

Enrollment No./Seat No.:

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

Subject Code: 4519205

Date: 22-01-2026

Subject Name: Business Ethics & 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.**
- 4. USE of SIMPLE calculators AND non-programmable scientific calculators are permitted.**

	Marks
Q.1 ALL 7 Questions must be Compulsory.	14
(a) Ethics	
(b) Values	
(c) Moral Dilemma	
(d) Whistle Blowing	
(e) Corporate Governance	
(f) Independent Director	
(g) Corporate Social Responsibility (CSR)	
Q.2 (a) Evaluate the role of ethical theories in shaping business decisions.	07
(b) Assess the importance of values and morals in maintaining ethical business practices.	07
OR	
(b) Critically analyze how Kohlberg's stages of moral development explain ethical behavior among managers.	07
Q.3 (a) Evaluate the consequences of unethical managerial behavior on an organization's reputation and performance.	07
(b) Examine how ethical leadership can resolve dilemmas and build a positive ethical climate in organizations.	07
OR	
(a) Critically assess the effectiveness of whistle-blowing as a tool for promoting ethical accountability.	07
(b) Critically evaluate the relationship between Corporate Governance and Corporate Social Responsibility (CSR).	07
Q.4 (a) Analyze and compare the effectiveness of different global models of corporate governance.	07

- (b) Assess the contribution of Sarbanes–Oxley Act (2002) and Indian committee reports in improving governance practices. 07

OR

- (a) Evaluate the role of independent directors and board composition in ensuring corporate transparency. 07
- (b) Assess how corporate governance rating systems contribute to accountability and investor confidence. 07

Q.5 CASE STUDY:

Ethical Dilemma at “EcoPure Organics Pvt. Ltd.”

EcoPure Organics Pvt. Ltd., a mid-sized FMCG company based in Pune, built its reputation on the promise of “100% Natural and Chemical-Free” personal care products. Founded by two young entrepreneurs, Aarav Shah and Riya Menon, the company gained rapid popularity among health-conscious consumers, securing partnerships with leading retail chains and online marketplaces.

As competition increased, EcoPure began facing challenges in meeting demand while maintaining cost efficiency. The production team reported that the cost of natural preservatives used in their flagship product—EcoPure Herbal Shampoo—had nearly doubled. The procurement manager suggested using a synthetic preservative, Chemisol-X, which would reduce costs by 40% but still pass all legal safety standards. However, Chemisol-X was not fully organic, and using it would contradict the brand’s core claim of being “100% Natural.”

Aarav, the CEO, believed that substituting the ingredient was a practical business move since it was legally permissible and would help maintain profitability. He argued that consumers were unlikely to notice the change, as the final product’s look, feel, and fragrance would remain the same. On the other hand, Riya, the Marketing Director, strongly opposed the decision. She believed this compromise would be ethically wrong and misleading, potentially damaging the brand’s long-term credibility and consumer trust.

Matters worsened when a supplier leaked information about the potential formula change to a journalist. The media began questioning the brand’s ethical stance. The management team found itself in a moral dilemma — whether to prioritize short-term survival or long-term ethical integrity.

To manage the crisis, the board convened an emergency meeting. Some board members argued that competitors were using similar blends and still marketing themselves as “natural.” Others urged complete transparency and immediate disclosure to customers. The team had to make a crucial decision that could either save the company financially or preserve its moral reputation.

EcoPure’s leadership realized that whichever choice they made would significantly affect stakeholders—customers, employees, investors, and even the environment. The dilemma highlighted the conflict between profitability and ethical responsibility, forcing management to evaluate what “doing the right thing” truly meant in modern business.

- (a) Evaluate the ethical dilemma faced by EcoPure Organics and identify the key moral issues involved in their decision-making. 07
- (b) Critically assess whether Aarav’s justification for substituting the preservative is ethically defensible. Support your reasoning using ethical theories. 07

OR

- (a)** Analyze the long-term impact of Riya’s proposed ethical stance on EcoPure’s brand reputation and stakeholder trust. **07**
- (b)** If you were part of EcoPure’s Board, what course of action would you recommend? Justify your decision with appropriate ethical reasoning. **07**
