



**MURANG'A UNIVERSITY COLLEGE**  
(A CONSTITUENT COLLEGE OF JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY)  
DEPARTMENT OF LIBERAL STUDIES

2015/2016 ACADEMIC YEAR:

END OF YEAR FOUR SEMESTER TWO EXAMINATIONS

UNIT CODE: HCOB 2502:

UNIT TITLE: BUSINESS AND SOCIAL ETHICS APRIL 2016

CLASS BCOM

MAIN EXAM

TIME: 2 HOURS

DATE: 26<sup>TH</sup> APRIL 2016

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INSTRUCTIONS

ANSWER QUESTION ONE AND ANY OTHER TWO

**QUESTION ONE (COMPULSORY)**

- A) Briefly define the term ethics (4mks)
- b) Differentiate the following terms :( 9mks)
- i )Hedonism
  - ii)Altruism
  - iii) Benevolence
- c) Identify and briefly explain six rational virtues (12marks)
- d) List 5 rules of the thumb that you should follow to maintain honesty and integrity in the work place (5marks)

## QUESTION TWO

- a) Describe four main rationalizations used to justify misconduct (12 marks)
- b) Describe the measures you would take to improve your organization's ethical climate.(8marks)

## QUESTION THREE

Write short notes to demonstrate your understanding of the following corporate social responsibility models:

- i. Ackerman's model (6marks)
- ii. Halal's model (4marks)
- iii. Carrol's model (10 marks)

## QUESTION FOUR

Chapter six of the Kenyan constitution is about leadership and integrity. Demonstrate its relevance in the management of business entities (20 marks)

## QUESTION FIVE

- a) Fuller's functionalist conception of law implies that nothing can count as law unless it is capable of performing law's essential function of guiding behavior. Identify the principles that a rule must satisfy in order to satisfy this function (8 marks)
- b) Describe the three theoretical commitments of Ronald Dworkin's third theory of law (12marks)



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INSTRUCTIONS

ANSWER QUESTION ONE AND ANY OTHER TWO

**QUESTION ONE (COMPULSORY)**

A) Briefly define the term ethics (4mks)

b) Differentiate the following terms :( 9mks)

i ) values

ii) virtues

iii) benevolence

c) describe the **Conflicts that arise between ethics and the law** (8 marks)

d) list and briefly explain 5 rules of the thumb that you should follow to maintain honesty and integrity in the work place 5marks

**QUESTION TWO**

You own a tax-preparation company with ten employees who prepare tax returns. In walking around the office, you notice that several of your employees spend a lot of time making personal use of their computers, checking personal e-mails, or shopping online.

After doing an Internet search on employer computer monitoring, respond to these questions:

Is it unethical for your employees to use their work computers for personal activities?  
2marks

Is it ethical for you to monitor computer usage? 2marks

Do you have a legal right to do it? 2marks

If you decide to monitor computer usage in the future, what rules would you make, and how would you enforce them? 14 marks

### **QUESTION THREE**

Describe four main rationalizations used to justify misconduct 12 marks

Describe the measures you would take to improve your organization's ethical climate. 8marks

### **QUESTION FOUR**

**Compare and contrast Christian ethics and Islamic ethics (12 marks)**

**What is value based decision making (8marks)**

### **QUESTION FIVE**

The bill of rights in the Kenyan constitution is described as the most progressive in Africa. Demonstrate its importance in work place ethics. (20 marks)

## **MARKING SCHEME ONE**

A) Ethics

Ethics is the branch of study dealing with what is the proper course of action for man. It answers the question, "What do I do?" It is the study of right and wrong in human endeavors. At a more fundamental level, it is the method by which we categorize our values and pursue them. Do we pursue our own happiness, or do we sacrifice ourselves to a greater cause? Is that foundation of ethics based on the Bible, or on the very nature of man himself, or neither?

**Bi) Altruism:** the moral doctrine that holds death as its moral standard. It holds sacrifice as the only good, and all things "selfish" as evil. According to altruism, it doesn't matter what you do, as long as it does not further your life it is considered good. The more consistently a person is altruistic, the closer their actions are to suicide. The consistent altruist will give up every bit of food he owns to other people because that is what he considers good, and die because of it.

**Bii) Hedonism** -- the spur of the moment instant gratification, doing whatever you feel like. Your life as your standard means acting in your rational self-interest. Rational self-interest takes into account the long-term effects of every action.

**Biii) Benevolence** is an act of kindness or an inclination to be kind. It's the quality of someone who volunteers in a soup kitchen, tutor's children for free, and helps old ladies cross the street.

Helping your grandmother with her groceries is an act of benevolence — as long as she doesn't pay you a dollar per bag. Letting your little sister have the last helping of ice cream shows benevolence. Benevolence is any kind act, but it can also describe the desire to do nice things.

## Rational Virtues

### Independence

Independence, or self-reliance is the virtue by which you are self-supporting in the sense that you consume nothing that you haven't earned. In a market economy, everyone lives by trade. This does not make independence impracticable. The virtue of independence is to provide one's own means of subsistence. This means either producing it directly, or indirectly by creating something that someone else wants. Dependence, in this case, would mean relying on charity or favors from friends or family. Or worse, theft in the form of direct stealing from others, or indirect theft through benefits by government.

### Productiveness

Man must achieve values in order to live. Productiveness is the virtue of achieving values. It is the fullest use of one's mind in seeking and achieving those values. Its primary use is in the creation of wealth. To live, men need physical wealth (meaning food, shelter, etc.) in order to survive. Wealth beyond the minimums is necessary to hedge against the uncertain future. The more wealth created and saved, the better chances one has of survival. Productiveness is the virtue of creating this wealth. It is directly responsible for the forwarding of one's life.

### Integrity

Integrity is the virtue of practicing what one preaches. Or more importantly, practicing what one believes is right. A 'man of principle' is not a man who understands a principle, but a man who understands, accepts, and lives by a principle. There are many reasons why integrity is a virtue.

### Pride

Pride is the virtue of respecting oneself. It is a human need to think highly of oneself. Without it, one would have no reason to trust one's ability to live. One would have no reason to accept that one's life is worthy of living.

Pride is often confused with arrogance. Both seem to evaluate oneself highly. The difference is fundamental, though. Pride is a rational evaluation of oneself. Arrogance is not. Pride requires one to think highly of one's accomplishments and abilities. But the accomplishments and abilities need to be worthy of the praise. Without them matching, the false pride will lead to self-hate when reality undermines the attempted illusion. If one's abilities are not as good as one would like to pretend, it is just a matter of time before they are genuinely tested, and the results will destroy the flimsy self-esteem.

## Justice

Justice is the virtue of treating people in accordance with their actions. It is applying the law of identity to people. All people are not equal. Some are good and some are evil and they must be treated accordingly.

Acting justly requires the willingness to judge. You must identify people and their actions as being good or evil and act on it. Justice is judging and acting on your judgment. But judging requires a standard of judgment, and that standard should be the same as your moral standard, man's life.

Benevolence

In his book, Unrugged Individualism, David Kelley describes how benevolence is not altruism and not simply a response to misfortune in others. It is the active pursuit of the enormous value that we can get from relationships with other people. Benevolence, as a major virtue, is key to living by the trader principle.

### 5 rules of the thumb

1. honest.
  2. Demonstrate integrity.
  3. Keep promises.
  4. Be loyal.
  5. Be responsible.
  6. Pursue excellence.
  7. Be kind and caring.
  8. Treat all people with respect.
- (Any 5)

### QUESTION TWO

### **a)common rationalizations for justifying misconduct:**

1. *My behavior isn't really illegal or immoral.* Rationalizers try to convince themselves that an action is okay if it isn't downright illegal or blatantly immoral. They tend to operate in a gray area where there's no clear evidence that the action is wrong.
2. *My action is in everyone's best interests.* Some rationalizers tell themselves: "I know I lied to make the deal, but it'll bring in a lot of business and pay a lot of bills." They convince themselves that they're expected to act in a certain way, forgetting the classic parental parable about jumping off a cliff just because your friends are.
3. *No one will find out what I've done.* Here, the self-questioning comes down to: "If I didn't get caught, did I really do it?" The answer is yes. There's a simple way to avoid succumbing to this rationalization: Always act as if you're being watched.
4. *The company will condone my action and protect me.* This justification rests on a fallacy. Betty Vinson may honestly have believed that her actions were for the good of the company and that her boss would, therefore, accept full responsibility (as he promised). When she goes to jail, however, she'll go on her own.

### **b)ways to improve an organization's ethical climate**

There are a number of measures you can take to improve your organization's ethical climate.

## **Empowerment**

One way to improve the ethical climate of your organization is to give employees more power over their work. If employees have an ethical code and more control over their work outcomes, they are likely to justify your trust in them to make the right decision. Empowerment also can produce better results from employees, such as more creative solutions to business problems, when implemented effectively. Give employees a reason to act more ethically and to be more innovative -- such as to keep their autonomy over their work -- and you will also increase your company's efficiency.

## **Communication**

Improve your communication policies and procedures so that information will flow more smoothly and frequently between employees and managers. For example, assign a manager, HR specialist or ad-hoc team to create a series of training scenarios that teach employees the right thing to do in common situations faced in your company. These scenarios will help managers communicate the expected ethical behaviors more clearly. In addition, make it easy for employees to report unethical behavior by contracting with an outside service to offer a toll-free reporting hotline, and make sure any allegations are investigated promptly.

## **Discipline**

You can't expect all employees to comply with the ethics policy without some kind of discipline. Enforce your consequences for violations of the ethics policy evenly, regardless of the offender's high or low status. If you don't have the time to do this, delegate the job to a manager or HR director. Be sure to maintain careful documentation of employee violations in case you get sued over disciplining or terminating an employee for an ethical violation.

## **Change**

As you look at employee behaviors and enforce your ethics policy, you might see patterns of unethical behavior. This might indicate that some rules and procedures need to be changed in the organization, even if it affects ways of doing things that save time or money or increase profits. From a business standpoint, the short-term losses should be outweighed by the resulting improvement in the long-term reputation of your business.

### **QUESTION THREE**

1. Carroll's model:

Carroll has proposed a three dimensional conceptual model of corporate performance. A firm has the following four categories of obligations of corporate performance: Economic, Legal, Ethical, Discretionary.

Firm being an economic activity, the main responsibility is economic alongwith complying with the legal responsibilities. Ethical responsibilities are norms which the society expects the business concern to observe even though they are not mandated by law. While discretionary responsibilities refer to the voluntary contribution of the business to the social cause like involvement in community development etc. Carroll points out that these four categories are not mutually exclusive and presented them as a pyramid of CSR.

## 2. Halal's model:

Halal's return on resources model of corporate performance points out that a firm can only attempt to unite the diverse interests of various social groups to form a workable coalition engaged in creating value for distribution among members of the coalition. Beyond a certain level of economic activity, the social issues at stake become conflicting.

Ackerman's model:

There are three phases.

The first phase is one when top management recognizes the existence of a social problem and acknowledges the company's policy by making it an oral or written statement. }

The second phase is characterized by the company appointing staff specialists to study the problem and provide recommendations. }

The third phase involves the implementation of the social responsibility programmes.

## QUESTION FOUR

- Ethics define conduct, honor, morality, guidelines for human actions, rules or standards, expected behavior
- Roots in ancient history, religion, law, social customs, and personal code of conduct
- Modern Perspective
  - Companies struggle when corporate values differ from employee values
  - Values are intrinsically desirable qualities
  - Can't learn morality by reading a treatise

- Principle of “witness of another”
- Ethics Codes and Guidelines
  - Protect professionals from themselves
  - Collect moral power
  - Theoretically set guidelines for ideal behavior
  - Realistically represent minimum standards of behavior
  - Less motivation to achieve higher standards after minimums have been met
  - Driven by societal climate and current events
- Components of Ethical Leadership
  - Begins when leaders perceive and conceptualize the world
  - Leaders role to guide human potential and achieve organizational aspirations
- Components of Ethical Leadership
  - Purpose
  - Knowledge
  - Authority
  - Trust
- Modes of Ethical Leadership
  - Applying the right amount of authority
  - Levels of intervention
    - Inspiration, facilitation, persuasion, incentives, force
  - Must use authority granted to achieve the purposes of the organization
  - Select the type of intervention

## **QUESTION FIVE**

Fuller's functionalist conception of law implies that nothing can count as law unless it is capable of performing law's essential function of guiding behavior. And to be capable of performing this function, a system of rules must satisfy the following principles:

- (P1) the rules must be expressed in general terms;
- (P2) the rules must be publicly promulgated;

- (P3) the rules must be prospective in effect;
- (P4) the rules must be expressed in understandable terms;
- (P5) the rules must be consistent with one another;
- (P6) the rules must not require conduct beyond the powers of the affected parties;
- (P7) the rules must not be changed so frequently that the subject cannot rely on them; and
- (P8) the rules must be administered in a manner consistent with their wording.

MARKING SCHEME TWO.

a)Ethics

Ethics is the branch of study dealing with what is the proper course of action for man. It answers the question, "What do I do?" It is the study of right and wrong in human endeavors. At a more fundamental level, it is the method by which we categorize our values and pursue them. Do we pursue our own happiness, or do we sacrifice ourselves to a greater cause? Is that foundation of ethics based on the Bible, or on the very nature of man himself, or neither?

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### **c) Conflicts Between Ethics and the Law**

Social workers generally agree that they should obey laws that clearly are essential for an orderly society. However, some practitioners argue that in some instances, blind obedience to the law can be shortsighted and harm clients, particularly when laws seem to be unjust.

Ethical decisions in social work that involve legal issues do not always involve ethical dilemmas, particularly situations where social workers' decisions are compatible with both legal and ethical standards. However, other situations produce difficult ethical dilemmas, particularly when social workers' decisions are compatible with legal standards but not consistent with prevailing ethical standards in social work, and practitioners' decisions are consistent with prevailing ethical standards in social work but not with legal standards. In some instances, social workers believe that actions the law permits or requires would violate ethical standards in social work or actions that would violate the law are necessary to comply with ethical standards in the profession.

These conflicts are among the most daunting circumstances social workers face. Compliance with legal expectations and requirements may conflict with social workers' understanding of ethical standards in social work, and compliance with ethical standards may lead to violation of the law.

There are no simple solutions to these ethical dilemmas. Thoughtful, principled, and reasonable social workers may disagree in these situations. Some social workers embrace the view that all laws should be obeyed, regardless of a social worker's personal opinion about their reasonableness. From this perspective, an orderly society requires strict obedience to laws;

otherwise, we risk social chaos. Social workers have a right to seek changes in the law, but they do not have a right to violate the law. In contrast, other social workers resist blind obedience to the law because of their belief that some laws are unjust and harmful. These social workers argue that professionals must use their professional judgment and, if necessary, engage in civil disobedience.

- D)1. honest.  
2. Demonstrate integrity.  
3. Keep promises.  
4. Be loyal.  
5. Be responsible.  
6. Pursue excellence.  
7. Be kind and caring.  
8. Treat all people with respect.  
9. Be fair.  
10. Be a good citizen  
(Any 5)

## QUESTION TWO

1. do not use a computer to harm other people.
2. do not interfere with other people's computer work.
3. do not snoop around in other people's computer files.
4. do not use a computer to steal.
5. do not use a computer to bear false witness.
6. do not copy or use proprietary software for which you have not paid (without permission).
7. do not use other people's computer resources without authorization or proper compensation.
8. do not appropriate other people's intellectual output.
9. think about the social consequences of the program you are writing or the system you are designing.
10. always use a computer in ways that ensure consideration and respect for your fellow humans.

## QUESTION THREE

**common rationalizations for justifying misconduct:**<sup>[9]</sup>

5. *My behavior isn't really illegal or immoral.* Rationalizers try to convince themselves that an action is okay if it isn't downright illegal or blatantly immoral. They tend to operate in a gray area where there's no clear evidence that the action is wrong.

6. *My action is in everyone's best interests.* Some rationalizers tell themselves: "I know I lied to make the deal, but it'll bring in a lot of business and pay a lot of bills." They convince themselves that they're expected to act in a certain way, forgetting the classic parental parable about jumping off a cliff just because your friends are. <sup>[10]</sup>
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## QUESTION FOUR

### CHRISTIAN ETHICS

Christian ethics in general has tended to stress the need for love, grace, mercy, and forgiveness because of sin. With divine assistance, the Christian is called to become increasingly virtuous in both thought and deed, see also the Evangelical counsels. Conversely, the Christian is also called to abstain from vice.

Christian ethical principles are based on the teachings within the Bible. They begin with the notion of inherent sinfulness, which requires essential atonement. Sin is estrangement from God which is the result of not doing God's will. God's will can be summed up by the precept: "Love God with all your heart, soul, mind, and strength, and your neighbor as yourself", commonly called the Great Commandment. Christian ethics are founded upon the concept of grace which transforms a person's life and enable's one to choose and act righteously. As sin is both individual and social, so is grace applied to both the individual and society. Christian ethics has a teleological aspect—all ethical behavior is oriented towards a vision of the Kingdom of God—a righteous society where all live in peace and harmony with God and nature, as envisioned in the Book of Isaiah. Specific ethical behaviors originate in the Old Testament's Ten Commandments, and are enriched by teachings in the Psalms and morals contained in historical accounts, see also Biblical law in Christianity.

Christian ethics is not substantially different from Jewish ethics, except in the exhortation to love one's enemy. Perhaps the greatest contribution of Christian ethics is this command to love one's enemies. It has been argued (see Chet Meyer's Binding the Strong Man, and John Yoder's The Politics of Jesus) that Jesus was waging a non-violent campaign against the Roman oppressors and many of his sayings relate to this campaign--turn the other cheek, go the second mile, etc. Understanding these commands as part of a larger campaign makes it impossible to interpret Christian ethics as an individual ethic. It is both an individual and a social ethic concerned with life here on earth.

Other tenets include maintaining personal integrity and the absence of hypocrisy, as well as honesty and loyalty, mercy and forgiveness, rejection of materialism and the desire for wealth and power, and teaching others in your life through personal joy, happiness and Godly devotion.

There are several different schema of vice and virtue. Aquinas adopted the four cardinal virtues of Aristotle (justice, courage, temperance and prudence), and added to them the Christian virtues of faith, hope and charity (from St.Paul, 1 Corinthians 13). Other schema include the Seven Deadly Sins and the Seven virtues. For more see Christian philosophy and Biblical law in Christianity.

## ISLAMIC ETHICS

The foundational source in the gradual codification of Islamic ethics was the Muslim understanding and interpretations of the mankind has been granted the faculty to discern God's will and to abide by it. This faculty most crucially involves reflecting over the meaning of existence, which, as John Kelsay in the *Encyclopedia of Ethics* phrases, "ultimately points to the reality of God." Therefore, regardless of their environment, humans are believed to have a moral responsibility to submit to God's will and to follow Islam (as demonstrated in the Qur'an and the Sunnah, or the sayings of Muhammad)

This natural inclination is, according to the Qur'an, subverted by mankind's focus on material success: such focus first presents itself as a need for basic survival or security, but then tends to manifest into a desire to become distinguished among one's peers. Ultimately, the focus on materialism, according to the Islamic texts, hampers with the innate reflection as described above, resulting in a state of jahiliyya or "ignorance."<sup>[35]</sup>

Muslims believe that Muhammad, like other prophets in Islam, was sent by God to remind human beings of their moral responsibility, and challenge those ideas in society which opposed submission to God. According to Kelsay, this challenge was directed against five main characteristics of pre-Islamic Arabia:<sup>[35]</sup>

1. The division of Arabs into varying tribes (based upon blood and kinship). This categorization was confronted by the ideal of a unified community based upon Islamic piety, an "ummah;"
2. The acceptance of the worship of a multitude of deities besides Allah - a view challenged by strict Islamic monotheism, which dictates that Allah has no partner in worship nor any equal;
3. The trait of muruwwa (manliness), which Islam discouraged, instead emphasizing on the traits of humility and piety;
4. The focus on achieving fame or establishing a legacy, which was replaced by the concept that mankind would be called to account before God on the day of resurrection;
5. The reverence of and compliance with ancestral traditions, a practice challenged by Islam — which instead assigned primacy to submitting to God and following revelation.

Muslims must be in control of their passions and desires.

Muhammad summarized the conduct of a Muslim when he said:

“My Sustainer has given me nine commands: to remain conscious of God, whether in private or in public; to speak justly, whether angry or pleased; to show moderation both when poor and

when rich, to reunite friendship with those who have broken off with me; to give to him who refuses me; that my silence should be occupied with thought; that my looking should be an admonition; and that I should command what is right.”

Fuller's functionalist conception of law implies that nothing can count as law unless it is capable of performing law's essential function of guiding behavior. And to be capable of performing this function, a system of rules must satisfy the following principles:

- (P1) the rules must be expressed in general terms;
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