

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

FOURTH YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR
OF PURCHASING AND SUPPLIES MANAGEMNET/BACHELOR OF
PROCUREMENT AND LOGISTICS MANAGEMENT

BPSM 403/BPSM 412: ETHICS IN PROCUREMENT AND SUPPLIES

STREAMS: BPSM Y4S2, BCOM Y4S2

TIME: 2 HOURS

DAY/DATE: MONDAY 9/04/2018

8.30 A.M - 10.30 A.M.

INSTRUCTIONS:

- Answer Question ONE (COMPULSORY) and any other TWO Questions.
- Arrange your work neatly and indicate the questions answered in the exam booklet
- Marks are shown at the end of each question.
- Do not write anything on the question paper

QUESTION ONE [30 MARKS]

Case Study: Purchasing Ethics. [30 Marks]

J.R accepted a position at Cripple Creek Vocational University and he and his family made a permanent move. Soon, J.R was promoted to Administrative Vice President, overseeing the purchasing department of the University. His oldest son, Jim, got a good job in educational equipment sales at Tiddley Computer Corporation in Fort Worth.

As Vice President, J.R quickly saw the need for 4 to 5 computer in his office. Although CCVU had a bidding policy, J.R purchased Tiddley Corporation's computers direct from Tiddley for about \$3500 each, when IBM clones were selling for around \$2000 and the clone had more promising features than the Tiddley. Jim handed the sale and received a healthy commission on the sale. If the purchases had gone through the normal bidding process, the TC model would not have been selected. Tiddley's local Cripple Creek franchise dealer objected to Tiddley Corporation that his protected franchise had been bypassed in the deal.

Questions:

- (a) Since J.R was over the purchasing department and had final decision authority, should purchasing have gone through the normal bidding routine? [5 Marks]
- (b) Is it acceptable for a V.P to bypass the normal routine to do business with family member? [5 Marks]

BPSM 403/BPLM 412

- (c) Was J.R's decision not to request bids an ethical choice? [5 Marks]
- (d) What should the college purchasing agent do? [5 Marks]
- (e) Should anyone else at CCVU have any interest in this activity? [5 Marks]
- (f) Has Tiddley's Cripple Creek franchise owner been wronged? [5 Marks]

QUESTION TWO [20 MARKS]

- (a) Discuss five main function of a procurement code of ethic in Kenya. [10 Marks]
- (b) Discuss five ethical issues that may arise at the post contract award stage in the procurement process. [10 Marks]

QUESTION THREE [20 MARKS]

- (a) Explain using relevant examples five types of ethical issues evident in our country today. [10 Marks]
- (b) Describe five strategies that an organization may adopt to promote ethical behavior in the procurement department and the organization as a whole. [10 Marks]

QUESTION FOUR [20 MARKS]

- (a) Ethics is a global issue. To what extent do you agree with this statement? [10 Marks]
- (b) Ethics contribute to the competitive advantage of enterprises. Discuss. [10 Marks]

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