



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**SCHOOL OF BUSINESS & ECONOMICS**  
**UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF LOGISTICS**  
**AND SUPPLY CHAIN MANAGEMENT**  
**3<sup>RD</sup> YEAR 2<sup>ND</sup> SEMESTER 2022/2023 ACADEMIC YEAR**  
**KISUMU CAMPUS**

---

**COURSE CODE: BAB 1350**

**COURSE TITLE: ETHICS IN PURCHASING AND SUPPLY CHAIN MANAGEMENT**

**EXAM VENUE:**

**STREAM: (BLSM)**

**DATE: 14/12/2022**

**EXAM SESSION: 15.00-17.00PM**

**TIME: 2 HOURS**

---

**Instructions:**

- 1. Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

### **QUESTION ONE**

- a) Identify the typical characteristics that professional standards of ethical conduct contain. (6 marks)
- b) Enumerate the rules that should guide any purchasing professionals when receiving gifts or hospitality from suppliers. (6 marks)
- c) Fraud means the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his/her detriment. Identify the various forms of fraud in purchasing and supply chain management. (6 marks)
- d) “An unexplained change in lifestyle, extravagant lifestyle and affluence is a typical indicator of fraud”. Highlight the tools that an entity can use to detect such warning signs of unethical practices. (6 marks)
- e) Expound on provisions in the Public Procurement and Asset Disposal Act (2015) that relate to ethics in purchasing. (6 marks)

### **QUESTION TWO**

- a) Integrity means believing that the public trust is so important that it cannot be compromised. Procurement officers are expected to maintain superior standards of integrity. Explain how a purchasing officer can demonstrate integrity when carrying out his roles at the work place. (10 marks)
- b) Corruption is the practice of offering, giving, receiving or soliciting directly or indirectly anything of value to influence the action of a public official in the competitive selection process or in contract execution. With practical examples, explain the two common types of corruption. (10 marks)

### **QUESTION THREE**

- a) You have been appointed as the Purchasing Manager of a Public-Private Partnership (PPP) project aimed at improving infrastructural structures across the country. Suggest the ethical risks you are likely to experience when carrying out your roles. (10 marks)
- b) Demonstrate the actions you will put in place to manage the ethical risks you will experience when carrying out your role as a Purchasing Manager in the PPP project. (10 marks)

### **QUESTION FOUR**

- a) The purchasing cycle is a potential area of ethical risks and it calls for every purchasing professional to be on the look-out since organizations face financial and reputational risks when ethical issues arise during the purchasing process. Justify this statement using the purchasing cycle while identifying ethical issues that can arise at each stage of the cycle. (10 marks)
- b) No one ever said leading was easy, much less leading with ethics. But the latter is very important. It is the difference between a good executive, in the full sense of the expression, and one who only knows how to achieve technical perfection, and how to do things right, but does not know how to do what needs to be done in each case, with long-term vision and a sense of responsibility. Yes it is hard to be ethical in business, but it is necessary. With reference to these sentiments, explain why being ethical in business is difficult, given the nature of tasks involved in leading an organization. (10 marks)

#### **QUESTION FIVE**

- a) Probably most purchasing people think of ethical code as being remote from the real world. This may be because work leaves little time for reflection. The requirement to maintain an unimpeachable standard of integrity in all business relationships is fine until one questions the meaning of ethics and to whom the duty of being ethical is due. Discuss criticisms of ethical code in purchasing as propagated by opponents of ethical code in purchasing. (10 marks)
- b) E-procurement clearly provides many opportunities for both input and output fraud. As a purchasing and supply chain management professional, propose the measures you will put in place to minimize or even prevent E-procurement fraud.(10marks)