

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA – SEMESTER -IV • EXAMINATION – SUMMER 2016**

**Subject Code: 2840003****Date: 29-04-2016****Subject Name: Business Ethics & Corporate Governance (BE & CG)****Time: 10.30 AM TO 01.30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

**Q1 (a) Answer the following Multiple choice questions.****06**

1. Define morality
  - a. What is considered as correct within a society
  - b. Making the right decision's where there is a chance to do wrong
  - c. Defining what is right and wrong for an individual or a community
  - d. Where individuals have a conscious choice to make a right and ethical decision
2. Consequentialism/Teleological
  - a. Decisions are established based on previous consequences and results from past actions
  - b. Focus on the outcomes/ consequence of ethical decisions, not on moral principles
  - c. Focuses on the intrinsic goodness or value of an action
  - d. Consequences of competitor actions determine your actions
3. The system by which companies are directed and controlled is called:
  - a. Corporate regulations
  - b. Corporate governance
  - c. Corporate administration
  - d. Corporate compliance
4. Which intervention resulted from the Enron Scandal?
  - a. The Hampel Committee
  - b. Sarbannes-Oxley Act
  - c. The Greenbury Committee
  - d. The Cadbury Committee
5. The OECD argues that corporate governance problems arise because
  - a. Profit maximization is the main objective of organizations
  - b. Managers always act in their own self interest
  - c. Ownership and control is separated
  - d. Stakeholders have differing levels of power
6. Example of Normative Ethics
  - a. "Do unto to competitors as you would have them do unto you
  - b. "Do unto others as you would have them do unto you"
  - c. "Do unto to friends as you would have them do unto you"
  - d. "Do unto to employers as you would have them do unto you"

- Q1 (b) Explain the following terms:** **04**
1. Distributive Justice
  2. PCAOB
  3. Creative Accounting
  4. Immoral and Amoral Business
- Q1 (c) Answer the following in brief:** **04**  
Explain the qualities of an Ethical Leader
- Q2 (a)** Discuss the Kohlberg's six stage of moral development to establish any violation of moral responsibility. **07**
- Q2 (b)** Justify the statement: 'Ethics stand as the moral guard against what is unjust and unfair' **07**
- OR**
- Q2 (b)** Why do you think so many big corporate got into business troubles since late 1990s? What measures were taken by USA as well as India to contain the problem of non-transparent governance of listed companies since 2001? **07**
- Q3 (a)** Explain the Sarbanes Oxley Act of 2002 for corporate Governance. **07**
- Q3 (b)** "Purpose of the business is to earn 'profit and gains' for its stakeholders and that cannot be accomplished and sustained without steps for adding 'value' to the society where it operates. Illustrate your answer with reference to CSR activities performed by a well-known organization **07**
- OR**
- Q3 (a)** Explain the rights and responsibilities of Investors and shareholders? **07**
- Q3 (b)** "There may be times when we are powerless to prevent injustice, but there must never be a time when we fail to protest." Discuss the significance of this statement in light of the ethics of Whistle Blowing. **07**
- Q4 (a)** Write a note on Recommendations of the Narayana Murthy Committee report on Corporate Governance. **07**
- Q4 (b)** "Independent directors are known to bring objective view in Board deliberations. They also ensure that there is no dominance of one individual or special interest group or the stifling of healthy debate. They act as the guardians of the interest of all shareholders and stakeholders, especially in the areas of potential conflict." Discuss the above statement in the light of Clause 49 of the listing agreement. **07**
- OR**
- Q4 (a)** Describe the ICRA's methodology for CG Rating **07**
- Q4 (b)** "The silver lining in the Satyam episode is that it has opened a window of opportunity for corporate governance reforms in the country. Even though there has been a failure of the checks and balances in corporate governance, this crisis provides a great opportunity to rebuild our governance framework and regulatory control." In the context of this statement, examine the issues and challenges in corporate governance. **07**

**Q5 (a) Study the given case and answer the questions given below:**

**14**

A junior member of staff has just returned to work after taking special leave to care for her elderly mother. For financial reasons she needs to work full-time. She has been having difficulties with her mother's home care arrangements, causing her to miss a number of team meetings (which usually take place at the beginning of each day) and to leave work early. She is very competent in her work but her absences are putting pressure on her and her overworked colleagues. You are her manager, and you are aware that the flow of work through the practice is coming under pressure. One of her male colleagues is beginning to make comments such as "a woman's place is in the home", and is undermining her at every opportunity, putting her under even greater stress.

**Questions:**

1. In light of the above case, elaborate the ethical dilemma.
2. How should you proceed so as not to discredit yourself, your profession or the practice for which you work and at the same time maintaining integrity and confidentiality in your actions?

**OR**

**Q5 (b) Study the given case and answer the questions given below:**

**14**

As a senior officer in the Ministry of Public Works Department you have access to important policy decisions and upcoming big announcements such as road construction projects before they are notified in the public. Your son is a land dealer and realtor. The Ministry is about to announce a mega road project. Once it is announced, the land price in the vicinity would see a steep hike. You have access to maps and know the dimensions of land to be acquired. Your son wants to know the complete details and he is insisting you about this. He wants to buy the land at present rates which is very cheap in and around the soon to be announced project. He is trying to convince you by saying that he would purchase land confidentially and there would be no problem in future for you. You are aware that the Minister has already shared this information with his children who are also into the land business. In fact, the minister has asked you to do the same so that your son also makes huge profits. He has tried to convince you by saying that his and your children are buying land legally and there is no harm in it. In this situation, what will you do?

**Questions:**

1. "Greed breeds unethical practices and harms the society more than what the organization gets or gives back to the society". Discuss this statement with reference to above case.
2. Critically examine various conflicts of interests at play in this case study and explain what your responsibilities are as a public servant.

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