



**Strathmore**  
UNIVERSITY

## **STRATHMORE UNIVERSITY BUSINESS SCHOOL**

MASTER OF SCIENCE IN DEVELOPMENT FINANCE

**END OF SEMESTER EXAMINATION**

**MDF 8107: ETHICS AND GOVERNANCE**

**Date:** Wednesday, 17<sup>th</sup> October 2018

**Time:** 3 Hours

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### **Instructions:**

1. This examination consists of **Eleven (11)** questions.
2. Answer **ANY FIVE** of the questions below.
3. The answer should explain in detail the option you choose (**5 Marks**) why you choose that particular option (**5 Marks**) against alternative possible explanations or solutions (**5 Marks**). Whenever possible refer to particular established procedures or documents (**5 Marks**).

You are the founder and CEO of a financial service institution. After reading “Banking Culture Encourages Dishonesty”, you would like to create a system in your company that guarantees honesty in all employees and all transactions.

### **Question 1(20 Marks)**

What policies and strategy will you install to ensure that your employees always act with integrity?

### **Question 2 (20 Marks)**

What policies you will adopt so that the Corporate Board ensures the maintenance of this culture over the years?

### **Question 3 (20 Marks)**

Define and write one sentence for each of company’s the vision, mission, values and mantra and that encourages integrity-ethical behaviour?

### **Question 4 (20 Marks)**

How would you incorporate the 5 social moral principles in the company’s code of ethics?

### **Question 5 (20 Marks)**

What type of motivation and reward policies you will devise that make it easier to do good than do evil in your procurement department?

**Question 6(20 Marks)**

How would you adapt the principles of “Conscious Capitalism” in your company?

**Question 7(20 Marks)**

Design the headings of a proper a three-bottom line/sustainable report that includes all information of your company’s financial year?

**Question 8 (20 Marks)**

Device a strategy to assist your employees improve their four levels of happiness?

**Question 9 (20 Marks)**

Develop a set of principles for a HR policy that promotes the 5 types of good in your company and avoids the five types of evil.

**Question 10 (20 Marks)**

“Mwaniki is an experienced CEO, who everyone knows he will improve the profitability of your company by 65%. In order to accept your offer, he claims double salary that CEO’s in similar companies, plus an annual bonus equivalent to 5% of the increase in profit and a 5% stock in the company. This will result in a clear disparity on the salaries, bonuses, and stock given to other C suit officers, employees and will diminish the shareholders dividends substantially” Using the 4 principles of the double effect whether it will morally be morally acceptable to employ Mwaniki.

**Question 11 (20 Marks)**

“In 1996, a two-month-old baby boy named Jose Eric Martinez died after being given the wrong dose (ten times the recommended amount) of the drug Digoxin. An investigation established the causal sequence that resulted in the accidental overdose as follows: 18 The first step in the sequence was the determination of the appropriate amount of Digoxin to be administered. The attending physician and resident did the calculations and determined that the correct dose was .09 milligrams. However, when the resident wrote the order on Jose’s chart, he made a slip of the pen and entered 0.9 milligrams—a dose that was ten times too high. When the physician checked the chart, the mistake went unnoticed.

The Digoxin order was faxed to the pharmacy. The pharmacist thought the amount too high, so he placed the order on the coffee pot—the location of the unofficial important pile and then paged the resident to discuss the order. However, the resident had left for the day and did not receive the page. A back up copy of the order that had been sent by messenger arrived and was filled by a technician. The technician filled a vial with .9 milligrams of Digoxin and left it for the pharmacist to check. By the time the pharmacist checked the dosage, he had forgotten his original concerns. Since the order and the dosage in the vial matched, the pharmacist sent the prescription out.

That was not the end of the opportunities to correct the error. The nurse who received the vial thought that the dosage was incorrect, so she approached the resident on call, who was not the same resident who made the initial error. This resident redid the math and got the correct dosage of .09; but when he looked on the vial he failed to notice that the decimal point was in the wrong place and the dosage on the vial actually read 0.9.

There is a clear causal chain here, but which individual was responsible for the death of Jose Martinez? Are all the individuals who contributed to the mistake in some measure responsible for it? If one is concerned about organizational integrity, these questions may not be the right

ones to start with. This suspicion is supported when a few more facts of the case are added. The pharmacy was one person short the night the order was filled. A policy existed that the phone must be answered within four rings and that visitors should be greeted within five seconds—a policy that put pressure on an understaffed unit. The nurse who questioned the order was from a country in which women rarely confront men and in which women rarely confront doctors. Cultural practices and some well- intentioned policies played a role in the events that occurred.” From “Organizational Integrity and Moral Climates”, by Norman E. Bowie in *The Oxford Handbook of Business Ethics* pp. [701]-[724]

- a) Using the 3 elements to judge the moral responsibility of the CEO of the Hospital where the death of Jose Eric Martinez took place.