

The
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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: DECEMBER 2025

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:

THE DOWNFALL OF A VISIONARY AT INNOVATESOLUTIONS

Innovate Solutions, a tech start-up, was the brainchild of its charismatic CEO, Alex Reyes. In its early years, the company flourished under Alex's ethical leadership. His purpose was clear and compelling: to create technology that genuinely improves people's lives. This vision was not just a slogan; it guided every decision. Alex championed a culture of shared knowledge, where ideas were debated openly, and even junior engineers felt their expertise was valued. He used his authority not to command, but to empower his teams, fostering an environment of immense creativity and trust. His primary modes of leadership were inspiration and facilitation; he set a powerful example of integrity and worked to support his employees so they could achieve their best.

The tide began to turn when a rival company, Quantum Leap, launched a competing product that quickly gained market share. This created a climate of intense environmental uncertainty and an overwhelming drive for competitive dominance at Innovate Solutions. The company's previous success made the board and Alex deeply anxious about losing their top position. This pressure acted as a catalyst on Alex's intrapersonal dynamics. His healthy confidence morphed into hubris and narcissism. The success he had cultivated led to a sense of entitlement; he began to believe the normal rules didn't apply to him. This was compounded by increasing success stressors and personal isolation, as he spent less time with his family and more time obsessing over Quantum Leap.

The critical incident occurred during a tense late-night meeting. A junior market analyst presented data suggesting that rushing their next product

to market would compromise quality and violate customer trust. Alex, feeling his authority challenged, publicly berated the analyst, stating, "We do what it takes to win. Period." This moment marked a clear shift in his leadership.

Following this, Alex's behavior became increasingly unethical. He started abusing his personalized power, viewing employees as mere instruments to achieve his goal of beating the competition. He used his charisma to manipulate stakeholders, promising features he knew were not ready. He dismantled the open culture, creating an inner circle of loyalists and shutting out dissenting voices, thereby eroding his accountability and support systems. He began using coercion, threatening project leads with demotion if they missed aggressive, unrealistic deadlines.

The followers within Innovate Solutions reacted in different ways. A group of senior managers became colluding associates, implementing Alex's agenda to protect their high status and bonuses. Their values and beliefs aligned with Alex's new win-at-all-costs mentality. The majority of employees, however, became passive bystanders. Fearing for their jobs and with a diminished sense of self-efficacy, they remained silent, even when they knew ethical lines were being crossed. This complicity, born of fear and a desire to remain in the "in-group," allowed Alex's unethical conduct to continue unchecked. Ultimately, Innovate Solutions launched a faulty product that led to a major data breach, shattering its reputation and leading to Alex's forced resignation.

Required:

- a) Analyze Alex Reyes' initial leadership style at Innovate Solutions using the four components of ethical leadership and explain how his early modes of exercising authority did reflect these components.

(10 Marks)

- b) The case describes a "perfect storm" of unethical behavior. Discuss how the interactive factors of the Leader, Followers, and Situational Context, along with a critical incident, contributed to Alex's downfall.

(10 Marks)

- c) Based on the case study, identify and explain two interpersonal dimensions that were prominent in Alex's leadership failure.

(5 Marks)

QUESTION TWO

- a) Explain the four key dimensions of ethical leadership and examine why an understanding of these dimensions is considered incomplete without considering the broader context in which a leader operates.

(7 Marks)

- b) Socrates posited that "people will naturally do what is good, if they know what is right" and that evil is a result of ignorance. Apply this Socratic principle to a modern corporate leadership scenario where a CEO makes a decision that harms the environment. Describe how Socrates would explain the CEO's actions, and what would he propose as a solution. **(8 Marks)**

QUESTION THREE

- a) Analyze the principle of "The Equitable Treatment of Shareholders" by discussing three specific mechanisms or rights designed to protect minority shareholders. **(9**

Marks)

- b) Analyze the seven bases of power that leaders can leverage and examine which three sources of power that are most frequently used, and which three are believed to be most important for the future?. **(6 Marks)**

QUESTION FOUR

- a) Evaluate the importance of a strong organizational culture and assess why a strong culture is considered a potential source of

competitive advantage, and highlight one specific positive outcome it can lead to regarding employees.

(9

Marks)

- b) Evaluate the practice of requiring directors to maintain minimum ownership levels of company equity and discuss one potential benefit and one potential drawback of such a policy.

(6 Marks)

QUESTION FIVE

- a) Evaluate the importance of the guideline on "Confidential Information" for directors of public organizations and discuss two specific prohibitions related to the use of confidential information.

(7

Marks)

- b) Critically evaluate the argument that a business's primary responsibility is to maximize shareholder profits against the broader obligations proposed by Corporate Social Responsibility (CSR). In your answer, refer to the role of different stakeholders and the potential benefits of a CSR strategy.

(8 Marks)

QUESTION SIX

A pharmaceutical research company has a "Code of Conduct" that was drafted by the HR department five years ago and is available on the company intranet. However, a recent employee survey revealed that most staff members, including research scientists, consider it an irrelevant document that only exists for legal protection. An employee on a clinical trial team has discovered evidence that a senior manager is consistently breaching the code's guidelines by pressuring researchers to ignore negative side-effect data to fast-track a new drug for approval. This constitutes a serious breach of research ethics and a potential abuse of human research subjects. The employee is aware of this breach but fears retaliation if they report it.

Required:

- a) Analyze two primary reasons why a code of conduct, like the one at this company, might fail to be an effective part of an organization's ethics initiative despite its existence. **(4**

Marks)

- b) Apply the twelve-step process for developing a code of conduct to recommend and justify three strategic steps the company's leadership should now take to create a new, effective code that addresses specific concerns like ethics in research and is integrated into the organizational culture. **(6 Marks)**

- c) Explain the ethical responsibility of the employee who witnessed this serious breach. In your answer, also discuss the reciprocal obligation the organization has towards employees who report such concerns, a concept often referred to as "whistleblowing".

(5 Marks)