

CHUKA



UNIVERSITY

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ODEL

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 405: BUSINESS ETHICS

STREAMS:Y4S1

TIME: 2 HOURS

DAY/DATE: TUESDAY 30/03/2021

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)

Blow for BAT as Health CS Kagwe declares Lyft illegal

Lyft, a nicotine pouch brand that is being marketed locally.

Health Cabinet Secretary Mutahi Kagwe has declared the registration of nicotine pouches, including BAT's popular product Lyft, illegal and wants them deregistered.

According to a directive communicated to the Pharmacy and Poisons Board, he reckons that licencing of nicotine pouches by the agency contravened the law.

The ban follows intense lobbying by parents and anti-tobacco groups to have the Ministry of Health ban Lyft.

The Kenya Tobacco Control Alliance (Ketca) had raised concerns that Lyft is easily accessible and being abused by minors.

"A product that is highly addictive, which poses health risks, should not be sold freely. We want the nicotine product heavily taxed and regulated, just as we handle other tobacco products," said Ketca chairman Joel Gitali.

Lyft is a nicotine pouch marketed by British American Tobacco (BAT) Kenya as an alternative to cigarettes for addicted smokers.

The product has been gaining popularity since being introduced into the market late last year.

It is sold over the counter in supermarkets and local shops at Sh20 a pouch.

While pouches are marketed as a safer alternative for smoking addicts who want to quit the habit, nicotine is still a highly addictive substance.

Quick high

Many users say it gives one a high in a very short span, from the time it is placed in the mouth and when it takes effect.

The effects are further heightened if one is taking alcohol.

“We want the product to be banned as Uganda did,” said Ketca.

According to the lobby, there is insufficient data to show that the pouches are a less risky alternative to cigarettes.

Mr Gitili had accused the Pharmacy and Poisons Board of allowing the availability of the nicotine products in supermarkets and chemists.

"When you talk to Ministry of Health officials, they say they are not aware how it got registered," he said.

If it was designed for smokers trying to quit the habit, then it should only be accessible on prescription of a doctor, said the Ketca official.

Risk of addiction

Recently, parents urged the government to carry out more tests on the nicotine product, expressing concern children were abusing it.

National Parents Association Chairman Nicholas Maiyo warned that children might become addicted because there are no restrictions on sale of the product.

“Currently, there are no restrictions on age. We demand that the government conducts tests on this drug,” he said.

BAT announced early this year that it would build a Sh2.5 billion factory in Nairobi to produce the nicotine pouches.

However, BAT Kenya Head of Corporate Affairs Caroline Mavuti has indicated in a recent interview with Nation that Lyft is a tobacco-free modern oral nicotine pouch.

“It is made from high-quality ingredients, including pharmaceutical grade nicotine, water, eucalyptus and pine tree fibres, flavouring and sweeteners,” said Ms Mavuti.

Required.

QUESTION ONE

1/A). What are the different points of view from which to approach the situation? (10 Marks)

1/B). What should BAT objective be in responding to market dynamics. (10 Marks)

1/C). Explain BAT’s responsibility in their management?. (10 Marks)

SECTION B-ANSWER ANY OTHER TWO QUESTIONS

QUESTION TWO

2/A). Explain consequentialist ethical theories in business ethics. (10 Marks)

2/B). Discuss how you will uphold an ethics policy within the procurement department. (10 Marks)

QUESTION THREE

3/A). Discuss the concept of Price Gouging in business ethics. (10 Marks)

3/B). As a human resources manager, explain how you will safeguard the company reputation. (10 Marks)

QUESTION FOUR

4/A). Discuss Ray Anderson chart of corporate social responsibility model in business ethics. (10 Marks)

4/B). Explain the ethics of disclosure violations in Finances. (10 Marks)

