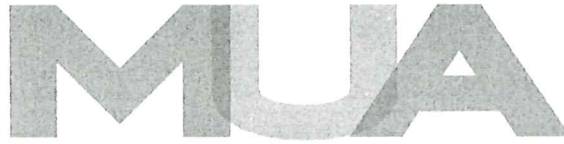


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

BML203: CORPORATE LEADERSHIP AND ETHICS

DATE: 15TH DECEMBER 2016

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 questions that follow:

PRIME FINANCIAL SERVICES LTD

Prime Financial Services Ltd (PFSL) was founded 25 years ago by Kenyan Entrepreneurs whose desire was to “transform the lives of low income earners in Kenyans socially and economically by availing affordable and easily accessible financial services.” Compared to other financial institutions in Kenya, PFSL’s profitability and growth has been average at best or mediocre at worst. In 2012, PFSL’s profitability declined by 40% compared to 2011 while approximately 35% of its branches experienced negative growth in deposits, loans and number of customers.

PFSL recently recruited Mr. P. Ojwang’ as their Chief Executive Officer and tasked him with turning around the organization over a three years period. Upon conducting an evaluation of the company, Mr. Ojwang’ has noticed the following;

- Some branches are located in areas that are not financially viable and would hardly make profits within the next 5 years. His predecessor opened the branches solely on grounds of ‘helping needy customers easily access financial services.’
- Many employees were employed by the previous CEO on ‘humanitarian’ grounds, are not competent for their roles and their productivity is low.
- Some employees, though qualified to work at PFSL, are serving in roles that they are not competent in.
- Customer satisfaction is low and is the main reason for decline in business growth.
- Main reason for customer dissatisfaction is employee incompetence.
- Over 80% of employees are from one ethnic community and this has contributed to nepotism. This may need to be addressed in order to improve customer satisfaction, employee morale and productivity.

Required:

- a) Briefly describe the ethical dilemmas that Mr. Ojwang’ may face in his turnaround efforts (15 marks).

- b) Giving moral justifications for your answer, indicate the courses of action that Mr. Ojwang' should take in light of the findings of his evaluation exercise (10 marks)

QUESTION TWO

- a) Explain the components of ethical leadership (8 marks)
- b) Explain the ethical principles guiding the roles played by various stakeholders in enhancing corporate governance (7 marks)

QUESTION THREE

Peter joined Universal Transport Company in 2015. During his stay there, he has noticed that managers regularly practice nepotism, bribery, sexual harassment and falsification of financial documents. He enquires from you why these evils are prevalent and how if at all the culture can change.

Required

Explain to Peter:

- a) The reasons which may explain why the company's managers are involved in the above mentioned practices (10 marks)
- b) How the culture can change (5 marks)

QUESTION FOUR

"Charismatic leaders are more prone to unethical practices and abuse of power than non-charismatics." Evaluate this statement in light of the following:

- a) The corrupting influences of power (10 marks)
- b) How corporate governance can prevent abuse of power (5 marks)

QUESTION FIVE

In the recent past, there has been raging debate in Kenya surrounding the following:

- a) Price of petrol, diesel and paraffin.

- b) Advertising of alcohol and contraceptives.
- c) Pollution of Lake Naivasha by flower farms operating in its neighbourhood.

Required

Explain the moral issues raised by the above issues in relation to the ethics of:

- a) Competition and marketing. (8 marks)
- b) Corporate social responsibility, (7 marks)

QUESTION SIX

- a) Explain the ethical and moral issues raised by the operations of Multi-national corporations (5 marks)
- b) Wangari was appointed Head of Human Resources as Mtumba Limited six months ago. She immediately embarked on a mission to implement a code of conduct upon discovering inconsistency in employee behavior. She has however experienced strong resistance during implementation. Explain to Wangari why she may be facing resistance to the code of conduct (10 marks)