

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 405: BUSINESS ETHICS

**STREAMS: BCOM (ODEL)
HOURS**

TIME: 2

DAY/DATE: WEDNESDAY 06/10/2021

11.30 A.M – 1.30 P.M.

INSTRUCTIONS

- **SECTION A-QUESTION ONE (1)- IS COMPULSORY**
- **SECTION B-ANSWER ANY OTHER TWO QUESTIONS**

SECTION- A

QUESTION ONE (1)- IS COMPULSORY (30 MARKS)

Market watchdog fines LPG dealers for price fixing.

The Competition Authority of Kenya (CAK) has penalised a group of companies dealing in cooking gas for colluding to set prices.

The Energy Dealers Association, a lobby for medium-sized Liquefied Petroleum Gas marketing firms, has paid Sh408,000 after its members came up with a formula to determine retail prices.

This was in a bid to reduce competition among themselves and in turn guarantee themselves higher margins, but to the detriment of consumers.

Though members of the association had not yet implemented the rules, CAK found them to be in contravention of sections 21 and 22 of the Competition Act of 2010.

“CAK has entered into a settlement agreement with the Energy Dealers Association after the authority finalised investigations of alleged engagement in certain restrictive trade practices,” said the watchdog in a public notice yesterday.

“Specifically, the association was found to have advocated for the enactment of Energy Dealers Association Rules, 2019 with the objective inter alia of recommending a pricing formula to its members. This contravenes the provisions of sections 21 and 22 of the Act.”

CAK said under the settlement agreement, the association paid a financial settlement of Sh408,000 and further gave a written undertaking to desist from any anticompetitive conduct “and shall also put in place a competition compliance programme to sensitise its members and their staff on the Competition Act.”

Section 21 of the Act prohibits businesses from undertaking restrictive trade practices such as price-fixing and others that are deemed to prevent, distort or restrict competition.

Section 22 prohibits lobbies, such as the Energy Dealers Association, from recommending wholesale or retail prices and margins to their members.

The dealers association has 32 members, according to a statement issued by CAK.

REQUIRED.

QUESTION ONE

- A.)** Explain what should LPG objective be in responding to market dynamics (10 Marks)
B.) Discuss what should LPG do? Justify your answer. (10 Marks)
C.) Discuss the different points of view from which to approach the situation? (10 Marks)

SECTION B-ANSWER ANY OTHER TWO QUESTIONS

QUESTION TWO

- A.)**Discuss the system development ethical theory in business ethics. (10 Marks)
B.)As a newly appointed chief executive officer, explain to management on ethics of disclosure violation in finances. (10 Marks)

QUESTION THREE

- A.)**As the Managing Director, discuss how you will handle restructuring and lay offs in Human resources management. (10 Marks)
B.)As the General Manager, discuss the unethical issues in sales management. (10 Marks)

QUESTION FOUR

- A.)**You have been invited to a conference to present a paper entitled 'Corporate social responsibility'. (10 Marks)
B.)As a Manager, prepare a presentation entitled, 'what makes a great code of conduct'. (10 Marks)

