
CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

CHUKA, EMBU, THARAKA & IGEMBE CAMPUSES

**EXAMINATION FOR THE AWARD OF DIPLOMA IN BUSINESS MANAGEMENT
AND PROCUREMENT & LOGISTICS MANAGEMENT**

DIBM 0218: BUSINESS ETHICS

STREAMS: DIP Y2S1

TIME: 2 HOURS

DAY/DATE: MONDAY 6/08/2018

2.30 P.M - 4.30 P.M.

INSTRUCTIONS:

- **Answer Question ONE and any other TWO**

SECTION A

QUESTION ONE (COMPULSORY) [30 MARKS]

Outcry over smuggling of macadamia

High demand for macadamia nuts has sparked renewed war between traders and processors, with the latter calling for vigilance to weed out cartels smuggling the commodity out of the country.

Due to the high demand, farmers earned peak farm gate prices of between Kshs.180 and Kshs.200 this season, the highest ever.

But processors said they are operating at about 50 per cent of their expected capacity this year due to smuggling of raw nuts through Tanzania by illegal traders.

The government banned the export of all raw nuts in 2009, but it did not create proper enforcing mechanisms to deter the illegal trade. Some traders are now exploiting this loophole by acquiring trading licences, which they use to buy raw macadamia nuts from farmers through middlemen.

They then use a well co-ordinated syndicate involving government agencies, traders and brokers to smuggle the nuts to China through Tanzania, according to the Nut Processors Association of Kenya (NutPAK). The processor's lobby estimates the number of such traders to have risen to over 20.

DIBM 0218

Once the consignment gets to Tanzania, according to NutPAK, a Certificate of Origin is issued to the traders to enable them to export the commodity to China.

NutPAK Chief Executive Officer, Charles Muigai said export of raw nuts poses a serious threat to the industry and if not addressed, it might bring it down.

To forestall this, a multi-agency initiative involving NutPAK, Agriculture and Food Authority (AFA), Customs and Criminal Investigations Department is offering vigilance to make sure nuts they believe are held in various warehouses are not shipped out.

However, according to Mr. Muigai, the initiative needs more government support.

He said the team recently intercepted a consignment of eight containers of raw macademia nuts at the Namanga border crossing point. Shimoni, he added, is also a common route to sneak raw nuts to Tanzania.

“There is a very strong cartel aided by corruption that has compromised several agencies in the chain that turn a blind eye to these smugglers,” Mr. Mungai said.

Following the ban of export of raw nuts, production has gone up from 9,000 tons in 2009 to the current 40,000 tons. In a span of 10 years, the number of processors has gone up from three to 30, according to Mr. Muigai.

Traders’ Association of Kenya (Nutak) is asking the government to repeal Section 43 of Fisheries and Food Authority Act that bans the export of raw nuts, except when authorized by Agriculture Cabinet Secretary.

Required:

- (a) Discuss any five strategies the government should undertake to assist macademia farmers. [10 Marks]
- (b) Explain any four initiatives the farmers can take to uplift her socio economic conditions. [10 Marks]
- (c) What will you do to make a difference in our Chuka and Embu community using your vast knowledge in business ethics. [10 Marks]

SECTION B: ANSWER ANY OTHER TWO QUESTIONS

QUESTION TWO

- (a) One of the major socio and economic challenges in Kenya today is corruption practices especially in the public service. Identify and explain any five (5) strategies the government has put in place to address the issue of corruption. [10 Marks]
- (b) Discuss the Nolan seven principles for public officers. [10 Marks]

QUESTION THREE

- (a) Discuss some emerging themes in unethical finances affecting many business leaders. [10 Marks]
- (b) Explain the emerging ethical concerns in the field of marketing that affects business growth in Chuka and Embu. [10 Marks]

QUESTION FOUR

- (a) Describe the ethical issues that arise in the workplace and suggest how each of the issues may be resolved by managers. [10 Marks]
- (b) You have been asked to prepare a presentation to owners of small and medium enterprises in Chuka and Embu on the importance of business ethics to managers. Explain the areas that you would cover in the presentation. [10 Marks]

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