

9/7/15

REDEEMER'S UNIVERSITY

Ede, Osun State

COLLEGE OF MANAGEMENT SCIENCES

DEPARTMENT OF ECONOMICS AND BUSINESS STUDIES



COURSE CODE /TITLE BUS 406 / Business Ethics and Corporate Governance

SECOND SEMESTER EXAMINATIONS

2015/2016 SESSION

INSTRUCTIONS ON CHOICE OF QUESTIONS TO BE ANSWERED: Answer question 1 and any other three (3) questions. Clear and logical presentation of ideas shall be rewarded.

TIME ALLOWED 2½ HOURS

Samiat is the management accountant working in the plastic division of a large multinational conglomerate. In accordance with the organisation's decentralised operating model, Samiat works for David. David is the divisional manager for the plastics division and has a background in material engineering. Samiat responsibilities include the preparation of a monthly management report that is provided to the divisional manager and forwarded to the organisation's national office together with the divisional manager's monthly review.

The plastic market has reached a mature stage and the division's results have been stable for a number of years. In addition, the industry is under threat from increasing competition as a result of lower barriers to entry and changes in technology. Samiat latest monthly management report reflects the continuation in the decline in the division's profit margins and no growth in sales.

David is anxious about the plastics division's future with 35 people in its workforce. For a number of months, the division has failed to meet the organisation's benchmark rate of return. David has heard from a reliable source that the national office is seeking to divest the plastics division or in the absence of a sale, abandon the division. David has reviewed the monthly management report and instructed Samiat to change the accounting treatment of unearned income to bring forward the recognition of sales income, and to increase the useful life of depreciable assets.

Samiat has tried to explain to David that the national office determines the accounting policies for income recognition and asset depreciation. David replies that he is too busy delve into the accounting 'mumbo jumbo'; Samiat is again instructed to make the changes or she may be fired.

1a. What should Samiat do? Answer this question using the seven – step AAA ethical decision making model. **20 Marks**

b. Describe the strengths and weaknesses of AAA model as a tool for ethical decision making.

5 Marks

25 Marks

2. Henry, a senior accountant works with Samantha, the CEO's nephew. Due to recent personal hardships, Samantha has been drinking at the local hotel. Samantha's drinking has not affected his work until recently. Henry has noticed that he has become less diligent in his approach to work and it is affecting Henry's performance. When Henry approached Samantha about his problem, she broke down and admitted to Henry that she has a drinking problem. After some discussions, Samantha made Henry promise not to tell anyone about her drinking problem. Henry believes that telling the CEO would be the best option for Samantha. Should Henry inform Samantha's Uncle, the CEO? Justify your answer by considering Guy's 10 core values. **17½ Marks**
- 3a. All over the world, the prevailing culture of many organisations is tied to the apron of the incumbent leaders. How best do you think organisational culture can be inculcated without undue interference from the organisational incumbent leaders? **5 Marks**
- b. Use appropriate theory to justify the assertion that "those who lived in the glass house do not throw stone" **6 Marks**
- c. Discuss the rational decision making model and state in clear terms under what condition it is applicable? **6 ½ Marks**
4. You have just been employed as an administrative manager, after three weeks of joining the organisation you were convinced that there is decadence in the value system of the organisation. In the light of this development, you decided to discuss with Managing Director on how value system can be instituted as a way to restore the lost goodwill. The discussion with the Managing Director was fruitful and he has given you permission to go ahead with a promise of good support. Discuss in details how you will go about it. **17½ Marks**
5. As a business ethics and corporate governance student, discuss in details how corporate governance can be used to prevent fraud, favouritism and undue interference in the sanctity of business transaction in any business organisation of your choice. **17½ Marks**
6. On the 18th of May, 2015 groups of scholars gathered at the Sheraton hotel and towel to discuss the "Place of Business Ethics and Corporate Governance in business survival, growth and profit maximisation". A group of scholars believed that business ethics and corporate governance is a baby of necessity for business to survive, grow and achieve profit maximisation objective while another group of scholars were of the opinion that business ethics and corporate governance do not have a place rather it is a waste of time in the survival, growth and profit maximisation objective. As a business ethics and corporate governance student, examine carefully the varying positions of the scholars and adduce forward reasons for the varying positions as well as taking a stand. **17½ Marks**