



# STAMFORD COLLEGE

## SCHOOL OF BUSINESS

### DIPLOMA IN CORPORATE ADMINISTRATION (SEMESTER 5)

#### DCA 205: BUSINESS ETHICS

**Date : 26 July 2007 (Thursday)**

**Time : 9.00 AM – 11.00 AM**

**Duration: 2 hours**

#### **Instructions to Candidates**

Question 1 in Section A is compulsory. Answer TWO out of FOUR questions in Section B.

Please ensure that this examination paper contains FIVE questions on TWO printed pages before you start the examination.

Books, papers and other written materials are not allowed to be brought into the examination hall. A candidate who violates the examination rules of Stamford College or commits a malpractice will be disqualified from the examination.

Write your Examination Index Number on each page of your answer booklet.



**SECTION A (COMPULSORY)****Question 1****Mini case: The Polluter's Dilemma**

Kelly Clarkson is the environmental compliance manager for a small plastics manufacturing company. She is currently faced with the decision whether or not to spend money on new technology that will reduce the level of a particular toxin in the wastewater that flows out the back of the factory and into a lake.

The factory's emission levels are already within legal limits. However, Kelly knows that environmental regulations for this particular toxin are lagging behind scientific evidence. In fact, a scientist from the university had been quoted in the newspaper recently, saying that if emission levels stayed at this level, the fish in the lakes and rivers in the area might soon have to be declared unsafe for human consumption.

Further, if companies in the region do not engage in some self-regulation on this issue, there is reason to fear that the government, backed by public opinion, may force companies to begin using the new technology, and may also begin requiring monthly emission level reports (which would be both expensive and time consuming).

Kelly knows that the company's environmental compliance budget is tight. Asking for this new technology to be installed would put Kelly's department over-budget, and could jeopardise the company's ability to show a profit this year.

- (a) Briefly describe the ethical dilemma faced by Kelly. (2 marks)
- (b) Should Kelly ask for the new technology to be installed? Give THREE reasons for your answer. (8 marks)

(Total = 10 marks)

**SECTION B**

Answer **TWO** out of **FOUR** questions.

**Question 2**

Define whistle-blowing and explain **FOUR** problems of whistle-blowing. Briefly describe **THREE** situations to justify the whistle-blowing exercise and **THREE** situations when it is not.

(Total = 20 marks)

**Question 3**

Briefly explain the following:

- (a) Egoism theory (2 marks)
- (b) **THREE** types of pollution. (6 marks)
- (c) Duty to report (2 marks)
- (d) Due diligence (2 marks)
- (e) **THREE** benefits of business ethics. (6 marks)

(Total = 20 marks)

**Question 4**

What is social responsibility? Briefly explain **THREE** views on social responsibilities and describe **FIVE** stakeholders that may be affected by business activities of an organisation.

(Total = 20 marks)

**Question 5**

Define insiders trading. Explain **THREE** advantages and **THREE** disadvantages of insiders trading.

(Total = 20 marks)

**- END OF PAPER -**