

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 4 EXAMINATION – SUMMER 2019

Subject Code: 2840003

Date: 02/05/2019

Subject Name: Business Ethics and 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.

Q.1 (a) Multiple Choice Questions:

06

1. 'Morality' is the subject matter that ethics investigates through a process of _____.
A. Ethical dilemma
B. Moral reasoning
C. Ethical decision-making
D. Moral responsibility
_____ is a self-inflicted situation that arises due to various contradictions between one's moral perception and imperatives etc.
2. _____ refers to the attempts made by an individual or member of the company to alert or disclose about the wrong-doings in or by the organization or any entity.
A. Ethical decision-making
B. Ethical dilemma
C. Ethical perception
D. Moral reasoning
3. _____ refers to the attempts made by an individual or member of the company to alert or disclose about the wrong-doings in or by the organization or any entity.
A. Disclosure
B. Mandatory disclosure
C. Voluntary disclosure
D. Whistle-blowing
4. Ethics and law overlap. This area is called _____.
A. Black area
B. Red area
C. Yellow area
D. Grey area
5. The framework for establishing good corporate governance and accountability was originally set up by the _____.
A. Nestle Committee
B. Rowntree Committee
C. Cadbury Committee
D. United Nations Committee
6. Which of the following is not one of the underlying principles of the corporate governance Combined Code of Practice?
A. accountability
B. openness
C. acceptability
D. integrity

(b) Answer the following questions/ concepts in brief:

(4x1=4)

- (1) What is business ethics?
- (2) What is rule-utilitarian approach?
- (3) Throw some light on 'Rights, duties and care in environmental protection'.
- (4) Define Corporate Governance.

(c) Answer the questions in short:

(1x4=4)

- (1) Discuss the relevance of ethics vis-a-vis law in business.

Q.2 (a) Discuss the role and scope of business ethics. **07**

Q.2 (b) How do you think the study of ethics is relevant and important for today's business practices? Give examples of five areas of business operations where ethical practices plays an dominant role. **07**

OR

Q.2 (b) Who do you think should be responsible for following ethics in business and what care should be taken in ethical decision-making in practical business situations? **07**

Q.3 (a) Discuss the inter-relationship and inter-dependence between business ethics and corporate governance among Indian companies. **07**

Q.3 (b) Discuss some of the ethical issues in Human Resource Management. **07**

OR

Q.3 (a) Discuss the commonly accepted principles of corporate governance in terms of core management practices. **07**

Q.3 (b) Discuss the role and usefulness of the 'Utilitarian Theory' in assuring ethics and morality. Relate your answer with land acquisition for making 'Smart City' concept. **07**

Q.4 (a) Discuss in detail the three Models of Corporate Governance. **07**

Q.4 (b) Give an overview of how the corporate governance requirements of the US Sarbanes-Oxley Act differs from the India's SEBI regulations. **07**

OR

Q.4 (a) Write overview on: (1) OECD Principles of Corporate Governance (2) Companies Act 2013 **07**

Q.4 (b) India has witnessed big scams like Satyam, Nirav Modi case and many more in the recent past. Discuss how and what can be done to improve the governance scenario of India. **07**

Q.5 CASE-STUDY

Read either of the case below and answer the questions that follow:

CASE I

Rachel works as a Quality Assurance Engineer at a large electronics company. She is responsible for the final testing of her company's servers and is part of a team which decides when new products will be shipped to distributors for sale. Rachel's company has a contract with another company which makes the chips which are incorporated into the servers Rachel's company makes. The business model for this product is to release a new generation server approximately every six months, meaning Rachel has a limited timeframe to conduct her Quality Control tests.

Because there is such a short amount of time between the release of each next new product, the Quality and Assurance department cannot perform every possible test on the servers to ensure they are defect free. Rachel will not ship a product if there is any possibility that the server could malfunction and cause physical harm to the customer. However, she will ship a product that has a higher likelihood of failure resulting in data loss for the customer, because she knows that if she doesn't, her company's competitor will.

(Source: <https://www.scu.edu/ethics/focus-areas/business-ethics/resources/cases/>)

Based on the Case above answer the following questions:

Q.5 (a) What are the ethical issues in the case above. **07**

Q.5 (b) Is this an ethical way to conduct business? How should she determine when to ship a product with known defects? **07**

OR

CASE II: Who is responsible for ensuring trustworthy news?

The rise of fake news has reached unprecedented levels and has raised serious concerns about how citizens receive their news and form opinions. The increase in fake news has several sources. Social media platforms like Facebook gave many stories the same visibility as news publications, such as those from the New York Times or Wall Street Journal during the 2016 Presidential elections as well. Moreover, these posts often had higher engagement rates (comments and reactions) resulting in them receiving even higher visibility and prevalence in users' news feeds.

Facebook CEO Mark Zuckerberg initially downplayed the problem, calling it a “pretty crazy idea” that fake news on Facebook influenced the election. Zuckerberg has since begun to address the fake news issue, but warns, “We must proceed very carefully... and must be extremely cautious about becoming arbiters of truth ourselves.”

The Society of Professional Journalists has a code of ethics with four principles: seek truth and report it; minimize harm; act independently; and be accountable and transparent. But the transition to online platforms has fundamentally changed journalism. Google and Facebook control 80 percent of ad revenues; the same revenue source that news publishers depend on. Moreover, more than 40 percent of people now get their news from social media networks – making Facebook a de facto middleman in people's intake of news.

Facebook is taking the problem seriously, albeit with a great deal of caution. They have introduced efforts to help users spot fake news and inject indicators of trust (disputed tags) into their posts in partnership with a few institutions. They have also banned fake news sites from advertising on the network.

(Source: <https://www.scu.edu/ethics/focus-areas/business-ethics/resources/facebook-and-our-fake-news-problem/>)

Based on the Case above answer the following questions:

Q.5 (a) What are the ethical concerns in the Case above. As a social media user, how do you think you can contribute positively for the society in such ‘fake news’ issues. **07**

Q.5 (b) Does Facebook and other such advertising or social media platforms or publication houses/media have an obligation to address the fake news problem? If so, what should be done about it? **07**
