to evaluate the sales model, given its longtime success for the company.

**Required:**

- a) From the case study above, suggest five behaviors that that the leadership of Harvey can model in order to encourage ethical behavior at the organization. (10 marks)
- b) Evaluate six ways the leadership at Harvey can demonstrate ethical leadership in the Organization. (12 marks)
- c) Harvey did have some systems in place, like the ethics hotline, to report unethical behavior, but it didn't work. In the context of Harvey outline three steps leaders take to design systems that encourage ethical behavior rather than unethical behavior (3 marks)

## QUESTION TWO

- a) Evaluate the four main components of ethical leadership explaining how they influence good governance. (8 Marks)
- b) Power extends far beyond the formal authority that comes from a title. Describe the seven bases of power that leaders may leverage. (7 Marks)

## QUESTION THREE

- a) Discuss the five modes through which an ethical leader exercises authority. (10 marks)
- b) Evaluate the contribution of Immanuel Kant in making moral judgment (5 Marks)

## QUESTION FOUR

- a) Assess the FOUR major interpersonal antecedents of unethical behavior. (8 Marks)
- b) Describe the circumstances under which organizational culture change can take Place. (7 Marks)

**QUESTION FIVE**

- a) Power-oriented culture is a dimension of the organizational culture model. Discuss the advantages and disadvantages of power dimension. **(10 Marks)**
- b) Using illustrations discuss FIVE major situational factors that are known to contribute to the “perfect storm” of unethical leadership behavior. **(5 Marks)**

**QUESTION SIX**

- a) Evaluate seven functions of organizational culture. **(7 marks)**
- b) Assess four traits which can be identified with the charismatic leader **(8 marks)**