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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR  
FOURTH YEAR, FIRST SEMESTER EXAMINATION  
FOR THE DEGREE OF BACHELOR OF SCIENCE  
(BUSINESS ADMINISTRATION)

Date: 18<sup>th</sup> April, 2024  
Time: 11.30am – 1.30pm

**KPS 401 - PURCHASING ETHICS**

**INSTRUCTIONS TO CANDIDATES**

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**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

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**QUESTION ONE (30 MARKS)**

**CASE STUDY**

**ETHICAL DILEMMAS IN THE KENYAN FASHION INDUSTRY**

**Company:** Maisha Fashions, a rapidly growing Kenyan clothing brand known for its vibrant, ethically-sourced textiles and commitment to sustainability.

**Situation:** Maisha is expanding its production line and needs to source a large quantity of cotton fabric. They have two options:

**Option 1: Local Sourcing:**

- Partner with a small cooperative of Kenyan cotton farmers who employ fair labor practices and prioritize sustainable farming methods.
- Cotton quality is slightly lower and production lead times are longer due to the cooperative's limited capacity.
- Price is higher than the imported option.

**Option 2: Import:**

- Partner with a large international textile manufacturer offering competitive prices and faster turnaround times.
- The manufacturer's labor practices have raised concerns in the past, with reports of unsafe working conditions and low wages.
- Environmental impact of production and transportation is less transparent.

**Additional factors:**

- Maisha's marketing heavily emphasizes its ethical and sustainable practices.
- The company is facing increased pressure to lower production costs to remain competitive.
- Consumers are increasingly demanding transparency and ethical sourcing from clothing brands.

### **Dilemmas:**

- **Corporate Social Responsibility:** Does prioritizing local sourcing and supporting Kenyan farmers outweigh concerns about cost and efficiency?
- **Conflict of Interest:** The international manufacturer has offered a significant "incentive" to secure the contract. Does accepting this incentive constitute bribery?
- **Fairness and Transparency:** How can Maisha ensure fair treatment of workers throughout the supply chain, regardless of sourcing location?
- **Product Safety and Consumer Protection:** How can Maisha guarantee the safety and quality of imported fabrics without direct oversight?
- **Labor Rights and Working Conditions:** How can Maisha balance its commitment to ethical labor practices with the realities of global competition?
- **Environmental Impact:** How can Maisha assess and minimize the environmental impact of both sourcing options?

### **Questions;**

- a) Analyze the potential positive and negative impacts of each sourcing option on Maisha's brand reputation and consumer trust. (6 marks)
- b) Discuss the ethical implications of accepting the "incentive" offered by the international manufacturer. Considering Kenyan anti-bribery laws and regulations, what steps should Maisha take? (4 marks)
- c) Explain how Maisha could incorporate transparency measures into its procurement process to ensure fairness and accountability throughout the supply chain. (5 marks)
- d) Describe possible methods for Maisha to assess and mitigate the risks associated with product safety and quality for imported fabrics. (5 marks)
- e) Based on the information provided, how can Maisha balance its ethical commitments to fair labor practices with the economic realities of competing in the global fashion industry? (5 marks)
- f) Propose a framework for Maisha to evaluate the environmental impact of each sourcing option, considering aspects like carbon footprint, water usage, and waste generation. (5 marks)

### **QUESTION TWO (20 MARKS)**

- a) How might a utilitarian approach differ from a deontological perspective when making a purchasing decision in a business context? (6 marks)
- b) Discuss the importance of whistle-blowing mechanisms in creating a culture of transparency and accountability in the context of unethical purchasing practices. (6 marks)
- c) Discuss the ethical responsibilities of a company when faced with a situation requiring a product recall, and how this aligns with consumer protection. (8 marks)

**QUESTION THREE (20 MARKS)**

- a) What ethical challenges might arise in the use of e-procurement and online auctions. (6 marks)
- b) Discuss the essential ethical competencies professionals in purchasing should develop to navigate complex ethical challenges in their careers. (6 marks)
- c) In what ways can a company advocate for and ensure fair wages and working conditions for employees within its supply chain? (8 marks)

**QUESTION FOUR (20 MARKS)**

- a) Provide examples of how a procurement process could be designed to prevent preferential treatment and ensure fairness. (6 marks)
- b) How can an organization ensure compliance with anti-bribery laws while conducting international business, where legal frameworks may vary? (6 marks)
- c) Discuss the challenges and benefits of implementing green procurement strategies, considering both environmental and economic perspectives. (8 marks)

**QUESTION FIVE (20 MARKS)**

- a) In what ways does ethical purchasing contribute to the overall goal of an organization? (6 marks)
- b) Explore the ethical implications of utilizing artificial intelligence in procurement decisions. (6 marks)
- c) Discuss the ethical dilemmas companies may face in international sourcing and how cultural differences impact ethical practices in the global marketplace. (8 marks)