

Assignment 2 (25%)

1. This is an individual assignment.
2. This individual assignment 1 must be submitted in the 3rd week.
3. Any delay in the submission of this assignment 20% of the marks will be deducted for each day of delay.
4. Ensure there is a cover page with:
 - (a) the name of the student and student identification number.
 - (b) The type of assignment submitted.
 - (c) The title of the case study analysed.
 - (d) date of submission

Authentic Biscuits from Australia..... to Sell or Dispose?

Helena is an MBA graduate from a Malaysian institution of higher learning. She had majored in marketing and is interested in retailing. One day, while browsing Jobstreet.com, to her excitement, she received a job offer from a large and prestigious department chain store in Kuala Lumpur. With open hands, Helena accepted the job offer. She is all set to face the challenges at the new workplace.

At point of entry, she was positioned as a trainee executive, whereby she will be rotated on the job to all the departments to gain exposure and appreciate the nature of the business. Helena's first assignment is to assist Madam Marina, a qualified buyer in the Food and Beverages Department. Buyers play a critical role in the management of the department store. They select the goods to be offered, negotiate purchase terms and conditions, set retail prices, arrange displays, organise promotions and are generally responsible for the operations of the departments within the store.

Helena was extremely happy on the first month of her employment. Madam Marina respected her as an employee. On several occasions she received praises for good discipline. Her views and opinions have been well considered and workload is just right.

However, an event occurred that threatened to destroy all her contentment. According to Madam Marina, the department store has received a shipment of imported halal biscuits from Australia with an authentic chocolate cream filling. They are well packed in attractive foil covered boxes, but somehow some of them had become infested with moulds and insects. Not all the boxes were infected, since only a few customers have returned the item after purchase. But the point is some people did return their purchased packs. Obviously, said Madam Marina, "We cannot continue to sell them at our department store to uphold our good image. We also do not have the time to inspect every package and keep the ones that are not infested." Madam Marina went on to discuss the cost implications. She uttered, "What about the losses that we have to incur? We have already committed a capital cost of almost RM50,000. The biscuit manufacturer will not refund us since it is doubtful whether the infestation had occurred during shipment, or even during storage at our own warehouse." After a serious discussion, Madam Marina asked Helena to get rid of the biscuits. Helena thought that Madam Marina asked her to throw them away at the rubbish bins provided by the KL municipality (DBKL) near the store, but Madam Marina further clarified to Helena, "Absolutely not! Call Mr Maniam. He operates a mini market at the outskirts of the Klang Valley where the majority of the residents are in the low income groups. We have got to get our money back!"

Helena protested openly, but Madam Marina further assured, “Look, there is nothing wrong with our actions. The residents of these areas have never had high quality foodstuff of this nature. These imported biscuits will be sold very cheaply, and for most people who buy them, it will be an opportunity to try something really good. Only a few people will get the infested boxes. They will not be very happy, but at such remote areas, they will have expected this especially when they see a low price on an expensive product. They make the choice. We don’t!” Helena is in a dilemma...should she follow the instructions of her boss?

Questions:

1. Analyse this case from economic, legal and moral perspectives. Justify whether Madam Marina’s strategic views are reasonable or otherwise.
2. Assess whether Madam Marina practises ethical management and management of ethics. Provide your reasoning.

If you were Helena, what would you do in this situation? Will you arrange for the delivery of the biscuits to Mr Maniam? Justify your actions