

WOMEN'S UNIVERSITY IN AFRICA



Addressing gender disparity and fostering equity in University Education

FACULTY OF MANAGEMENT AND ENTREPRENEURIAL SCIENCES

**BSc HONOURS DEGREE IN PURCHASING AND SUPPLY CHAIN
MANAGEMENT**

MAIN PAPER

PSM221: BUSINESS ETHICS AND LEGAL ASPECT IN PURCHASING

INTAKE 10: SECOND YEAR SECOND SEMESTER

DATE:

TIME: 3 HOURS

INSTRUCTIONS TO CANDIDATES

Answer Question 1 any other **two**

Question 1

Electronics Technology

J.R. accepted a position at Cripple Creek Vocational University (CCVU) and he and his family made a permanent move. Soon, J.R. was promoted to Administrative Vice President, overseeing the purchasing department of the University. His oldest son, Jim, got a good job in educational equipment sales at Tiddley Computer Corporation in Fort Worth.

As Vice President, J.R. quickly saw the need for 4 to 5 computers in his office. Although CCVU had a bidding policy, J.R. purchased Tiddley Corporation's (TC) computers direct from Tiddley for about \$3500 each, when IBM clones were selling for around \$2000 and the clone had more promising features than the Tiddley. Jim handled the sale and received a healthy commission on the sale. If the purchase had gone through the normal bidding process, the TC model would not have been selected. Tiddley's local Cripple Creek franchise dealer objected to Tiddley Corporation that his protected franchise had been bypassed in the deal.

(Uttah Valley College, 2003)

Required

- (a) Since J.R. was overseeing the purchasing department and had final decision authority, should purchasing have gone through the normal bidding routine? [10]
- (b) Is it acceptable for a Vice President. to bypass the normal routine to do business with a family member? Justify your answer. [10]
- (c) Outline the ethical issues are in this case study? [20]

Question 2

Discuss five potential warning signs of unethical practices in purchasing. [20]

Question 3

Explain five requirements for ensuring the creation of a legal binding contract in Zimbabwe

[20]

Question 4

Identify and explain five common ethical risks that are faced by purchasing practitioners and explore how they can mitigate them.

[20]

Question 5

Where a party suffers from breach of contract, he or she is entitled to claim for all losses that result from it. Evaluate the legal validity of this statement.

[20]

Question 6

Define these ethical concepts and principles as they relate to the procurement process

- a) Loyalty and respect for rules and regulations [4]
- b) Integrity [4]
- c) Impartiality and fairness [4]
- d) Transparency [4]
- e) Confidentiality [4]

END