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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR**  
**FOURTH YEAR, FIRST SEMESTER EXAMINATION**  
**FOR THE DEGREE OF BACHELOR OF SCIENCE**  
**(BUSINESS ADMINISTRATION)**

Date: 16<sup>th</sup> August, 2023  
Time: 11.30am –1.30pm

**KPS 401 - PURCHASING ETHICS**

**INSTRUCTIONS TO CANDIDATES**

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

**QUESTION ONE (30 MARKS)**

**SMART TECHNOLOGIES COMPANY**

Ruth Wanjiru thought that at long last, her company, Smart Technologies, was about to win a major contract from Tech Instruments. Tech, a maker of measuring instruments, was sourcing a large contract for component subassemblies. The contract that Smart Technologies was bidding on was worth at least ksh.2.5 million annually, a significant amount given Smart Technologies annual sales of ksh.30 million. Her team had spent hundreds of hours preparing the quotation and felt they could meet Techs requirements in quality, cost, delivery, part standardization and simplification. In fact, Ruth had never been more confident about a quote meeting the demanding requirements of a potential customer. They submitted the quotations to Tech Instruments.

Patrick Otieno, the buyer at Tech Instruments responsible for awarding this contract, called Ruth and asked to meet with her at his office to discuss the specifics of the contract. When she arrived, Ruth realized that the conversation was not going exactly she had expected. Patrick informed Ruth that Smart Technologies had indeed prepared a solid quotation for the contract for them to win they had to give him some substantial amount of money. However, when he visited Smart's facility earlier on a prequalifying visit, he was disturbed to see a significant amount of competitor's product being used by Smart Technologies. Patrick explained his uneasiness with releasing part plans and designs to a company that clearly had involvement with a competitor. When Ruth asked what Tech could do to minimize uneasiness, Patrick replied that he would be more comfortable if Smart no longer used the competitor's equipment and used Tech equipment instead. Ruth responded that this would mean replacing several hundred millions worth of equipment. Unfazed/ unperturbed, Patrick simply asked her whether or not she wanted the business. Lisa responded that she needed some time to think and that she would get back to Patrick in a day or so.

**Questions;**

- a) Do you think the buyer at Tech Instruments, Patrick ,is practicing unethical behavior? Give reasons. (6 Marks)
- b) What is the term for this behavior portrayed by Patrick and defend why you think it is ethical or unethical behavior (6 Marks)
- c) After being called and given conditions by Patrick, What should Ruth do in this situation? (4 Marks)
- d) Discuss two unethical practices portrayed by Ruth. (4 Marks)
- e) Discuss three requirements prepared by Smart Technologies to meet the tender requirements (6 Marks)
- f) From the above case study, Patrick demanded to be given given money by Smart technologies. Discuss two possible consequences of this behavior to Tech Equipment. (4 Marks)

**QUESTION TWO (20 MARKS)**

- a) Ethical dilemma is a situation where a person has to choose between a moral and an immoral act. Explain three approaches to solve an ethical dilemma. (6 Marks)
- b) Ethics is a branch of knowledge that is concerned with moral principles. Discuss four roles of ethics in purchasing and supply (8 Marks)
- c) Discuss five measures for eradication of unethical practices in an organization. (6 Marks)

**QUESTION THREE (20 MARKS)**

- a) Ethics and Anti-Corruption Commission gathers information on corruption in public sector from a variety of sources. Explain three statutory functions of Ethics and Anti-corruption Commission (EACC) (6 Marks)
- b) Unethical practices hinder economic development and encourage inefficiency in the procurement process. Explain four unethical practices in purchasing (8 Marks)
- c) Developing an ethical culture in purchasing and supplies function is an important initiative in sustenance and enhancement of organizations reputations. Justify the statement by discussing the benefits that will accrue as a result of adopting ethical approaches as the reference point (6 Marks)

**QUESTION FOUR (20 MARKS)**

- a) Social responsibility is a theory that is tied to ethics. Discuss three principles of social responsibility in purchasing and supply (6 Marks)
- b) As a supply chain expert, explain four impacts of corruption in supply chain. (8 Marks)
- c) Discuss five ways an organizations leadership and management can use to create an ethical culture. (6 Marks)

**QUESTION FIVE (20 MARKS)**

- a) Discuss three relationships between purchasing department and other departments in an organization. (6 Marks)
- b) As a supply chain officer, discuss four measures you can undertake to prevent corruption practices in an organization. (8 Marks)

- c) Explain three Kenya Institute of Supplies Management (KISM) code of ethics to procurement professionals in purchasing and supply (6 Marks)