

MMS-IV
BECG 04

25/3/13

25-03-2013.

Roll No.

Business Ethics &
Corporate Governance

Total No. of Printed Pages: 3+1=4

Total No. of Questions: 5

Maximum Marks: 30

Duration (hrs.): 1.5 Hrs

Section, if any: I

Note: Section I & II to be solved on SEPARATE
Answer Book.

Attempt total 3 question

Attempt any one question where choice provided

Support your answers with examples

Q1. What are the sources of ethical norms and The Different Views of Ethics?

Solve the case study based on theories, highlighting the relevant facts, ethical issues, primary stakeholders, possible alternatives, practical constraints, ethics of the alternatives and actions to be taken— 10 marks

Case Study: Little Enough or Too Much

Topic: Environmental Protection

Characters: Bryan, Manager in new product development with a large chemical company
Bill Gates, Plant Supervisor and Bryan's superior

Bryan was recently hired by a large chemical company to oversee the construction of production facilities to produce a new product. X Chemical developed a new industrial lubricant which it felt it could produce at a price close to those of its competitors. The plant to manufacture the lubricant

was built on land adjacent to the East River. X Chemical had already applied for and received the necessary permit to dump waste materials from the process in the river. Several other chemical plants in the near vicinity are also releasing waste materials into the river.

Bryan is concerned because the government agency which oversees the permit process has granted X Chemical a permit to release more waste in the river than previously anticipated. An additional stage in the production process which would have reduced the waste and recycled some materials became unnecessary due to the regulatory agency's decision. Because the additional process would have added capital and production costs, it was not built as part of the existing plant. Yet, X Chemical has always stated publicly that it would do all that it could to protect the environment from harmful materials.

The company has had mediocre performance for several quarters, and everyone is anxious to see the new product do well. Tests have shown it to be a top-quality industrial lubricant which can now be produced at a cost significantly below these of their competitors. Orders have been flowing in, and the plant is selling everything it can produce. Morale in the company has increased significantly because of the success of the new product. Due to the success of the new product, all employees are looking forward to sizable bonuses from the company's profit sharing plan.

Bryan is upset that the company failed to build the additional stage on the plant and fears that the excess waste released today will cause problems for the company tomorrow. Bryan approaches Bill Gates, the Plant Supervisor, with his concerns. Bill replies, "It's up to the government agency to protect the river from excess waste, and the company only had to meet the agency's standards. The amount of waste being released poses no threat to the environment, according to the agency. The engineers and chemists who originally designed the production process must have been too conservative in their rites. Even if the agency made a mistake, the additional recycling and waste reduction process can be added later when it becomes necessary. At this point, building the additional process would require costly interruptions in the production process and might cause customers to switch to our competitors. Heck, environmental groups might become suspicious if production was stopped to add the additional process—they might see it as an admission of wrongdoing.

No one in the company wants to attract any *unwarranted attention* from the environmental groups. They give us enough trouble as it is. The best thing we can do is make money while the company can and deal with issues as they come up. Don't go trying to cause trouble without any proof. The company doesn't like troublemakers, so watch your step. You're *new here*, and you wouldn't want to have to find a new job."

Bryan is frustrated and upset. He can see all the benefits of the new product, but inside he is sure the company is making a short-sighted decision *which will* hurt them in the long run. The Vice President of Operations will tour the plant next week, and Bryan is considering approaching the officer with his corm. It might also be possible to contact the government agency and request that the permit be reviewed. Bryan is unsure what to do, but he feels he should do something.

Or

Q2. What are Business ethics, who the different stakeholders and how globalization has impacted ethics definition. Use real examples to explain. – 10 marks

Q3. Corporate social responsibility (CSR) is the process by which businesses negotiate their role in society. In the business world, ethics is the study of morally appropriate behaviors and decisions, examining what "should be done". Although the two are linked in most firms, CSR activities are no guarantee of ethical behavior? Discuss with examples of organization with good Business ethics and CSR, and organizations which use CSR as eye wash and are not ethical. – 10 marks

or

Q4. Discuss Bhopal Gas Tragedy and various ethical issues involved in it. Did Union carbide ignore ethical issues? – 10 marks

Q5. Write short notes on following discussing relationship and distinction between them:

- Moral Values
- Ethics
- Legal Laws
- Corporate Governance

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Section , if any : II (second)

Note : All Questions are compulsory in this section.

Q 1) Attempt any two :-

5*2 =10

A) "Good corporate governance has to make sure that the organization structure functions to maintain the corporations reputation, and responsibility to its various stakeholders .How do various organizations define corporate governance? What is a need of corporate governance in India

B) Explain in detail the amendments suggested as per company bill 2012

C) Explain Benefits and various Issues in corporate Governance

Q 2) Answer any two :-

5*2 =10

a)How different is Agency theory from Stewardship Theory?

b) In which model of corporate governance do the shareholders elect the board of directors? Discuss the model of corporate governance and the structure roles and responsibilities of the board members of such board.

c) Discuss the model of corporate governance in which financial institutions play a major role.

Q 3) Attempt any two :-

5*2 =10

a)What Is cadbury Report? What are its recommendations?

b) Elaborate the recommendations of Kumar Mangalam Birla committee

c) Nirmal Soaps Ltd.is a new fast moving consumer goods company in India.Which of the following board structures would suit Nirmal Soaps Ltd?why?a) All executive board b)Majority executive Board c) Mejority outside board d) Two tier supervisory board