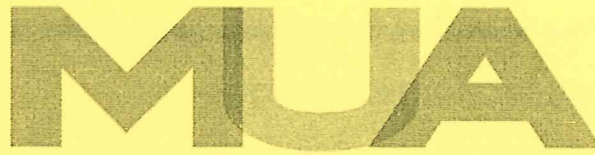


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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**  
**SCHOOL OF MANAGEMENT AND LEADERSHIP**  
**DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP**

**BML 203: CORPORATE LEADERSHIP AND ETHICS**

**DATE: 31<sup>ST</sup> JULY 2019**

**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:**

**SPOT MANUFACTURERS LIMITED**

Rodgers, the chief executive officer (CEO) of Spot manufacturers ltd was a worried man after reviewing the results of his company's first quarter results. The company had not declared dividends to its shareholders for two consecutive years and the board of directors had given Rodgers a final warning to either return a good profit or be separated with the company. Spot manufacturers limited has a very strong code of conduct that discourages any form of corrupt dealings, misleading advertisements, misrepresentation of financial information, misleading product labelling, gender discrimination, environmental degradation, drunkenness among others.

Spot manufacturers was operating in a very competitive environment characterized by high levels of product counterfeiting, cutthroat price competition and many informal businesses which were not paying necessary government levies

Rogers called a meeting of senior executives from finance, marketing, production, procurement and human resources. He informed them of the dismal first quarter performance and the fact that his employment contract was at stake and tabled a list of proposals to be considered. First he told the procurement manager to consider purchasing low quality materials from suppliers and the production manager to ensure the products were still labeled as though they had the same quality. To the marketing manager, he told him to consider giving some kickbacks to their key customers to increase their orders and also no to alter the advertisements despite the proposed low quality proposal. The finance manager was asked to consider removing depreciation expense from the accounts, abolish all allocations to corporate social responsibility activities and try to manipulate his figures as much as possible.

The human resource manager who is the custodian of the company's code of ethical conduct strongly objected to these suggestions and reminded everyone the

company's code of ethical conduct and how each one was expected to ensure employees working under them followed it. The marketing manager supported the human resource manager's stand and argued that such measures will damage the long-term reputation for their brands and hence long-term profitability and would pose serious health risks to their consumers. All the other managers objected to their CEO's suggestion.

The CEO was very upset by the turn of events and angrily told his managers he was very much aware of the company's code of conduct and did not need to be reminded. He further told them that securing his employment contract was more important than engaging in corporate social responsibility activities, consumer health or preservation of the company's brands' equity. He threatened to sack all of them and gave them two days to think through his suggestions and report back to him. However he cautioned them not to divulge the meetings deliberations to anyone inside or outside the company

**Required:**

- a) Define an ethical dilemma and explain two ethical dilemmas presented in the case (5 marks)
- b) Assess the CEO's (Mr. Rodgers) capacity to create a strong ethical organizational culture at Spot manufacturers limited (10 marks)
- c) Evaluate the extent to which you consider Rodgers an ethical corporate leader (10 marks)

**QUESTION TWO**

- a) Explain your understanding of the term organizational culture (3marks)
- b) Discuss **FOUR** elements of ethical culture in an organization (12 marks)

**QUESTION THREE**

- a) Although every employee is expected to act ethically at all times, the chief executive officer of an organization has even a bigger responsibility to act ethically. Explain why you think this is the case (6 marks)

- b) Discuss how companies can achieve competitive advantage by acting ethically  
(9 marks)

**QUESTION FOUR**

- a) Explain the term corporate governance (3 marks)  
b) Assess the contribution of an organization's code of conduct in enhancing integrity of employees. (12 marks)

**QUESTION FIVE**

- a) Define multinational corporation (3 marks)  
b) Discuss the importance of ethical behaviour by multinational corporations (12 marks)

**QUESTION SIX**

- a) Explain your understanding of the term corporate social responsibility (3 marks)  
b) Analyze the components of ethical leadership (12 marks)