

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA - SEMESTER-IV • EXAMINATION-SUMMER • 2015

Subject Code: 2840003

Date: 11-05-2015

Subject Name: Business Ethics and Corporate Governance (BE & CG)

Time: 10.30 am - 13.30 pm

Total Marks: 70

Instructions:

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

- Q.1 Read the case-let carefully and answer the questions that follow: 15**
- Arthur Edward Anderson (1885-1947), the founder of Arthur Anderson & Co. must have turned in his grave in 2001, as the auditor firm founded by him became a synonym for scandal in the accounting profession. On 15th August 2001, Sherron Watkins, an employee of Enron, questioned the company's accounting practices, in a single-page letter to its CEO. Enron, the energy giant that ruled the world, and its auditor Arthur Anderson & Co., became the ridicule of the world. In early 2002, the US Justice Department began criminal investigations into Enron's bankruptcy. In 2002, Arthur Anderson was convicted by the lower and appellate courts for obstruction of justice. The firm had worked hand in glove with Enron and cooked its account books. The audit firm that once had an 85,000 strong workforce, now had closed offices and business interests around the globe. The firm's name is so tarnished that there is no other business going on in it, other than attending to over a hundred civil suits.
- Questions:**
- (a) What do you think can be the outcomes of an accounting fraud to the society and business at large? **07**
- (b) Why do you think that the history of accounting fraud repeats itself, such as so many frauds which we have heard after Enron scandal? **07**
- Q.2 (a) Critically discuss the role and scope of ethics in business. Do you agree with some moral philosophers' view that business and ethics are at odds and in contradictions with each other? 07**
- (b) 'Good ethical decision-making requires a careful exploration and analysis of the problem at hand.' In light of the statement design a framework for ethical decision-making. **07**
- OR**
- (b) 'If an action produces most utility, is it always moral?' Discuss the statement in light of the Utilitarian approach to ethics. **07**
- Q.3 (a) Write a detailed note on Sarbanes Oxley Act. 07**
- (b) 'With changing business environment, the tasks of corporate governance must also change'. In light of the statement, suggest some recommendations for the way forward for improving governance in India Inc. **07**
- OR**
- Q.3 (a) Why was the Narayan Murthy Committee set up by SEBI. Discuss the key recommendations forwarded by the Committee to improve corporate 07**

governance standards in India.

- (b) 'Corporate Social Responsibility (CSR) can be made an effective strategy for good governance'. Elucidate the statement. 07

Q.4 (a) How important are Independent Directors in an organization. Give your opinion. 07

- (b) What is your understanding of an ethical leader? What do you think should be the qualities of an ethical leader to lead the nation? 07

OR

Q.4 (a) Write a detailed note on the principles and structure of corporate governance. 07

- (b) As an entrepreneur or HR Head of your organization, focus on the areas you should keep in mind for ethical practices related to HR and marketing. 07

Q.5 (a) Discuss the relevance of ethics vis-à-vis law in business. 07

- (b) Outline the steps of moral-judgment while arriving at a decision. 07

OR

Q.5 (a) 'The rights of individuals are also intricately joined with the duties of the individual in an organization.' Discuss the statement. 07

- (b) Write a note on: (i) Distributive Justice (ii) Ethics of care 07
