



# **MAASAI MARA UNIVERSITY**

**REGULAR UNIVERSITY EXAMINATIONS**

**2020-2021 ACADEMIC YEAR**

**FOURTH YEAR FIRST SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS**

**BACHELOR OF SCIENCE IN FINANCIAL**

**ECONOMICS**

**COURSE CODE: ECF 4103**

**COURSE TITLE: BUSINESS VALUES, ETHICS  
AND GOVERNANCE**

**DATE: 8<sup>TH</sup> APRIL 2022**

**TIME: 11.00 AM – 1.00 PM**

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**INSTRUCTIONS TO CANDIDATES**

Question **ONE** is compulsory

Answer any other **THREE** questions

## **Question one.**

Read the case and answer the questions below.

### **“Just Do It”**

A team of young managers interviewed on their experiences in their organization describe a variety of situations in their new employment. Kimani working for a well-known consumer products company was told by his boss to make up data to support a new product introduction. When he began to object, his boss cut him off and said “just do it”. James, a financial analyst had calculated that the return on a significant investment at a refinery was approximately 12%. His boss explained to him that no project could be approved without a 25% return and told to him to redo his numbers and get them right. In another situation according to Jane, employees were asked or expected to overlook kickbacks schemes, fill out time sheets inaccurately (at consulting and accounting firms), overlook safety defects in products, ship products that clearly did not meet customer specifications, or find ways to fire employees in violation of company policies. In several cases young women managers interviewed reported that they were victims of sexual harassment, sometimes by their immediate superiors, and that they were later expected or asked to acquiesce in cover-ups of these incidents.

For most of the young managers, such situations proved to be “wake-up calls”- difficult, sometimes traumatic learning experiences in both personal and professional terms. One young woman, once she realized what was happening to her, said that her body felt as if the life had had been drained from it...., “I felt as if I were in a dream and trying very hard to awaken, but to no avail” others used these phrases; “I felt as if I was physically punched in the stomach,” it was shattering” “I was white-knuckled incensed at this slap in my face”. Most of them said that they frequently recalled the episode or thought about it whenever they confronted another difficult ethical situation. In general, the young managers believed that the situations they faced were crisis in their careers and important tests of their character. Despite these strong feelings the young managers were not cynics and did not blame the flaws of human nature for their predicaments. Few of them believed that the people who pressured them to act unethically were evil. Some, they believed, had been promoted to the “Peter principle” (whom you know basis) and had responsibilities they could not handle; others were facing personal difficulties; many were themselves under intense organizational pressure.

Indeed, most of the managers had optimistic views of human nature. For example, one of the interview questions asked “what % of people do their work honestly? What % are sleazy? What % are in-between – they want to be honest, and basically are, but may need help? A strong majority of the managers said that only a few people in their companies were fundamentally unethical. A clear majority believed that organizational

pressure – not character flaws had led people in their organizations to act unethically.

- I. What were the critical ethical issues faced by the young managers in the case above? **5mks**
- II. Making references to the case above and citing local examples discuss how pressure from above is a critical ethical concern to young managers in Kenya today **8mks.**
- III. Subjected to the case situation above, discuss how you would overcome the ethical issues  
**5mks**
- IV. Behaving ethically or unethically in an organization is determined by many factors. Citing relevant examples discuss the organizational factors that would determine the employee behavior  
**7mks.**

### **Question two**

- a) Employee relationships determine how one behaves in an organization. Using the appropriate diagram, discuss the nature of employee relations showing how it influences ethical behaviour.  
**10mks**
- b) Using appropriate examples, discuss how independent social audits enhance ethical behavior in an organization.  
**5 mks**

### **Question three**

Citing relevant examples, discuss the pillars of good governance in an organization **15mks**

### **Question four**

- a) The concept of corporate governance has become a major concern in many organizations globally. Citing appropriate examples, discuss the factors that drive the demand for corporate governance.  
**10mks**
- b) Discuss the factors that are likely to bring mistrust between employees and management.  
**5 mks**

### **Question five**

Citing appropriate examples discuss the following concepts drawn from organizational values and culture showing how they influence employee behavior.

- a) Ego-centric culture **3 mks**
- b) Conformity culture **3 mks**
- c) Honesty value **3 mks**
- d) Accountability value **3 mks**
- e) Customer focused value **3 mks**

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