



MUEO

MOI UNIVERSITY

**OFFICE OF THE DEPUTY VICE CHANCELLOR, ACADEMIC
AFFAIRS, RESEARCH & EXTENSION**

**UNIVERSITY EXAMINATIONS
2016/2017 ACADEMIC YEAR**

END OF SEMESTER EXAMINATIONS

**FOR THE DEGREE
IN BACHELOR OF BUSINESS AND ECONOMICS**

EXAM CODE:- BBM 406/461

COURSE TITLE:- BUSINESS VALUES AND ETHICS

DATE:-9TH JUNE, 2017

TIME:- 9.00A.M. – 12.00NOON.

INSTRUCTION TO CANDIDATES

➤ SEE INSIDE.

THIS PAPER CONSISTS OF (2) PRINTED PAGES

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INSTRUCTIONS

Answer questions **ONE** and any other **THREE** questions.

QUESTION ONE: "TROUBLE AT OAKTREE MILLS"

Oaktree Mills is a large, family-owned meat-processing company, based in Calgary but with processing plants in Winnipeg, Toronto, and Montreal. The company prides itself on the quality of its products, its commitment to its customers, and its respect for the environment. Historically, the company has also had very good relations with its employees, who are non-unionized. The company has done its best to retain employees even during difficult years when other companies might have engaged in layoffs. The company's dedication to customer, worker, and environmental protection is displayed prominently on the Oaktree Mills website as part of its corporate social responsibility policies and commitments.

Things turned grim for Oaktree Mills two weeks ago. Over the course of three days, 13 people in rural Saskatchewan were hospitalized with salmonella poisoning. The series of hospitalizations was noticed by the Canadian Public Health Authority, which notified the Canadian Food Inspection Agency (CFIA), which in turn traced the illness back to consumption of Oaktree sandwich meat that had been processed and packaged at the company's Winnipeg processing plant. CFIA inspectors found that the method being used to clean two industrial meat grinders at the plant was inadequate, and recommended shutting the plant down for a deep cleaning and to revise cleaning protocols. Oaktree quickly announced that it was suspending operation of the Winnipeg plant, and that it was cooperating fully with the CFIA. The company and the CFIA also jointly announced the recall of over 1.2 million kilograms of processed meat products. The CEO of Oaktree, Brian Carnegie, appeared on TV to reassure the consuming public that "nothing matters more to us than the health and safety of the millions of Canadian families that have enjoyed Oaktree Mills' products for over four decades."

Oaktree's Director of Communications, Ashok Fraser, was working closely with senior management, trying hard to balance the need to keep the public informed with the desire to avoid causing panic. In addition to checking every day how newspapers were reporting the story, Ashok was keeping an eye on Twitter and a few food-safety blogs.

On a Tuesday morning, two weeks after the crisis hit and a week after the recall was issued, Ashok was shocked at what he stumbled upon while reading Twitter. Someone named Allyson McMahon (with the Twitter handle @AllyMcM1) had tweeted the following:

I work at #Oaktree. Management there is crap! Don't believe them...don't buy their food...don't trust them just don't.

Ashok picked up the phone and called Syeda Patel, head of HR. "Have you checked Twitter lately? Someone who says she's an employee has been tweeting about the recall and talking trash about the company. Allyson McMahon. Is she an employee? And don't we have a social media policy?"

Syeda sighed. "Policy? Uh, no, not really. It's on my 'To Do' list but I haven't gotten to it yet. But Allyson McMahon? Yes, I know that name. She's one of 130 employees at the Toronto plant who had their hours cut last month. We saved 20 percent per month on labor costs by making use of the Temporary Foreign Worker Program. She was also moved to the night shift, so that

someone more senior could keep full-time hours on the day shift. And she's not happy about it. In fact, she's been calling me pretty much daily."

The next day, while still thinking about how best to respond to the situation, Syeda arrives at the office, opens Twitter, and searches for the #Oaktree hashtag. In addition to the company's own tweets, and tweets by various news agencies and concerned consumers, she also finds the following tweet from @AllyMcM1: Meat recall? I don't think so. #Oaktree does not care enough about people to do it right. Buyers beware!

As she reaches for the phone to call Ashok, the phone rings. It's Ashok! "Look," he says, "we need to sit down to talk about this. We can't have an employee sabotaging our communication strategy at a crucial time like this." "I know," says Syeda. "But she's just giving her opinion, nothing factually incorrect.

I'm not sure we can control how employees express themselves on their own time."

Ashok isn't so sure. "This isn't about freedom of expression. This is about safety and about salvaging our reputation. We've got to shut her up." The conversation ends, and Syeda hangs up. Another tweet comes in from @ AllyMcM1:

#Oaktree imports foreign workers who can't understand the regulations! Bye bye safety & environment!

Syeda's phone rings again. She picks up, and it's Brian Carnegie, the CEO. "I hear one of our own is making waves online," he says. "I need you and Ashok to figure out what to do. You know I always say that our employees are the heart and soul of this place, but this is a real problem. We need to address this mess. We need a strategy from you two, and we need it now."

Required:

- a) What are the ethical issues in the case study above? (5 Marks)
- b) According to your opinion, did Allyson McMahan make the right decision to warn customers through her tweets not to trust the management and stop buying Oaktree products? How and which ethical theory may justify Allyson McMahan decision? (10 Marks)
- c) As a consultant of business ethics, discuss exhaustively any two ethical theories displayed in the case study (10 Marks)

QUESTION TWO

- a) Business ethics is inevitable in today's competitive successful business management. Explain why ethics is a key factor in successful business management (7 Marks)
- b) Compare and contrast virtue ethics and Feminist ethics theory (8 Marks)

QUESTION THREE

- a) Illustrating with relevant examples, discuss the relationship between ethics and economics. (10 Marks)
- b) Elucidate the merits and demerits of ethical egoism (5 Marks)

QUESTION FOUR

- a) Elucidate the ethical concerns involved in the following market structures and appropriate remedies
 - i) Perfectly competitive markets (3marks)
 - ii) Monopolistic markets (3marks)
 - iii) Oligopolistic markets (3marks)
- b) Whistle blowing is ethical under five conditions. Discuss (6 Marks)

QUESTION FIVE

- a) Discuss moral standards and their unique characteristics that differentiate them from other standards (10Marks)
- b) Describe the various employee rights at the work place (5Marks)

QUESTION SIX

- a) How can the strategic leaders of an organization build an ethical climate? (5Marks)
- b) Compare and contrast consequentialist and non-consequentialist theories of ethics (10 Marks)