

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF COMMERCE
DEPARTMENT OF FINANCE
MSC IN FISCAL STUDIES
PART I-1ST SEMESTER FINAL EXAMINATION –MAY 2012
ETHICS, GOVERNANCE AND DEVELOPMENT [CFS 5104]
–PROPOSED FINAL MARKING SPECIMEN

Section A: [40 marks]

Question 1.

(a)The case study was an all encompassing one that drew on most of syllabus. It required the candidates to identify the pitfalls that can befall some of the leaders of the organizations. Candidates were required to argue also from the ethical perspective using philosophers such as Kant, Mills, Machiavelli Bentham and the economist Friedman. Some of ethical breaches include:

- Promotion of special interests at the expense of the common good
- Encourage dependency of followers and may privately despise them
- Foster competitiveness
- Pursue personal goals
- Foment greed, envy, hate and deception
- Engage in conflict rather than competition
- Use inconsistent, irresponsible means
- Use persuasive appeals based on emotion and false logic
- Keep their distance from followers and expect blind obedience
- Lack of respect in overall, the human rights for the people of Bhopal

(b) This question looked at governance, the view of Union Carbide, as a set of subsystems. As such Union Carbide could be seen as a patriarchal organization which manages from the top down which failed to move into sustainability and systems based which encompasses power and authority skillfully distributed among employees and stakeholders through new information, decision making and resource allocation mechanisms. f Union Carbide ailed in the following:

- They did not follow a vision and an inviolate set of principles focused on conserving the environment and enhancing socioeconomic well being
- They failed to continually produce and widely distribute information necessary for expanding the knowledge base and measuring progress toward the core process
- They did not engage all those affected by the activities of the organization
- They did not equitably share the resources and wealth generated by the organization

c) This was a debate question which drew upon the candidates' ability to effectively provide a critique on Multi-national Enterprises (MNE's) power and influence upon countries with weaker legal framework. These poor countries court investment and that investment may have strings attached to it. This might mean that MNE's can circumvent the some of the legal framework and this can sometimes be potentially damaging to the socio-economic well being of the citizens as evidenced in Bhopal. As such the question sought candidates to make a balanced argument for and against the MNE's

Question 2.

Ethical leadership involves both acting and leading ethically over time all the time. Specific components of ethical leadership include:

- Put the good of the organization and the general good before your own interests and ego
- Encourage the discussion of ethics in general and of the ethical choices involved in specific situations and the decisions as an ongoing feature of the organizational culture
- Institutionalize ways for the people to question your authority
- Don't take yourself too seriously
- Consider the consequences to others of your decisions, and look for ways to minimize harm
- Treat everyone with fairness, honesty, and respect all the time
- Treat other organizations the same way you treat other people-with fairness, honesty and respect
- Collaborate inside and outside the organization
- Communicate
- Work to become increasingly culturally and interpersonal competent
- Take cultural sensitivity and cultural competence seriously
- Work to be inclusive
- Take your leadership responsibility seriously, and be accountable for fulfilling it
- Constantly strive to increase your competence
- Don't outstay your usefulness
- Never stop reexamining your ethics and your leadership

Question 3.

The question sought to align the notion of culture in relation to the candidates' workplaces. As such candidates were encouraged to infer to their workplaces. Typical advantages (+) and disadvantages (-) include + strong corporate identity, + strong corporate goals and objectives, -rigid structures, -less flexibility, -highly resistant to change and innovation

❖ **change means in the culture of the organization includes the following**

- identify key leverage points
- change in governance systems
- governance...includes the modes of allocating decisions, control, and rewarding rights within and between economic organizations
- improve decision making and accountability
- fair allocation of distribution of resources and wealth
- improved information generation and sharing
- change the dominant controlling mind-set or mental paradigm
- restructure the rules of engagement
- shift the information flows
- correct the mechanism feedbacks

- adjust the parameters

Question 4

The utility and the Kant's ethics of duty are two opposing frames. The former argues the greater end aggregate of numbers justify the means whereas the latter looks at the means and not the ends 'i.e. the concept of goodwill without any justification or qualification i.e. it is willing'

❖ Kant ethics of duty

- humans are concerned with morality that is we have a will to be good. The Goodwill
- moral truths can be established through reason to be analytical truths
- morality is based upon logic (reason), therefore to act illogically it to act immorally
- category imperatives as a command or rules that holds with no exceptions or qualification
- the category imperative asserts that an act is immoral if the rule that would authorize it cannot be made into a rules for all human beings to follow
- human beings are not a means to an end but an end in itself
- deontological approach

❖ Mills/Bentham's Utility

- the principle of utility approves or disapproves of every action whatsoever according to the tendency which it appears to have augment or diminish the happiness of the party whose interest is in question
- by utility is meant that property in any object, whereby it tends to produce benefit, advantage, or pleasure, good, or happiness, or to prevent the happening of mischief, pain, evil or unhappiness
- the greatest good of the greatest number/ principle of greatest happiness
- minimize unhappiness and maximize happiness
- teleological approach

As such candidates were to argue drawing from the above. Utilitarian would argue that it is the maximisation of the greatest good in terms of increased income for the disadvantaged and lower price shirts whereas Kant would against the use of children as a means to an end

Question 5.

This question sought the candidates to draw on the three schools of new institutionalism, namely the rational, the sociological and the historical. Candidates were required to access the strengths and weaknesses of these three competing schools of thought.

Question 6.

The five key traits which candidates were required to explain in detail are:

- Systems have a specific purpose
- Systems must have all of their parts present to achieve their purposes
- The way the parts of a system are arranged determines its performance
- Each of the core elements of a system is dependent on the other core elements
- Systems seeks to maintain stability through feedback

Question 7.

Problems encountered *inter alia* include the lack of training of the legislators in the sense that some of them had played minor part in drafting the wording of the proposed Bills. They were little educated on that aspect such that the end bill was different from the initial Bill. They did not have the skills to capture accurately what the initial aim of the Bill was in order to address the deficiencies which that Bill sought to re-dress. Some of the legislators went to their former colonial masters for training in order to bridge these deficits.