



STRATHMORE BUSINESS SCHOOL

MASTER OF SCIENCE IN AGRIBUSINESS MANAGEMENT

MMA 8202: LEADERSHIP, GOVERNANCE AND ETHICS IN AGRIBUSINESS

Date: Friday, 10th November 2023

Time: 2.5 Hours

Instructions:

- a) Answer Question One [30 marks] and any other TWO questions [20 marks each].
- b) The Exam is worth 70 marks @ 60% of the final grade for the unit.

Question 1 (COMPULSORY) [30 Marks]:

- a. Define the following terms and give an example for each term [5 x 2m = 10 marks]:
 - Policy:
 - Governance:
 - Ethics:
 - Morals:
 - Good governance:
- b. Define [2m], compare/similarities [2m] and contrast/differences [2m] the concepts of governance and government using relevant examples [4 x 1m = 4m] to illustrate your points [Total: 10 marks].
- c. State and explain any five characteristics of natural moral law [Total: 10 marks].

Question 2 [20 marks]

- a. Give a metaphysical definition of the human person [4 marks] and explain the meaning of the key terms in the definition [3 marks] using practical examples [3 marks] [Total: 10 marks].
- b. Explain any five strategies that could be used to embed an ethical culture in agribusiness management [5 marks] using specific and relevant examples [5 marks] [Total: 10 marks].

Question 3 [20 marks]

Discuss the relationship between law and ethics [10 marks] using relevant examples [10 marks] to illustrate your answer

Question 4 [20 marks]

Sanlu-The Melamine-tainted Milk

In 2008, the Sanlu group was the biggest manufacturer of milk powder in China. The company had 30 production plants, 10,000 employees and about 30,000 salespersons. Tian Wenhua, the chairwoman and general manager of Sanlu, was the local secretary of the Chinese Communist Party and had longstanding connections with the government.

The company headquarters were near Beijing in Shijiazhuang, the capital of China's Hebei province. Foreign companies, like Nestle, Danone and Fonterra, had entered the Chinese market with the powdered milk business. They have excellent quality but a higher price than local products. Sanlu sold at half the price of equivalent foreign brands.

China doesn't have a long tradition in products, but the dairy sector experienced a rapid and scarcely regulated development beginning in 2000. Milk powder as infant food is very popular in China, where the breastfeeding rate is significantly lower than the rest of the world. According to the World Health Organization (WHO), globally, about 38 per cent of babies are exclusively breastfed for six months, but in China only 28 per cent of babies are. For over 250 million migrant workers, including many mothers who have to leave their newborn babies in their hometowns and go out to earn money for the whole family, affordable baby formula is the sad but only option.

The Fonterra Cooperative Group, a company from New Zealand and worldwide leader in exportation of dairy products, acquired 43 per cent of shares of Sanlu. This followed a Chinese government requirement that local partners had to oversee foreign companies doing business in China.

The demand for milk was far surpassing supplies due to poor animal husbandry, production and storage conditions. In an incident in 2004, watered-down milk had resulted in 12 infant deaths from malnutrition.

Another problem was quality of the raw milk, especially its protein level, which didn't reach the national standard minimum requirements. It was an open secret from 2005 to 2007, that dairy farmers in many places mixed fresh milk with additives such as melamine. This is a chemical containing nitrogen, which in conventional tests can be interpreted as evidence of the presence of proteins- also rich in nitrogen. Thus, when added to milk, the chemical gives the appearance of a higher protein content than the milk actually has. Some salespeople had been visiting farms for years, promoting 'protein powder' additives, which could not be detected by the inspection methods in use.

Between 2005 and 2006, the first reports appeared regarding possible adulteration in China's milk industry. They came from Jiang Weisuo, an agent of a Sanlu competitor, the Shaanxi Jinqiao Dairy Company. Weisuo publicly discussed his fears about unauthorized substances being added to competitors' milk, but his complaints to regulatory and dairy makers did not lead to any meaningful result. More effective was the information, released on 16 July 2008, that 16 babies in Gansu Province were diagnosed with kidney stones. The babies had been fed infant formula produced by the Sanlu Group in Shijiazhuang.

Using any eight criteria for good governance, state and explain how they can be used to help turn around this company. **[20 marks]**.

Question 5 [20 marks]

A code of business conduct, sometimes called a code of ethics, is a corporate document that develops the core values or the guiding principles of a firm. It specifies criteria and rules for the correct handling of business dilemmas, issues or situations in which it is considered particularly important that managers and staff follow certain procedures approved by the firm's management. A great number of companies, particularly the largest ones, have implemented codes of conduct. In some countries and industries, they are legally mandated for listed companies.

a. State and explain any five benefits of code of ethics. **(10 Marks)**

b. State and explain any five aims of ethics in business. **(10 Marks)**