



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE & TECHNOLOGY**  
**THIRD YEAR SECOND SEMESTER EXAMINATION FOR**  
**THE DEGREE OF BACHELOR OF**  
**BUSINESS ADMINISTRATION WITH INFORMATION TECHNOLOGY**  
**DEPARTMENT OF MANAGEMENT SCIENCE**

**(MAIN CAMPUS)**

**ABA 344: ETHICS IN PURCHASING AND SUPPLIES**

**TIME: 3 HOURS**

**STREAM: Y3S1**

*Date:.....*

*TIME:.....*

**INSTRUCTIONS:**

- 1. Answer question One (COMPULSORY) and any Other TWO Questions**
- 2. Question ONE, carries 30 Marks, While the other TWO Questions, Carries 20 Marks Each**

## **QUESTION ONE: (Compulsory)**

### **IKEA's Ethical Procurement Practices**

In February 2014, the Forest Stewardship Council (FSC) withdrew certification to Swedwood, Forestry, a subsidiary of Swedish furniture retailer IKEA . FSC alleged that in Russia's Karelia forests, IKEA was harvesting old growth trees in regions that were protected. According to the FSC representative, "IKEA's departure from this part of Karelia, with its high concentration of old natural forest, clearly shows that it is not ecologically, socially, or economically sustainable to harvest old-growth forest, which are a non-renewable resource."

IKEA, the world's largest furniture retailer, specialized in stylish but inexpensive furniture in Scandinavian designs. The majority of IKEA furniture was made from wood, which the company sourced from different countries. IKEA's business had earlier involved the large-scale cutting of trees. There was also a widespread use of chemicals in the manufacture of its furniture.

In the mid-1980s, when IKEA's furniture products were tested and found to be made of particle boards from which there were excessive formaldehyde emissions, the company was the target of a lot of negative publicity. IKEA started working toward better procurement practices, which led to the launch of environmental and social standards, 'IWAY', in 2000. IWAY was an attempt by the company to improve its operations and processes and minimize the negative impact of its activities on society and the environment.

With the introduction of IWAY in 2000, IKEA had very rigid terms and conditions for its suppliers. IWAY was applicable to all the suppliers of IKEA, and the suppliers were required to communicate the code of conduct to their co-workers and sub-suppliers. It was mandatory for the suppliers to acknowledge and accept the IWAY requirements and sign the IWAY Compliance Commitment document.

### **Required**

- a) What do you understand by the term Ethics in purchasing and supplies? Identify IKEA's Ethical Procurement Practices (10 marks)

b) Identify FIVE reasons for IKEA receiving negative publicity ( 10 marks)

c) Identify FIVE environmental and social standards that IKEA took (10 marks)

**QUESTION TWO:**

a) Discuss FIVE examples of ethical behavior within a supply chain (10 marks)

b) Discuss the role of ethics in Corporate Social Responsibility (10 marks)

**QUESTION THREE:**

Clearly discuss the Role of employees, customers, suppliers, investors, government and media in Ethical Purchasing and supplies. (20 marks)

**QUESTION FOUR:**

a) Having a sustainable specification is an important part of the sustainable procurement process. Propose and justify key sustainability criteria for inclusion in purchase specifications for products and services (10 marks)

b) Explain why supply chain management (SCM) may be unattractive to some organizations (10 marks)

**QUESTION FIVE:**

a) Discuss the ethical Dilemmas facing Public sector institutions in the Disposal of obsolete, redundant and scrap items (10 marks)

b) Explain the activities that could be taken by an organization in Corporate social responsibility (10 marks)