Business Ethics Case Studies

Case Study: Purchasing Ethics

Mr. Amran accepted a position at ABC University in Kuantan, Pahang and he and his family made a permanent move. Soon, Amran was promoted to Administrative Vice President, overseeing the purchasing department of the University. His oldest son, Daud, got a good job in educational equipment sales at LENOVA Computer Corporation in Kuala Lumpur.

As Vice President, Amran quickly saw the need for 4 to 5 computers in his office. Although ABC University had a bidding policy, Amran purchased LENOVA Corporation's computers direct from LENOVA Corporation for about RM3500 each, when BELL Computers were selling for around RM2000 and the BELL computers had more promising features than the LENOVA. Daud handled the sale and received a healthy commission on the sale. If the purchase had gone through the normal bidding process, the LENOVA model would not have been selected. In addition, LENOVA's local Kuantan franchise dealer objected to LENOVA Corporation that his protected franchise had been bypassed in the deal.

Questions:

1. Since Amran watched over the purchasing department and had final decision authority, should purchasing have gone through the normal bidding routine?

2. Is it acceptable for a Vice President to bypass the normal routine to do business with a family member? Why?

3. Was Amran's decision not to request bids an ethical choice? Why?

4. What should the university purchasing officer under Amran do in this situation?

5. Should anyone else at ABC University have any interest in this activity?

6. Has LENOVA's Kuantan franchise owner been wronged?

7. Should Daud have made the sale? Received a commission?
ASSIGNMENT GUIDELINE

1. **Answer ALL questions** in the case study

2. **Format:** Papers should be about 3-4 pages, with standard 1” margin, 1.5 line spacing, and 12-point Times New Roman font.

3. **Deadline:** By 13 October 2019 @11.59pm

4. **COMPULSORY:**
   
a. To send softcopy through email (raja_nerina@yahoo.com) before deadline

   b. Title of email: **Submission of PJJ Individual Assignment#1**