

Code: BA1T6

**I MBA-I Semester-Regular Examinations FEBRUARY 2015**

**BUSINESS ETHICS & CORPORATE GOVERNANCE**

Duration: 3 hours

Max. Marks: 70

**SECTION-A**

**1. Answer any FIVE of the following: 5 x 2 = 10 M**

- a. Moral Principles
- b. Ethics in work place
- c. Bank frauds
- d. Ethical issues in HR
- e. Institutional Culture
- f. Rights and privileges of Shareholders
- g. Environmental audit
- h. Virtue ethics

**SECTION – B**

**Answer the following: 5 x 10 = 50 M**

2. a) Give a brief account of ethical issues involved in decision making.

OR

b) Discuss the impact of globalization on the ethical fabric of Indian Companies.

3. a) Discuss two major Indian scams in Indian Capital Market.

OR

b) What are the constraints facing the ethical perspective of Indian Nationalised banks?

4. a) Explain the different aspects involved in ethics in advertising.

OR

b) Discuss the ethical responsibility in respect of product safety and pricing.

5. a) Discuss the landmarks in the emergence of corporate governance.

OR

b) What are the essential features of good corporate governance? Discuss these features with reference to any Indian Corporate giant of your choice.

6. a) Discuss the significance of corporate governance in developing economies and their transition.

OR

b) “Excellent CSR practices are a pre-requisite for sustainable development”, elucidate.

## SECTION – C

### 7. Case Study

**1 x 10 = 10 M**

Ben & Jerry's Homemade Ind., was purchased by the consumer giant Unilever. Despite this acquisition, Ben & Jerry's remains a major competitor in the ice cream and frozen yogurt industries by not straying far from its humble beginnings and dedication to social responsibility. The company's founders are childhood friends Ben Cohen and Jerry Greenfield. Armed with only \$12,000 (\$4,000 of which was borrowed), a \$5 correspondence course on ice cream making, and an old-fashioned rock salt ice cream maker, the two opened their company in 1978 in a renovated gas station Burlington, Vermont. Their business soon began to prosper, and they became known for their innovative flavors made from fresh Vermont milk and cream. The company grew and diversified until today it makes and distributes ice cream, low-fat ice cream, frozen yogurt, sorbet, and novelty products nationwide and in selected foreign countries. Retailers that handle its products include supermarkets, grocery stores, convenience stores, franchised Ben & Jerry scoop shops, and restaurants.

For the first 10 years, the company operated as a village culture whereby the values of the company were passed on orally rather than as a formal written document. However, in 1988, as the company began to grow rapidly, the founders and employees decided to write a formal mission statement for the company. This statement explains that the company stands for and has three interrelated parts, addressing product, economic and social concerns. Ben & Jerry's is committed to making quality products, achieving economic rewards for its shareholders, and meeting its social mission by having a commitment to its community. All three

parts are viewed as working in harmony to achieve the company's goals.

One example of how Ben & Jerry's attempts to achieve the social aspect of the company's mission is through its philanthropic efforts. It annually gives 7.5 per cent of its pre-tax earnings to three beneficiaries: the Ben & Jerry's Foundation, employee community action teams at five Vermont locations, and projects supported by corporate grants made by its Director of social mission development. These support projects are models for social change and exhibit creative problem solving and give hope to many people. The Foundation, for example, is managed by nine employees who consider proposals relating to children and families, disadvantaged groups, and the environment. Cohen and Greenfield believe that the company enjoys its current position in the market place by 'brand equity' generated by its foundation work and other socially responsible actions. Brand equity is manifested by consumers who choose Ben & Jerry's, are brand loyal in their continuing purchases, and buy share of stock in the company. Being socially responsible is viewed by everyone at Ben & Jerry's as fulfilling its mission, not as a drain on its resources.

- i) Describe and give examples of how Ben & Jerry's actions reflect the company's mission.
- ii) Is Ben & Jerry's argument that "Brand equity" is responsible for the company's continued success valid? Explain.
- iii) Does Ben & Jerry's meet the five obligations of affirmative social responsibility?