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## SECOND OPPORTUNITY EXAMINATION PAPER

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**THIS EXAMINATION PAPER CONSISTS OF 7 PAGES  
(INCLUDING THIS FRONT PAGE)**

### INSTRUCTIONS

1. Answer **all questions**.
2. Read all the questions carefully before answering.
3. Marks for each question are indicated at the end of the question.
4. Please ensure that your writing is legible, neat and presentable.

**SECTION A**

**[50 marks]**

**Question 1**

**[20 x 2 = 40 marks]**

**Choose the correct option and indicate your choice (A-D) next to the appropriate number in the examination book provided.** For example 1. B.

- 1.1 In this view, the employee's main moral duty is to work toward the goals of the firm. This view is referred to as:
- A. Law of Legitimacy
  - B. Law of Structure
  - C. Law of Agency
  - D. Law of Loyalty
- 1.2 Kevin and his friends dislike their seventh-grade math teacher. They decide to scratch his car in the school parking lot. Kevin knows that this is wrong but doesn't want his friends to think he isn't part of their group. According to Kohlberg, what stage of moral reasoning is Kevin in?
- A. Law and Order Orientation
  - B. Social Contract Orientation
  - C. Punishment and Obedience Orientation
  - D. Interpersonal Concordance Orientation
- 1.3 In the Namibian economy, the problem of "what to produce" is solved primarily by:
- A. the National Planning Commission.
  - B. the Bank of Namibia.
  - C. the pattern of consumers' spending.
  - D. people advertising their wants.
- 1.4 The following are characteristics of monopoly markets except:
- A. One seller
  - B. Quantity below equilibrium
  - C. Prices above equilibrium and supply curve
  - D. No barriers to entry
- 1.5 When is one obligated to compensate an injured party?
- A. Negligent action
  - B. Fair distribution of burdens and benefits
  - C. Involuntary infliction of injury
  - D. Justice and rights
- 1.6 Defenders of the market approach to consumer protection endorse which of the following claims?
- A. Consumer control means that markets will automatically provide whatever levels of product safety consumers themselves demand.
  - B. Requiring levels of consumer protection beyond those consumers demand unfairly forces consumers to pay for safety features they do not want.
  - C. Both of the above.
  - D. None of the above.

- 1.7 Which statement is not true of Kant's categorical imperative:
- A. We should act only on maxims that can be universally accepted and acted upon.
  - B. The inability to universalize the maxim of an act may sometimes be ignored if the act in question will produce the greatest good for the greatest number.
  - C. Universalization of maxims prohibits us from giving our personal point of view privileged status over the points of view of others.
  - D. Our fundamental ethical duty is to treat other human beings as autonomous persons who may choose their own ends and purposes, not simply as means for the ends of others.
- 1.8 According to Adam Smith, when private individuals are left free to seek their own interests in free markets, they will inevitably be led to further the public welfare by the .....
- A. government
  - B. owners of factors of production
  - C. private investors
  - D. invisible hand
- 1.9 Risks are sometimes unavoidable and acceptable, as long as:
- A. Employees are not coerced
  - B. Employees are fully compensated for assuming them and they do so freely and knowingly
  - C. No one else has the expertise to do the work
  - D. All the above
- 1.10 Institutionalised discrimination:
- A. is based on the prejudices or morally offensive attitudes shared by a group.
  - B. is always intentional
  - C. can be the act of a single individual
  - D. all of the above
- 1.11 Which statements are characteristic of Virtue Ethics?
- A. Our character traits are easily modified, almost on a day-to-day basis if we so choose.
  - B. Even if a person is caring, empathetic, charitable and sympathetic, the challenge of excessive self-interest is still a factor in his or her decision-making.
  - C. All of the above.
  - D. None of the above.
- 1.12 Major problems with the utilitarian reliance on measurement include:
- A. Comparative measures of the value of things have for different people cannot be made, we cannot get into each other's skins to measure the pleasure or pain caused.
  - B. All benefits and costs are possible to measure.
  - C. The potential benefits and costs of an action cannot always be reliably predicted.
  - D. A and C
- 1.13 Many economists now advocate retaining the market system and private property while modifying their workings through government regulation. This is known as a:
- A. Pure capitalist economy
  - B. Revolutionary economy
  - C. Mixed economy
  - D. Free market economy

- 1.14 Which statement does not describe an ethical rule governing contracts
- A. Contracts must bind individuals or agents only; they do not apply to governments.
  - B. Both parties to a contract must have full knowledge of the agreement.
  - C. Neither party to a contract must intentionally misrepresent the facts.
  - D. The contract must not bind the parties to an immoral act.
- 1.15 Seniority based promotion and lay-off practices, according to Velasquez,
- A. are illegal in most jurisdictions.
  - B. tend to perpetuate inequities caused by past discrimination
  - C. being race and sex neutral have no discriminatory effects.
  - D. are race neutral but not sex neutral.
- 1.16 Ethical violations destroy:
- A. trust.
  - B. nothing.
  - C. jobs.
  - D. Profits
- 1.17 The most fascinating argument for bringing ethics into business is the prisoner's dilemma.
- A. If both choose not to cooperate, neither gets the benefit.
  - B. If one cooperates while the other chooses not to cooperate, the one who cooperates suffers a loss while the one who chooses not to cooperate gains a benefit.
  - C. All of the above.
  - D. None of the above.
- 1.18 Which of the following refers to the ability of a person or a country to produce a particular good at a lower opportunity cost than another country? Select the correct option:
- A. Absolute advantage
  - B. Comparative advantage
  - C. Resource efficiency
  - D. Natural advantage
- 1.19 The three main moral benefits alleged for free markets are:
- A. serving contribution-based justice, maximizing economic utility, and preserving positive welfare rights.
  - B. serving needs-based justice, maximizing economic utility, and preserving negative liberty rights.
  - C. serving contribution-based justice, maximizing economic utility, and preserving neutral welfare rights.
  - D. serving contributive justice, maximizing economic utility, and preserving negative rights.
- 1.20 In Karl Marx's view, how many sources of income do market or capitalist economies offer?
- A. 4
  - B. 3
  - C. 2
  - D. 1

## Question 2

Indicate whether the following statements are **True or False** in the examination booklet provided.

[1 x 10 = 10 marks]

No.	Statement
2.1	Databases should contain only information directly relevant to the purpose for which it is collected
2.2	The supply curve is downward sloping because of the principle of diminishing marginal utility; each additional item a person consumes is less satisfying than each of the earlier items the person consumed.
2.3	Whistle-blowing in business, is when an individual demands a consideration from persons outside the firm as a condition for favorably dealing with them.
2.4	According to immiseration, Capitalism forces people into work that they find dissatisfying, unfulfilling, and that is controlled by someone else.
2.5	Ethics is not the only way to study morality
2.6	The basic problem underlying the views of the social Darwinist is the fundamental normative assumption that survival of the fittest means survival of the best.
2.7	The first stages of moral development are known as the conventional stages.
2.8	It is morally right for lecturers to accept gifts from students.
2.9	By obeying the law you are being ethical
2.10	Affirmative action is when preferential treatment in hiring, promotion and dismissal favouring historically disadvantaged groups in an attempt to offset lingering effects of past discrimination and to counteract continuing unintentional and institutional discrimination: called reversed discrimination by detractors.

## Section C

### Question 3

[34 Marks]

- 3.1 "If employers only want to hire the best-qualified, young males from a specific race, then they have a right to do so without interference, because these are their businesses." Do you agree or disagree with this statement? (5)
- 3.2 The fact that political tactics are usually covert means that they can easily become deceptive or manipulative and therefore unethical. Identify six examples of political tactics used in organisations. (12)
- 3.3 The most common criticism of advertising concerns is its effect on the consumer's beliefs, because advertising is a form of communication, it can be as truthful or deceptive as any other form of communication. In what ways/forms can advertising be deceptive? (8)
- 3.4 Some individuals have argued that the economic power held by oligopoly corporations is actually quite small and insufficient to affect society, whereas others have claimed that it dominates modern economies, and still others have argued that several social factors inhibit the use of this power. In short, explain the three main views on oligopoly power. (9)

## SECTION C

### Question 4

[16 Marks]

Read the case below and answer the questions that follow:

## Takata bankruptcy – from textile maker to airbag giant

Business | 2017-06-27 Page no: 14

Here are some things to know about the Tokyo-based firm, and why its defective airbags have been blamed for killing at least 16 people. Takata began life in 1933 as a family textile factory. Its founder, Takezo Takada, is the grandfather of chief executive Shigehisa Takada, who said yesterday that he would resign over the affair.

Its original products included woven fabrics and nautical ropes. Over the decades, Takata branched out, including selling seatbelts in the 1960s and, later, other auto safety equipment such as airbags. By the 1980s, the firm had ballooned into a top global auto parts player on the back of Japan's surging economic clout. Takata employs about 46 000 people globally with 56 factories in 20 countries, including the United States, Mexico and China, with about 663 billion yen (US\$5,95 billion) in annual revenue.

In 2000, the company started using a chemical, ammonium nitrate, as a propellant in its airbag inflators. The problem is that the unstable chemical can degrade, especially in humid conditions. That creates the risk that Takata's airbags will improperly inflate and rupture, firing metal and plastic shrapnel at the occupants of the car. That has happened in numerous cases, resulting in scores of injuries, and at least 16 deaths. Takata has been accused of hiding the problem for years.

Honda, a major Takata customer, first sounded the alarm in 2008 that there might be a problem. But the crisis reached a peak only in 2014 when earlier deaths started getting more media attention, and the US National Highway Traffic Safety Administration got involved in the ballooning recalls. Around 100 million airbags, including about 70 million in the United States, are subject to the massive recall. It has affected almost every major automaker, including Toyota and General Motors. The scandal has hammered Takata's once-thriving brand and put it in a tight spot as it faces probes, lawsuits and massive liabilities, estimated to exceed one trillion yen. That would qualify it as the biggest post-war bankruptcy for a Japanese manufacturer, according to Tokyo Shoko Research. Takata has already agreed to pay a billion-dollar fine to settle with US safety regulators over its airbags. But that is not the end of the legal or financial problems as recalls continue, and Takata tries to reach settlements with its automaker clients.

Takata yesterday said it has agreed to be bought by American auto parts maker Key Safety Systems (KSS), owned by China's Ningbo Joyson Electronic, for about US\$1,58 billion. Its new owner said there were no immediate plans to reduce Takata's employee headcount or close factories, as it tries to keep the business stable for customers. But Takata's name is not likely to survive in the long term. Operations linked to the defective airbags will not become part of the combined company. They'll be run by the reorganised Takata, and eventually wound down.

Takata's embattled shares, meanwhile, will be yanked off the Tokyo Stock Exchange next month. – **Namp-AFP**

Source: <https://www.namibian.com.na/166238/archive-read/Takata-bankruptcy-%C3%A2%E2%82%AC%E2%80%9C-from-textile-maker-to-airbag-giant>

- 4.1 In their attempt to maintain their position as a top global player, it is alleged in the case that in the year 2000, Takata started using a chemical, ammonium nitrate, as a propellant in its airbag inflators and that the unstable chemical can degrade in humid conditions. In your view, did Takata exercise due care in this attempt?

(12)

- 4.2 In which of the three theories of consumer protection will the price of the airbags be the highest? Motivate your answer. (4)

*End of Examination Paper*

**TOTAL MARKS 100**