



**UNIVERSITY OF COLOMBO, SRI LANKA**



**UNIVERSITY OF COLOMBO SCHOOL OF COMPUTING**



**DEGREE OF BACHELOR OF INFORMATION TECHNOLOGY (EXTERNAL)**  
*Academic Year 2005/2006 – 3<sup>rd</sup> Year Examination – Semester 5*

***IT5102: Professional Issues in IT***  
***Structured Question Paper with Model Answers***  
**25<sup>th</sup> March 2006**  
**THREE HOURS**

**To be completed by the candidate**

BIT Examination Index No: \_\_\_\_\_

**Important Instructions:**

- The duration of the paper is **3 (Three) hours**.
- The medium of instruction and questions is English.
- This paper has **4 questions** and **16 pages**.
- **Answer ALL questions. Question 1 carries 40 marks. Each of the other three questions carries 20 marks.**
- **Write your answers** in English using the space provided **in this question paper**.
- Do not tear off any part of this answer book. Under no circumstances may this book, used or unused, be removed from the Examination Hall by a candidate.
- Note that questions appear on both sides of the paper.  
If a page is not printed, please inform the supervisor immediately.

**Questions Answered**

Indicate by a cross (X), e.g.  the question numbers of the questions answered.

<b>To be completed by the candidate by marking a cross (X).</b>	1	2	3	4	
To be completed by the examiners:					

### Case Study

In this Case Study, several related and unrelated issues within an IT based company are discussed.

- (1) **‘IT Wonders’** is a private well-established organization which provides IT-based services in Sri Lanka. The major activities of this company are supplying computer hardware (basically personal computers and accessories) and developing computer software. In the marketing of computer hardware, IT Wonders is the sole agent in Sri Lanka for a leading personal computer manufacturing company **‘ITechnica’** based in USA and which produces a popular PC **‘PCTech’**. The following issues are among the terms and conditions of the agreement/contract between ITechnica and ITWonders in relation to the promotion and marketing of ‘PCTech’ in Sri Lanka.
- (i) Deciding the cost of a PC and accessories and profit margins
  - (ii) Promotional packages
  - (iii) Conditions for unilateral withdrawal from the agreement

However, there was no clause as to which law is applicable in case of legal action due to violation of contract.

Meanwhile IT Wonders through its own subsidiary company, started marketing a locally assembled personal computer under the brand name **‘Super PCTek’** for a relatively lower price. IT Wonders had not reported the marketing of this PC (i.e. the Super PCTek) to ITechnica either verbally or in writing.

IT Wonders is among the companies which submit quotations to supply PCs and accessories to public and private organizations. IT Wonders followed the practice of submitting separate quotations in one and the same Tender for both PCs it marketed. As a result, majority of tenders awarded to IT Wonders were to supply the locally assembled product i.e. the Super PCTek.

Meanwhile ITechnica had realized that the sales of their product PCTech in Sri Lanka were low and decided to launch a massive promotional campaign to popularize its product. This included the donation of several PCs to higher educational institutes, half-price offers for a limited period and advertising.

After failing to boost the sales of its product in Sri Lanka, ITechnica conducted a market survey and came to know that IT Wonders markets a locally assembled PC under a similar brand name to its original product for a lower price. ITechnica strongly accused IT Wonders for their malpractice and requested them in writing to withdraw the marketing of Super PCTek immediately. Accusations were denied by IT Wonders without giving any reasons in writing. ITechnica warned IT Wonders that the award of agency would be withdrawn, steps will be taken to blacklist IT Wonders in the international market, the CEO of IT Wonders should be sacked and action will be taken unless their request was heeded. Since IT Wonders did not respond to this warning, ITechnica immediately cancelled the agency of IT Wonders and sent a letter of demand for compensation and at the same time requested the relevant international authorities to take steps to blacklist IT Wonders. In addition, ITechnica published a newspaper notice in Sri Lanka about the cancellation of local agent status of IT Wonders. In retaliation, IT Wonders published a similar newspaper notice in Sri Lanka explaining their position and filed a case in the courts in Sri Lanka demanding compensation for false accusations, for the cancellation of agency and for damaging the reputation of the company.

- (2) In addition to marketing of hardware, IT Wonders had separate divisions for the development of customised software and for marketing of application packages. In a web page which was linked to

the homepage of IT Wonders, which earlier advertised the software products marketed by IT Wonders, the following notice apparently from a world’s leading software manufacturer, was displayed.

*“This webpage illegally advertises unauthorised software packages exclusively produced and marketed under the trade name XXXXXX®. Customers are warned to refrain from purchasing such unauthorised products from a third party. Advertising, marketing and use of products released with our brand names without the user licence are liable for legal action ”* (Note: XXXXXX® indicates the trade name of the product).

- (3) In the software development division of IT Wonders, a number of application packages and software development tools which are licensed for multi-user access within the company premises are used. Since the software developers complained about transport problems when they have to work till late in the night, the CEO decided to allow them to work in their respective residences after working hours. He allowed them to install necessary software used in the company premises, in their personal computers at home and strictly requested not to lend copies of such software to outsiders. However, some of the software developers went ahead to lend copies of such software from the company to several customers to whom IT Wonders developed customized software.
- (4) The CEO of IT Wonders is an experienced person in the IT industry and is also a member of a reputed computer society. He has played a key role in many IT events in Sri Lanka. Despite his reputation, he is being accused by several Software Engineers in the software development team of IT Wonders for participating in all overseas workshops and conferences, apparently meant for those who are involved in software development without giving any opportunity for his staff. The CEO’s explanation is that, although he is not involved in direct software development, he needs to have an up to date knowledge about the software development environment in order to carry out his administration. Although this company adopted in practice a policy of absolute fairness in recruitment and promotions, female employees are never promoted as project leaders due to the fact that a majority of them were unwilling to work after regular hours and during weekends.

- 1) (a) Briefly comment on the Ethical and Legal implications of the following two statements.
- (i) **IT Wonders** is a company of its own and the agency of ITechnica was given to IT Wonders due to its reputation in the local IT field. Therefore, IT Wonders did not want to use the name of ITechnica for its existence.

(04 Marks)

**ANSWER IN THIS BOX**

**Ethical – As a matter of fact this statement is true. The agency of ITechnica was awarded to IT Wonders due to the reputation it had earned at the time.**

**But the consequent events have faded this image of IT Wonders.**

**Legal – No legal facts to argue against this statement.**

**Continued...**


(ii) **IT Wonders** used the agency of a reputed company to acquire prestige for their existence in the local market.

**(04 Marks)**

**ANSWER IN THIS BOX**

**Ethical – (i) No ethical implications w.r.t. the marketing of the foreign product.**

**(ii) The fact that IT Wonders did not inform ITechnica about the marketing of a locally assembled product is unethical**

**(iii) IT Wonders unethically used a deceptive name for its locally assembled PC.**

**Legal – No legal facts to justify this statement.**

(b) Is it reasonable to assume that although not informed to its foreign collaborator about the marketing of a locally assembled product, **IT Wonders** genuinely used all its resources to market and also to popularise the foreign product (PCTech) it represented? Justify your answer.

**(04 Marks)**

**ANSWER IN THIS BOX**

No.

No evidence in support of this argument.

(i) The use of a deceptive name for its locally assembled product.

(ii) Although not informed initially there were stages to suspect the behaviour of IT Wonders

such as ITechnica's findings about the low sales of their product and launching a campaign to boost the sales

(iii) Not submitting any explanation

- (c) (i) Identify the actions and counter actions taken by both parties consequent to the exposure of the marketing of a locally assembled product. **(04 Marks)**

**ANSWER IN THIS BOX**

(i) Letter of warning

(ii) Not responding to the warning

(iii) Letter of demand for compensation

(iv) Request to Blacklist IT Wonders in the international arena

(v) Newspaper Notice on the cancellation of the agency

(vi) Newspaper Notice by IT Wonders

(vii) Courts Action

- (ii) What are your recommendations within ethical and legal framework in order to avoid such conflicts?

**ANSWER IN THIS BOX**

**Ethical Aspects:**

- **Negotiating representatives from both parties directly**
- **Negotiating through an arbitrator (mediator)**
- **Agreeing to pay compensation to obvious cases such as the expenses of promotional campaign**
- **Voluntary withdrawal of the agency by the client (IT Wonders) in order to allow the ITechnica to continue the marketing of its product through a different agent**
- **Refraining from malpractices**

**Legal Aspects :**

**Inclusion of clauses in the agreement**

- **Specifying the approach to resolve conflicts.**
- **Exclusively about the marketing of products and strategies**
- **Payment of compensation in case of the violation of agreement**
- **About the ethical aspects**
- **Applicable law**

(d) (i) What would have been the possible Ethical and Legal implications if **IT Wonders** immediately met the demand of **ITechnica** by sacking the CEO and withdrawing the marketing of Super **PCTek**?

(04 Marks)

**ANSWER IN THIS BOX**

**IT Wonders indirectly accepts its involvement in industrial malpractice**

**CEO of IT Wonders will face a punishment without a legal inquiry**

**Future of employees involved in the business of Super PCTek uncertain**

(ii) According to the available information, to what extent will the court case be advantageous to IT Wonders?

(04 Marks)

**ANSWER IN THIS BOX**

- **No explicit clause in the agreement on the marketing of another similar product simultaneously.**
- **No clause in the agreement on legal procedures to be followed in case of the violation of agreement**
- **No specific reference to the applicable legal system**

(e) Due to the prevailing situation, some employees of IT Wonders decided to leave the company and move to some other companies. However, they failed to find employment in other companies as the companies did not like to absorb employees of IT Wonders due to its past records. Explain this

situation from the view point of the employees of IT Wonders.

(04 Marks)

**ANSWER IN THIS BOX**

- **Employees other than policy makers are not responsible at all for the administrative and marketing strategies of a company.**
- **Other Software Developing Organisations should not penalize them because of the alleged industrial malpractices of ITWonders**
- **In recruitment, only the records of the individual candidates not of the respective companies they have worked for, should be considered.**
- **Penalising the employees of ITWonders in this case is unethical and not unacceptable.**

(f) Assume that you have been consulted to draft the agreement between ITechnica and IT Wonders for the award of agency of ITechnica to IT Wonders for the marketing of the PCTech. By considering the events occurred in the past and possible similar events that may occur in the future, **list** the main points you would consider for the draft agreement.

(06 Marks)

**ANSWER IN THIS BOX**

- **Period for the agency**
- **Policy on fixing prices**
- **Policy on profit margins and each parties share of profits**
- **Conditions on marketing similar products**

**Continued...**

- **Conditions (if necessary) on marketing other products/accessories.**

- Provisions for entertainment and settlement of minor complaints
- Provisions for entertainment and settlement of major complaints
- If legal action to be taken, legal system of what country
- Terms and conditions to terminate the agency (by each party)
- Provisions to determine minimum sales limit
- Terms and conditions for promotional activities
- Commitments to the agency from each party

2) (a) What should one understand by the notice displayed in the webpage of **IT Wonders**?

(05 Marks)

**ANSWER IN THIS BOX**

It is apparent that, IT Wonders was unethically and openly involved in marketing Application Software produced by a different software developer since there was no reaction for the message from IT Wonders

(b) It has been a common practice in many developing countries to use unauthorized software. The argument or the justification of those who use such software is the unbearable high cost of the authorised product. Comment on the facts in this situation with respect to ethical and legal issues.

(05 Marks)

**ANSWER IN THIS BOX**

- There is no excuse whatsoever to use unauthorized software
- Using unauthorized software is unethical
- Whether it is legal or illegal – depends on the prevailing laws in the respective countries.

(c) If one reason for the high cost of many application packages is the development of a monopoly in the software industry, what are your recommendations within the legal framework in order to maintain prices at a reasonable level?

(05 Marks)

**ANSWER IN THIS BOX**

- Cost is only one (and may be the main) reason.
- Relevant Authorities can request the Software Developer to make these software available at a reasonable price.
- This will definitely be advantageous to the Software Developer since it will generate at least some additional income
- Government can impose a strict rule at least for the Government Organisations to use only authorized software.
- In return, Government can request the supplier to provide them at concessionary rates.
- To encourage other software developers to produce similar software for competitive

(d) What would be the possible explanations/views from the Software Developer with respect to high cost?

(05 Marks)

**ANSWER IN THIS BOX**

Costs involved on research

Development Costs

Quality Assurance

Maintenance and Future Developments

3) (a) Give your comments with respect to Ethical and Legal implications on the following.

(i) Permitting the software developers to use application software in their respective homes, that are licensed to be used only in the office premises.

**(05 Marks)**

**ANSWER IN THIS BOX**

**If the geographical location for the license is explicitly stated in the agreement it is illegal and unethical**

**If not, unethical but not illegal ('not illegal' does not imply 'legal')**

(ii) Lending copies of such software to the customers of **IT Wonders**.

**(05 Marks)**

**ANSWER IN THIS BOX**

**In such a case, the number of copies that would be given is unlimited.**

**This is unethical and illegal**

**An Application Software Developer will hardly agree for such an act.**

**'Concept of fair use' is not applicable to this**

(iii) What are the commitments and responsibilities of a software developer towards their customers with respect to ethical and legal practices.

**(04 Marks)**

**ANSWER IN THIS BOX**

- Refraining from unethical and illegal practices by example.**
- To deliver and install customised software to an environment with authorised software.**
- Making customers aware of ethical and legal practices.**
- Encouraging the customers to opt for Open Source Software for those who cannot afford the high cost of application packages.**

- (b) If **IT Wonders** cannot afford the license fee for a large number of application packages which are to be used in the respective homes of the team of Software Developers, what solutions within the ethical framework would you recommend in order to solve this problem?

**(06 Marks)**

**ANSWER IN THIS BOX**

The simplest and the best solution is to provide necessary facilities for the developing team to work within the office premises.

For this, food, refreshments and transport should be provided.

In order to allow the developers to work in their own environments, it will be necessary to negotiate with the supplier for a 'package' at a reasonable cost.

Network version to be accessed from home

In requesting the employees to spend long durations in the office premises, serious consideration must be given to their family problems

Looking for the possibilities of using Open Source Software

- 4) (a) With respect to legal rights and ethical aspects, present your arguments

(i) in favour of

(ii) against

the conduct of the CEO of **IT Wonders** in participating in all overseas workshops.

**(2x02 Marks)**

**ANSWER IN THIS BOX**

(i)

CEO is a paid employee of IT Wonders. So, he is entitled for such benefits as the others are.

He should work for the best interests of the company. So, he needs an up to date knowledge on the technology

**Continued...**

**He is responsible to improve sales and generate revenue**

(ii)

**Those who are involved in software development need to be in touch with the technological advancements as much as the CEO does.**

**Giving every opportunity to the same person is not ethical by any means**

(b) Suggest suitable and reasonable actions which could have minimized the complaints by the software developing staff for not offering any opportunity to them to participate in foreign workshops.

**(03 Marks)**

**ANSWER IN THIS BOX**

**Regularly rotating overseas training placements among the staff, with an extra weight to the CEO.**

**Giving opportunities based on ‘relevance’**

**Organising similar workshops locally for the entire team**

(c) By considering the information given in the overall case study as evidence, comment on the Professional Conduct of the CEO of **IT Wonders**.

**(04 Marks)**

**ANSWER IN THIS BOX**

**He has earned a reputation among the IT community**

**He has earned a recognition from a reputed society**

**Continued...**

**He should act according to the best interests of the company as well as his fellow employees**

**There is evidence that he has done some service to uplift the usage of IT in the country**

**But his marketing strategies such as proposing a deceptive name for their locally assembled PC are not ethical at all**

**Not making ITechnica known about the second PC they marketed at least during the promotional campaign is totally unacceptable**

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(d) Assuming that the explanation of the CEO is acceptable, what alternatives would you propose within the ethical framework in order to maintain the goodwill among staff.

**(03 Marks)**

**ANSWER IN THIS BOX**

**Organising similar workshops locally for the entire team**

**Offering some other benefits such as health/life insurance, additional allowances etc. to mitigate the frustration**

**Providing more benefits to the families of such employees**

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- (e) (i) By considering the reason given, to what extent, the denial of promotions as project leaders to female employees is consistent with the policy ‘absolute fairness in recruitment and promotions’ of IT Wonders?

(04 Marks)

**ANSWER IN THIS BOX**

The reason given for this is that, a majority of women were unable to work after regular hours and during weekends.

Project team generally needs constant supervision and guidance from the project leader.

Otherwise, problems will arise regarding the operations and activities towards the project goals and meeting deadlines etc.

Therefore, the availability of the project leader throughout the project work is very important.

However, knowing that female employees cannot make themselves more available than their fellow male employees,

it is unfair to use this reason as an excuse to deny them due promotions.

- (ii) What alternatives would you propose to ensure the fairness to female employees in their promotions?

(02 Marks)

**ANSWER IN THIS BOX**

Female employees may be appointed as Co-Project Leaders with responsibilities during the regular working hours.

Other positions which need the services during the regular working hours may be offered.

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