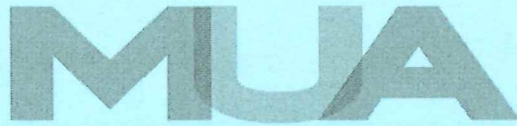


The
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POST GRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF MANAGEMENT AND LEADERSHIP

MML 5112: ETHICAL LEADERSHIP

DATE: 30TH JULY 2024

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE** is **compulsory**.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 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 questions that follow:

THE JOHNSON & JOHNSON TYLENOL CRISIS

Johnson & Johnson (J&J) is a multinational corporation founded in 1886, known for its broad range of pharmaceutical and consumer healthcare products. One of its most famous products, Tylenol, faced a severe crisis in the early 1980s that tested the company's ethical leadership.

In 1982, seven people in the Chicago area died after consuming Tylenol capsules that had been laced with cyanide. This led to widespread fear and panic, significantly tarnishing the brand's reputation. Tylenol, which held 35% of the over-the-counter painkiller market **at the time**, saw its market share plummet to 8%.

J&J's top priority was public safety. The company immediately alerted consumers across the United States, using the media to warn people not to consume any type of Tylenol product. Despite the significant financial loss, J&J recalled all 31 million bottles of Tylenol from the shelves, costing the company over \$100 million. This unprecedented recall was a clear demonstration of the company's commitment to consumer safety over profits. J&J maintained open lines of communication with the public and the media. CEO James Burke was transparent about the situation, explaining the **steps the company** was taking to address the crisis and ensure public safety. The company engaged with the media consistently, providing updates and information, which helped rebuild public trust. J&J introduced tamper-evident packaging, which became the new standard for the industry. This innovative move not only addressed immediate safety concerns but also set a benchmark for consumer product safety. J&J reinforced its commitment to its Credo, which prioritizes the needs and well-being of the people they serve - consumers, employees, and communities.

J&J's handling of the crisis is widely regarded as a textbook example of ethical leadership. The company's decisive actions, transparent communication, and commitment to consumer safety helped restore trust. Within a year, Tylenol regained a significant share of the market. The introduction of tamper-proof packaging influenced the entire pharmaceutical and consumer healthcare industry, leading to

widespread adoption of safer packaging practices. J&J took full responsibility for the crisis, even though the tampering occurred outside the company's control. The company-maintained transparency throughout the crisis, keeping the public informed and engaged.

J&J's actions were guided by its Credo, which emphasizes integrity and ethical conduct, particularly in putting the well-being of consumers first. By investing in tamper-proof packaging, J&J not only addressed the immediate crisis but also invested in the long-term safety and trust of its consumers. Ethical leadership involves proactive and immediate action in the face of a crisis, prioritizing public safety over short-term financial losses. Honest and open communication is crucial in maintaining and restoring public trust during and after a crisis. Ethical actions can lead to industry-wide changes, promoting higher standards of safety and responsibility. The Johnson & Johnson Tylenol crisis exemplifies ethical leadership through decisive action, transparent communication, and a commitment to consumer safety. J&J's response not only salvaged its brand reputation but also set new safety standards for the industry, demonstrating that ethical leadership is essential in navigating crises and building long-term trust.

Required:

- a) Imagine you are the CEO of a large pharmaceutical company, and a product contamination crisis similar to the Tylenol incident occurs. Describe step-by-step crisis management strategy that prioritizes ethical leadership. (10 Marks)
- b) Analyze five roles of transparent communication in Johnson & Johnson's handling of the Tylenol crisis. (10 Marks)
- c) Discuss five long-term impacts of Johnson & Johnson's decision to introduce tamper-proof packaging on the pharmaceutical industry (10 Marks)

QUESTION TWO

- a) Provide a critical analysis of the functions of moral leadership in marketing, finance, and human resource management. (10 Marks)

- b) Evaluate arguments made against utilitarianism as a theory of moral leadership (5 Marks)

QUESTION THREE

- a) In the context of a company facing a significant ethical dilemma, how can the rational decision-making model be employed to arrive at an ethical and effective resolution. (10 Marks)
- b) Imagine you are tasked with evaluating a new community project initiative launched by a company aimed at improving access to services in underserved areas. Analyze how you would apply five principles for ethical program evaluation to ensure the evaluation is conducted ethically and effectively. Provide specific actions and considerations for each principle. (5 Marks)

QUESTION FOUR

- a) Briefly examine how different ethical theories can be used to enforce ethical leadership in organizations. Provide examples of how each theory can guide leaders in making ethical decisions and promoting an ethical organizational culture. (5 Marks)
- b) Discuss the importance of organizational policies and regulations in ensuring ethical conduct and fostering a positive work environment. Provide examples of how well-defined policies and regulations contribute to organizational effectiveness, employee morale, and stakeholder trust. (10 Marks)