

[This question paper contains 2 printed pages.]

Sr. No. of Question Paper : 2554

Roll No.....

Unique Paper Code : 101501

Name of the Course : BFIA 2013

Name of the Paper : Business Ethics and Corporate Governance

Semester : V

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. There are 6 questions in all.
3. Attempt **all** questions.

1. Ms Natasha Grover works as a clerk for ABC Environmental Services, a small toxic-waste disposal company.

The company has a contract to dispose of medical waste from a local hospital. During the course of her work, Natasha comes across documents that suggest that ABC has actually been disposing of some of this medical waste in a local municipal landfill. Natasha is shocked. She knows this practice is illegal. And even though only a small portion of the medical waste that ABC handles is being disposed of this way, any amount at all seems a worrisome threat to public health.

Natasha gathers together the appropriate documents and takes them to her immediate superior, Mr. Nitin Lamba. Lamba says, "Look, I don't think that sort of thing is your concern, or mine. We're in charge of record-keeping, not making decisions about where this stuff gets dumped. I suggest you drop it."

The next day, Natasha decides to go one step further, and talk to Anjali Gupta, the company's Operations Manager. Anjali is clearly irritated. Anjali says, "This isn't your concern. Look, these are the sorts of cost-cutting moves that let a little company like ours compete with our giant competitors. Besides, everyone knows that the regulations in this area are overly cautious. There's no real danger to anyone from the tiny amount of medical waste that 'slips' into the municipal dump. I consider this matter closed."

P.T.O.

Natasha considers her situation. The message from her superiors was loud and clear. She strongly suspects that making further noises about this issue could jeopardize her job. Further, she generally has faith in the company's management. They've always seemed like honest, trustworthy people. But she was troubled by this apparent disregard for public safety. On the other hand, she asks herself whether maybe Anjali was right in arguing that the danger was minimal. Natasha looks up the phone number of an old friend who worked for the local newspaper.

Questions related to case :

- (a) What is whistleblowing? Do you think whistleblowing can be ever justified morally? (10)
 - (b) What should Natasha do, blow the whistle or ignore? Evaluate the pros and cons of her action, and recommend her what she should do? (10)
2. "Business ethics are good for company performance, but the tone has to be set from the top". In the light of the above statement discuss the role and responsibilities of the board of directors in promoting good corporate governance in any corporation. (10)
 3. In your spare time at work, you have developed a new application program on the personal computer in your office. It is even more powerful, yet easier to use than anything on the market. You share your new program with a friend who encourages you to market it on your own because you could probably make an incredible profit in a very short time. This is a very attractive option, yet you developed it using company equipment and during time that you were at work. What do you do? Discuss the workers and employees rights and responsibilities in an organizational context. (10)
 4. Critically examine the role of SEBI as a watchdog in promoting good corporate governance practices in India. (10)
 5. What are ethical dilemmas? Explain the reasons behind unethical behaviour of business organizations in India. (10)
 6. Write short notes on (Any 3) : (3×5=15)
 - (i) Takeover Defences/Anti-Takeover Strategies used by Corporations
 - (ii) CEO Hubris/Hubris Theory
 - (iii) Board Composition
 - (iv) Remuneration Committee
 - (v) CEO Duality

(100)

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Sr. No. of Question Paper : 1226

Roll No.....

Unique Paper Code : 101501

Name of the Paper : BUSINESS ETHICS & CORPORATE GOVERNANCE

Name of the Course : BFIA

Semester : V

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt 5 questions in all, out of which Question 1 is compulsory.
3. All questions carry equal marks.

1. (a) Foxconn technology group, Apple's main global contract manufacturer run by Taiwanese tycoon Terry Gou and employing 1.2 million workers in China, has come under fire in recent years for running massive "sweatshops" where extreme work hours and unpaid overtime is prevalent to mass produce high-end iPads and iPhones. It has been condemned for including high production targets, inhumane treatment (as per standards of developed countries) and signs of overall salary cuts.

Last month, Gou defended his firm's industrial workshops that have helped outmuscle rivals through vast economies of scale and cost savings that have made it the world's largest contract manufacturer. "What's wrong with sweatshops?" Gou told Chinese workers visiting Taiwan in late April, "We toil hard with blood and sweat, so long as we don't break any laws. I believe in reaping what you sow".

When Foxconn is not doing anything illegal, why should it be condemned?
Is Apple responsible for the policies followed by Foxconn? (7½)

P.T.O.

- (b) XYZ Remedies hires BestAd to design a print advertisement. The advertisement that appears in a newspaper The Dusktime claimed that the innovative product created by XYZ Remedies "Natural Care" "has a scientifically proven combination of five ayurvedic ingredients" and that "It helps to protect you and your family from cold, cough and flu". The ad said: "It is clinically shown that taking one spoon Natural Care daily cures asthma." It further said that the product is thrice better than any other product available in this category.

What's wrong with this advertisement? Who is responsible in this case? (7½)

2. Discuss critically the utilitarian theory of ethics. What are the problems of measurement in this theory?
3. Elucidate the role of SEBI in promoting corporate governance in India.
4. "Corporate governance is the acceptance by management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders." Is this good corporate governance?
5. "The corporate business has a vital role to play in environmental protection". Elaborate the statement with suitable examples.
6. Write short notes on any **two** of the following :
 - (i) Moral development and moral reasoning
 - (ii) Corporate governance rating
 - (iii) Investors' protection