

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA - SEMESTER– IV EXAMINATION – WINTER 2020****Subject Code:2840003****Date:01/01/2021****Subject Name:Business Ethics and Corporate Governance****Time:02:00 PM TO 04.00 PM****Total Marks: 47****Instructions:**

1. Attempt any THREE questions from Q1 to Q6.
2. Q7 is compulsory.
3. Make suitable assumptions wherever necessary.
4. Figures to the right indicate full marks.

- Q.1 (a) 6
- Ethical dilemma means to choose...
- A. Between right and wrong B. Between two wrong or two right
C. What is right D. What is wrong
2. _____ is an ethical theory that states that the best action is the one that produces the greatest well-being of the greatest number of people
- A. Theory of Justice B. Theory of care
C. Utilitarian theory D. Theory of Rights and Duty
3. First stage in moral development is marked by a system of
- A. Divide and Rule B. Punishment and Reward
C. Both (a) and (b) D. None of these
4. The 2013 Act requires that every company with net worth of 500 crore or more, or turnover of `1,000 crore or more or a net profit of `5 crore or more during any financial year is required to spend _____ of its average net profit .
- A. 2% B. 3%
C. 4% D. 5%
5. The Committee that was appointed in 2002 for revision and further improvement of Clause 49 for making Indian corporate governance
- A. Naresh Chandra Committee B. Narayan Murthy Committee
C. Kumar Magalam Birla Committee D. Ganguly Committee
6. As per SEBI, which clause of the standard listing agreement is introduced to improve corporate governance in all listed companies?
- A. Clause 47 B. Clause 48
C. Clause 49 D. Clause 40
- Q.1 b Explain the Kohlberg's Three Levels of Moral Development in detail with examples. 6
- Q.2 a. What is business ethics? Discuss the nature of business ethics. 6
- Q.2 b. Explain the utilitarianism with appropriate examples. 6
- Q.3 a. Discuss the concept of creative accounting with appropriate example. 6
- b. What is whistle-blowing? What are the characteristics of a whistle-blower? 6
- Q.4 a. What is ethical leadership? Explain the components of ethical leadership 6

- b. What is ethical dilemma? How can ethical dilemmas be resolved? 6
- Q.5 a. Discuss the OECD principles of corporate governance. 6
- b. Briefly explain the recommendations of the Narayan Murthy Committee constituted by SEBI for good corporate governance. 6
- Q.6 a. Define CGR & Explain ICRA's methodology for corporate governance rating. 6
- b. Write a note on Rights & responsibilities of investor and shareholders. 6

Q.7 Lokesh's first job after graduation was working as a quality engineer with a highly respected technology company. He had to monitor the manufacturing process and make sure that all products met customer specifications. After 3 months the company booked a very large deal with an important customer, helping establish the company's supremacy in the industry. 11

Specifically, Lokesh's company was designing a device that would be integrated into another company's product. They picked Lokesh's company because of its good reputation and fast turnaround time. Lokesh's role was to test the new device and make sure it met technical and environmental specifications, particularly functionality under extreme conditions, such as high humidity.

The test results showed that the products did not meet the quality standards agreed upon, but only by a very small margin. His general manager instructed him to push it through anyway, stating that the risk of failure was not great enough to delay mass production. Moreover, the likelihood of the product ever being placed in such extreme situations was so small that the manager did not feel jeopardizing the contract was worth it.

Lokesh spoke to his immediate boss, who worked under his general manager, and he also advocated pushing the product through to production. He was faced with the choice of ignoring company protocols or going against management. Sweeping the problem under the carpet would require Lokesh to sign off on a report that he knew to be fraudulent. He also knew that if he went to upper management his working relationships with his immediate bosses would be strained, maybe even preventing his success in the company. Not to mention, the company would have to delay production and possibly lose the contract.

Discuss how Lokesh would think and what decision would he take if he is a Utilitarian? If he is an Egoist? If he is a Kantian?

OR

- Q.5 a. What are the different unfair business practices followed in business? 5.5
- b. Incidences like Nirav Modi Scam, Rising NPAs of commercial banks, and IL&FS crisis have exposed the extent of poor governance practices in the corporate world of India. Explain how poor corporate governance adversely impacts the business prospects of a country. 5.5
