

Enrollment No./Seat No.:

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA - SEMESTER - I EXAMINATION - SUMMER 2025

Subject Code: 4519205

Date: 11-06-2025

Subject Name: Business Ethics & Corporate vernance

Time: 02:30 PM TO 05:30 PM

Total Marks: 70

Instructions

- 1. Attempt all questions.**
- 2. Make suitable assumptions wherever necessary.**
- 3. Figures to the right indicate full marks.**
- 4. USE of SIMPLE calculators AND non-programmable scientific calculators are permitted.**

	Marks
Q.1 Definitions / terms / explanations / short questions based on concepts of theory/practical.	14
(a) Explain PCAOB	
(b) What are the two types of Values?	
(c) Explain in brief: Corporate Ethical Leadership	
(d) What do you mean by Non-Executive Directors?	
(e) What are the Guiding principles of Business Ethics ?	
(f) What is Ethical Organisation?	
(g) Governance vs Management	
Q.2 (a) How do the 'Pre-Conventional' and 'Conventional' stages differ in Kohlberg's moral development theory? Explain each stage briefly.	07
(b) Why Sarbanes Oxley Act 2002 came into existence? Write down different sections and the impact of SOX Act 2002 in short.	07
OR	
(b) Why is it important for modern businesses to follow ethical practices? Justify your answer.	07
Q.3 (a) Explain the concept of creative accounting and analyse its role in major business scandals. Support your answer with examples.	07
(b) Explain the practices used in achieving excellence through good corporate governance.	07
OR	
(a) Compare and contrast the Anglo-American and Japanese models of corporate governance.	07
(b) Discuss any four key recommendations made by the Narayana Murthy Committee on improving corporate governance practices in India.	07
Q.4 (a) Define CGR and explain ICRA's methodology for corporate governance rating.	07

- (b) At Stellar Enterprises, Mr. Arjun, the Finance Manager, uses his close relationship with top management to manipulate financial records as per his convenience. Ms. Shobha, the Marketing Manager, ignores the commitments made in the company's advertisements. On the other hand, Mr. Kaushik, the HR Manager, performs his duties ethically and hires employees strictly according to the company's HR policies. Based on the above scenario, explain the three categories of management morality with relevant justification. 07

OR

- (a) Explain CSR. What are the various CSR initiatives undertaken by the corporations in India? 07
- (b) You are a minority shareholder in a company where recent decisions by the board have led to financial losses and lack of transparency in operations. As a shareholder, what are your rights in this situation, and what responsibilities must you uphold while addressing these concerns? 07

Q.5 Case Study

At XYZ Inc., a well-known global tech company, things seemed to be running smoothly. However, recent investigations uncovered a troubling issue that raised serious ethical concerns. It was revealed that the company had been engaging in tax avoidance strategies by funnelling profits through offshore accounts in countries with lower tax rates. Although these strategies were legal, many questioned whether it was the right thing to do. The company's leadership, under intense pressure to deliver higher profits, defended these actions, arguing that they were necessary to stay competitive in an increasingly cutthroat market.

But here's where it gets complicated. The board of directors, fully aware of these tax strategies, didn't disclose this information to shareholders. The lack of transparency, especially when it came to such significant decisions, raised serious red flags. When the issue finally came to light, shareholders, customers, and even some employees felt betrayed, questioning the company's moral responsibility to the communities it operated in.

In response to the backlash, XYZ Inc. promised a review of its corporate governance and tax practices. But many saw this as more of a damage-control measure rather than a sincere effort to make real change. The situation forced people to ask: Should businesses care more about ethics than profits? And if they don't, who holds them accountable?

- (a) How should companies like XYZ balance the pressure to make profits with their moral responsibility to the communities they operate in? 07
- (b) What can board of directors do to promote ethical decision-making in their companies and avoid situations like this? 07

OR

- (a) Why is transparency so important in corporate governance, and what are some ways companies can ensure they are being open with stakeholders? 07
- (b) If you were a shareholder or a customer of XYZ, how would you hold the company accountable for this unethical practice? 07
