

Seat No: \_\_\_\_\_

Enrollment No: \_\_\_\_\_

**PARUL UNIVERSITY**  
**FACULTY OF MANAGEMENT**  
**MBA, Summer 2017-18 Examination**

**Semester: 4**

**Subject Code: 06200251**

**Subject Name: Business Ethics & Corporate Governance**

**Date: 17-05-2018**

**Time: 10:30AM to 01:00PM**

**Total Marks: 60**

---

**Instructions**

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

**Q.1 Do as Directed.**

**A).Multiple choice type questions/Fill in the blanks. (Each of 1 mark)**

**(05)**

1. Violation of moral standards and affixing moral responsibility rests on factors such as \_\_\_\_\_
  - a) Uncertainty
  - b) Difficulty
  - c) Involvement
  - d) All of the Above
2. \_\_\_\_\_ are rules of behavior established through moral reasoning and exhibited by the culture, custom, thinking, actions and decisions of a society to demonstrate its adherence to certain degree of fairness, justice and care.
  - a) Moral standards
  - b) Ethical standards
  - c) Legal standards
  - d) None of the Above
3. \_\_\_\_\_ refer to the moral standards demonstrated by the professionals working in the business of managing, promoting, marketing or developing (products).
  - a) Business Ethics
  - b) Self - regulation
  - c) Professional Ethics
  - d) Social development
4. Every right of a person (or an organisation) is associated with the performance of certain \_\_\_\_\_
  - a) Correlated duties
  - b) Concerned parties
  - c) Subordinate the rights of others
  - d) Help of others
5. "Ethics of Caring" is primarily concerned with the concept of \_\_\_\_\_
  - a) Caring for someone
  - b) Caring for self
  - c) Favouritism
  - d) All of the Above

**B).Define the following. (Each of 1 mark)**

**(05)**

1. Business Ethics
2. The Utilitarian theory
3. The theory of Rights
4. The Common Good Approach
5. Ethics of Virtues

**C).Direct questions. (Each of 1 mark)**

**(05)**

1. Characteristics of Moral Standards
2. State 06 stages of Kohlberg's Moral Reasoning
3. Moral Responsibility
4. Ethics VIS-A-VIS Law
5. Justice of Fairness

**Q.2 Answer the following questions.**

**A).Briefly state OECD principles of corporate governance.**

**(07)**

**B).State recommendations made by Narayan Murthy Committee on corporate governance.**

**(08)**

**Q.3 Answer the following questions.**

- A).What are the roles and responsibility of Independent Directors in an organization, Give your opinion. (07)
- What do you understand about Corporate Governance Rating for Indian Company? Explain (08)
- B).ICRA's methodology for Corporate Governance Rating.

**Q.4 Attempt any two questions. (Each of 7.5 mark) (15)**

1. POSCO signed a Memorandum of Understanding (MOU) in June 2005 to incorporate an Indian subsidiary and build a steel plant in Orissa, a state in eastern India. Posco India was incorporated by POSCO in August 2005 with the Registrar of Companies, Orissa, under India's Companies Act 1956.

As of July 2011, various delays and controversies have prevented POSCO-India from building the steel plant in Orissa. The June 2005 MOU expired in June 2011. The State Government of Orissa expects to replace the expired MOU, and sign a new and revised MOU with POSCO. As of September 2011, the MOU renewal remains a subject of negotiation between POSCO India and the State Government of Orissa because the state has proposed changes and new conditions to the original MOU signed in June 2005.

The National Steel Policy published by the Government of India claims that each additional capacity of one million tons per annum of steel creates 2,000 direct jobs in India, after accounting for productivity improvements and use of modern technology. The policy document also claim that one man year of employment in the Indian steel industry generates an additional 3.5 man-year of employment elsewhere in the economy, such as transport, mining, construction, machinery, and steel fabrication. Posco India's 12 MMT plant, according to this policy document will create 1,08,000 jobs in the Indian economy. However, Posco India has been unable to start construction because of social and environmental controversies.

In July 2010, a nineteen-member committee, headed by N.C. Saxena, visited Orissa. The committee urged the Ministry of Environment and Forests of the Government of India to withdraw the clearance given to the State Government for diversion of the forest land.

In August 2010, the Ministry of Environment and Forests of the Government of India issued a stop work order. Then the Government of India appointed a four-member committee headed by Meena Gupta for examining violation of the 'Forest Rights Act'. Meena Gupta, the committee chairwoman, acknowledged that Scheduled Tribes enjoy an important constitutional status in India, and disturbing or displacing them stands on a different footing from the displacement of other people. She claims Posco India plant is planned to be located in a coastal district which is not a Scheduled Area and has virtually no scheduled Tribe people. The people to be displaced are mostly agricultural and fishermen families (about 700 families). She further claims that the land earmarked for Posco India is classified as forest land, but this area is mainly sandy waste, having some scrub forest apart from casuarinas plantations.

**Questions:**

1. What is Ethical dilemma in this case?
2. Explain the common analytical steps used in resolving ethical dilemmas.

2. A newly established private educational institution for vocational courses proposed to air a 10-second advertisement at the peak time on a popular TV channel into a metro claiming: 'Enrolment in the Institution automatically guarantees 100% jobs in Government offices'. The proposal had put the accounts manager of the TV channel into a dilemma whether to accept the advertisement – accepting the advertisement would mean supporting and promoting 'wrong' information, and refusing the same would mean loss of revenues to the channel. The TV channel was more concerned with the consequences of their action that might mislead many poor students to pay hefty fees to enroll in the course with job false guarantee.

**Questions:**

1. What is Ethical dilemma in this case?
2. Explain the common analytical steps used in resolving ethical dilemmas.

3. A fire that broke out during the annual celebration of the birthday of its founder J.N. Tata at the Jamshedpur plant of Tata Steel, the flagship company of Tata Group, on 3 March 1989. An accidental but devastating fire engulfed some galleries reserved for employees and their relatives to witness the celebrations. Flames spread rapidly through the wooden galleries and children and women were trapped and severely burnt in the stampede that followed. There were many casualties in the aftermath of this horror and devastation. Within minutes, the entire management team and the employees got into action for the rescue operations. Doctors arrived from the nearby company hospitals attended to the victims; burn specialists were flown into town from all over the country and special medicines were flown in from abroad for emergency treatment. The company left no stone unturned to save the victims. After the initial shock and recovery period, critical patients were taken to various burn specialty hospitals across the country on the aeroplane meant for the Chief Executive of the company. The management extended full help and unlimited financial support to ensure recovery of each patient. Special family cells were formed to visit and counsel burn patients at hospitals and in their homes and to express solidarity and encouragement for early recovery. Subsequently, jobs were offered to near relations of each of the deceased, special air-conditioned residential accommodations were provided to facilitate recovery of the surviving victims, continuing medical treatment at the best hospital in the country was provided at the company's cost as long as it was needed, compensations were paid to destitute loss, and a rehabilitation training and programme was instituted for the long term benefits of surviving victims. All these efforts of the company were spontaneous – not demanded by its employees or trade union – and was hailed by the community as most praiseworthy for the well-being of affected employees and the community.

**Questions:**

1. Which Ethical Principles followed in this case?
2. Give your comments to justify your answer.

4. Satyam, once a leading Indian outsourcing company serving more than a third of the Fortune 500 companies, is now called India's Enron, had significantly inflated its earnings and assets for years, maligning Indian stock markets and throwing the industry into turmoil. Behind the biggest corporate fraud in the country were its promoter Ramalinga Raju (chairman), his younger brother Rama Raju (managing director), and allegedly their audit firm, PWC, who had effectively cooked the company's books for several years. This scandal (January 2009) not only hurt the interests of thousands of employees and investors, it also shamed and shocked the Indian industry.

**Questions:**

1. Explain the importance of Individual ethics in business based on above information.
2. Explain Creative Accounting and its role in Business Scandal.