Seat No.: _____ Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA – SEMESTER 04 – EXAMINATION – SUMMER 2017

Subject Code: 2840003 **Date: 30/05/2017**

Subject Name: Business Ethics and Corporate Governance (BECG)

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.**

Objective Questions **6**

Q.1 (a) _____examines both the individual and social goodwill in all directions

1. A. Business B. Ethics
   C. Law D. Morality

_____it states that business ethics is not necessarily derived from experience of businessmen or logic but businessmen automatically process an understanding of what is good and what is bad.

2. A. Empirical Approach B. Rational Approach
   C. Intuitive Approach D Revelation Approach

The buying and selling of products or services over electronic systems such as the internet and other computer networks are known as_____

3. A. E-business B. E-banking
   C. E-marketing D. E-governance

The process of _____ has evolved with the beginning of corporatisation of business since the 19th century.

4. A. Legal governance B. corporate governance
   C. Globalization D. Industrialization

Since its introduction in 1992, the _____ act was periodically supplemented for fulfilling its objective of protecting the interest of securities.

5. A. Finance B. Fiscal
   C. SEBI D. Companies

Corporate governance is the journey towards creating sustainable growth through continuous _____to the organization.

6. A. value addition B. Industralisation
   C. Wealth creation D. Jurisdiction

Q.1 (b) Explain the following terms **04**

a) Values

b) Moral Standards

c) Ethics of Advertising
d) Corporate Governance

Q.1 **(c)** Which elements of ethics should be examined to ensure ethicality of a decision or action? **04**

Q.2 **(a)** Critically discuss the role and usefulness of the 'utilitarian theory' in assuring ethics and morality in the society. What are the limitations of the utilitarian approach? **07**

(b) Discuss the sources of ethical dilemmas and the method of resolving the same. Give three examples of ethical dilemmas that you might have come across in your social or work life. **07**

OR

(b) 'Ethical issues in business arise from a business's purposes and operations.' Discuss the importance of this approach in the methods of logical reasoning to establish whether an action has been ethical. Does this approach contradict the purpose of ethics in business. **07**

Q.3 **(a)** Define corporate governance, and identify the model role and purpose of corporate governance with reference to that of definition. **07**

(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**

OR

Q.3 **(a)** Identify the six principles of the Indian Ethos that are said to be relevant and important for holistic corporate governance. Discuss their implication for the corporate governance process. **07**

(b) Following the great financial meltdown in 2008, the ways of doing business will never be the same again. Discuss what went fundamentally and ethically wrong so as to cause havoc. **07**

Q.4 **(a)** Why is it said that competitive environment is, at times, the cause of ethical path of governance that will be needed to support TEP? **07**

(b) What do you understand by 'sustainability'? Why do management philosophers overemphasise the concept of sustainability in corporate governance? **07**

OR

Q.4 **(a)** List some important areas of focus for ethical management and corporate governance of business, in general. Identify the ethical themes under each of these focused areas. **07**

(b) Give few reasons about why modern international business does get entangled with several ethical issues. What do you understand by 'ethical relativism' and 'ethical dilemmas'? IIIustrate your answer. **07**

5 **Case Study**

Satyendra Dubey was one of those rare young men who was completely and umcomplicatedly honest. He didn't know he was a hero. An engineer from Indian Institute of Technology, Kanpur and working for national Highway Authority of India probably never knew the word but died for simply doing the right thing. Gunned down by the mafia in Gaya on early November 27 morning, nearly a year after he had complained of corruption on the Golden Quadilateral Project to the Prime Minister's office. Knowing the dangers that surround honest people bucking the whole corrupt system, in his letter, Dubey had requested that his name to be kept secret, a request that wasn't honoured-the letter was sent from the PMO to the Ministry of Road, Transport and Highways and then to the National Highway Authority of India, with which Dubey was working as Deputy General Manager. His death speaks volumes about the growing nexus between politicians and mafia and also highlights the illegal procedures/ways involved in awarding contracts and also the allegedly fraudulent pre-qualification bids in connection to big development projects. **14**

Questions :

1) To which concept of the the Business Ethics this case is referred to – Discuss?
2) What do you think on the legal, political and Judiciary aspects of country have to be in order to not to repeat such cases again ?
3) According to you, was there any other way of representing this case to the government by Mr.Dubey, in order to avoid this tragedy?

OR

Q.5 Mr.Sudheer Thaakur, Professor of Strategy and Corporate Goverance, BITS Pilani, in his article, 'Time of Revisit Corporate Governance'(*The Economic Times*, Kolkata, 15 January, 2009) proclaims that it is 'time to revisit corporate governance'. Questioning if the Satyam episode is an aberration, he writes : 'No, It is an accurate reflection of what routinely and pervasively passes for corporate **14**

governance. Individuals who are either cronies or have ornamental value are invited to join boards to lend stature, credibility and marketability to management and also satisfy statutory directives on corporate governance'. He points out that the legislation mandating the appointment of independent directors was born of the desire to protect minority shareholders rights, to lend voice to views unpalatable to the management, to prevent fraud and improve regulatory compliance. But, the system of appointing independent directors is certainly not working to meet these philosophical and regulatory objectives. In the same article, he adds: 'No real and effective institutional framework exists to compel errant management to pay need (to voices of dissent)'- as observed by Dr.J.J.Irani, ex-M.D. of Tata Steel Ltd., in his report about corporate governance in India. Today, management representing a small fraction of voting rights successfully masquerade as sole and lone owners because the bulk of shareholders are spread thin amongst professional money managers-pension funds, insurance companies, mutual funds and other financial institutions, etc. who are not allowed to take large enough stakes in a single corporate entity to de-risk their investments. This leaves a very large portion of corporate equity in the hands of a large number of money managers, each holding a small stake that does not allow representation in the board. In fact, it hardly matters to them if the company is being governed properly-as long as they can earn from their investments. This leaves a big vacuum in faithful corporate governance.

Questions :

1. How can we say that this case depicts the current state of affairs in corporate governance in India?
2. Why it is said here (in the fourth last line) that, 'it hardly matters to them if the company is being governed properly-as long as they can earn from their investments'. Discuss in brief.

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