

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER - IV – EXAMINATION – WINTER 2021

Subject Code:2840003**Date: 29/12/2021****Subject Name: Business Ethics and Corporate Governance****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.

Q. No.**6**

- Q.1 (a)** Exploitation of loopholes in financial regulation to gain advantage or present figures in a misleadingly favorable manner
1.

A. Creative Accounting	B. Accounting Scandal
C. Accounting Scam	D. Accounting Fraudulent
 2. Principle stating that every person's basic liberty must be protected from invasion by others and must be equal to those of others?

A. Principle of care	B. Principle of equal liberty
C. Principle of virtue	D. None of the above
 3. Model of CSR supports the idea of multiple interests of stakeholders, rather than shareholder interest alone.

A. Social entity	B. Pluralistic
C. Trusteeship	D. socio-economic
 4. Quality which is embedded in the personality of an individual and is expressed in his or her behavior

A. Virtue	B. Value
C. Ethics	D. None of the above
 5. Ethics which is derived from the experiences of businessmen who determine what is right or wrong is called as

A. Empirical Approach	B. Intuitive Approach
C. Rational Approach	D. Revolution Approach
 6. An investigation that attempts to reach a conclusion what things are good or bad is called as

A. Normative Theory	B. Psychological Egoism
C. Moral Etiquette	D. Money Laundering

Q.1	(b) Define a. Independent Director b. Procedural Justice c. Whistle Blowing d. Ethics of Care.	04
Q.1	(c) How does board of directors serve as an instrument in corporate Governance. Detail by specifying the role of director, and independent Director.	04
Q.2	(a) Discuss: Sarbanes Oxley Act – 2002.in detail	07
	(b) Corporate Governance link indirectly to business performance. Validate the statement by citing relevant example.	07
OR		
	(b) What are the recommendations of Kumar Mangalam Birla Committee 1999?	07
Q.3	(a) ‘If an action produces most utility, is it always moral?’ Discuss the statement considering the Utilitarian approach to ethics.	07
	(b) Discuss the concept of creative accounting with appropriate examples.	07
OR		
Q.3	(a) What are the basic objectives of audit? Also detail the role of auditor, responsibilities of auditor	07
	(b) Ethical decision making cannot always be executed. Explain ethical decision making detailing the steps used in same by citing relevant example.	07
Q.4	(a) CSR can go a long way in increasing the goodwill of the company. Justify the statement by citing the concept of CSR, reasons why company undertake CSR activity by citing examples.	07
	(b) Illustrate with examples the role of government in Ensuring Corporate Governance.	07
OR		
Q.4	(a) What is ethical dilemma. Detail the ways by which ethical dilemma can be resolved.	07
	(b) Detail the recommendations of Cadbury Committee.	07
Q.5	Jaideep has been hired as an intern under the Internship Program in the Auditing Section of a well-known firm in Mumbai. After working there for a month, Jaideep noticed what behavior is acceptable and what is not. The attitude of the employees appeared to be “laid back.” They knew that their bosses wouldn’t discipline them for overlooking rules of the firm. For example, employees did not turn in “expense accounts” as they did not think it important. One honest employee has rightly said, “Nobody submitted receipts to verify reimbursements.” In fact, when Jaideep tried to turn in his receipts with his expense report, he was told that nobody turned in receipts and that he did not need to do the same. Turning in the receipts was the proper procedure as indicated in the firm’s rules. Also, the employees used the company telephones for personal purpose, which is incidentally prohibited under the firm rules. What is more is that one employee even told Jaideep that he can take what he likes related to pencils, pens, and papers for office and home use.	14

1. What can Jaideep do about this situation beyond saying “I resign?”
2. If Jaideep was the boss in the auditing section, how would he go about changing the rules?

OR

Q.5

Ajit Parker (1885-1947), the founder of Parker and Sons, must have turned in his grave in 2001, as the auditor firm founded by him became a synonym for scandal in the accounting profession. On 15th August 2001, Aneesh an employee of Parker and Sons, questioned the company’s accounting practices, in a single-page letter to its CEO., the energy giant that ruled the world, and its auditor Ajit Parker, became the ridicule of the world. In early 2002, the US Justice Department began criminal investigations into bankruptcy. In 2002, Ajit Parker was convicted by the lower and appellate courts for obstruction of justice. The firm had worked hand in glove with Enron and cooked its account books. The audit firm that once had an 85,000 strong workforce, now had closed offices and business interests around the globe. The firm’s name is so tarnished that there is no other business going on in it, other than attending to over a hundred civil suits.

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1. What do you think can be the outcomes of an accounting fraud to the society and business at large?
2. Why do you think that the history of accounting fraud repeats itself, such as so many frauds which we have heard?
