



# MURANG'A UNIVERSITY OF TECHNOLOGY

## SCHOOL OF BUSINESS AND ECONOMICS

### DEPARTMENT OF COMMERCE

#### UNIVERSITY ORDINARY EXAMINATION

2017/2018 ACADEMIC YEAR

EXAMINATION FOR

BACHELOR OF COMMERCE

BCP 302/HPS 2310 – ETHICS IN PURCHASING AND SUPPLIES

DURATION: 2 HOURS

DATE: 20<sup>TH</sup> APRIL, 2018

TIME: 2.00- 4.00 P.M.

#### **Instructions to Candidates:**

1. Answer **Question 1** and **Any Other Two** questions.
2. Mobile phones are not allowed in the examination room.
3. You are not allowed to write on this examination question paper.

## SECTION A – ANSWER ALL QUESTIONS IN THIS SECTION

### QUESTION ONE

Monicah has just been hired by KKL Company Ltd to assist in the purchasing department. During hiring, the chief executive officer and the purchasing manager made it clear to her that she was coming into clean up the ethical aspect of the purchasing department. The department has three purchasing officers who report directly to the purchasing manager.

Though the human resource department did very well in the entire process upto the point of induction, her settling in has been a bit uncomfortable. The other purchasing officers don't allow her in their cubicles neither do they invite her to meetings with suppliers.

Monicah has noted that all three drive posh cars and never use the company's cafeteria for lunch. Mark, one of the purchasing officers, has not gone on leave for the last three years. The audit department has raised complaints of not being accorded the necessary assistance during audits by the purchasing departments.

There is a tendering process due next month for supply of 800 computers and computer consumables. Everyone in the department seems to be gearing up for the process working up to very late hours.

The CEO wants the process to bear a very high ethical standard like has never been witnessed in the company before. He therefore has scheduled a meeting for end month with the purchasing manager and Monicah to plan on the expected course of action. In preparation for the meeting next month, help Monicah prepare a write-up to:

- a) Discuss the potential warning signs of unethical practices by employees in the purchasing department (8 marks)
- b) Explain the obligations of the purchasing officers to the company (6 marks)
- c) Discuss the factors that affect purchasing ethics (6 marks)
- d) Discuss the tools and mechanisms to detect and manage unethical practices (6 marks)
- e) Explain the role of work ethics in the organization (4 marks)

## **SECTION B – ANSWER ANY TWO QUESTIONS IN THIS SECTION**

### **QUESTION TWO**

Murang'a County has decided to go against the norm and introduce ethics in its purchasing department. It has approached you to help it come up with and implement a purchasing and supplies code of ethics. With your expertise in ethics in purchasing and supplies, prepare a write up for the country discussing:

- a) The importance of ethics specifically in purchasing and supplies (10 marks)
- b) How to develop on ethical culture in purchasing and supplies (10 marks)

### **QUESTION THREE**

- a) The National Association of purchasing agents (NAPA) provides a framework that guides organisation when preparing their purchasing codes of ethics. Using the NAPA guidelines prepare a simple purchasing code of ethics for a company of your choice (10 marks)
- b) The written law of any business or practice emanates from and is largely influenced by personal ethics. Discuss this statement (10 marks)

### **QUESTION FOUR**

- a) The purchasing department plays an integral role in enabling the achievement of the organizational objectives by ensuring that the other departments have the equipment, tools, parts and materials they require to accomplish their daily tasks. To successfully achieve this, the purchasing department is guided by the six Rs of purchasing. Explain the six Rs of purchasing while attaching an ethical dilemma to each R that a purchasing executive could encounter in satisfying the Rs during purchasing (12 marks)
- b) Discuss the forms of questionable influences in the purchasing (8 marks)