

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA– SEMESTER –I–EXAMINATION – WINTER-2023

Subject Code:4519205

Date: 18-01-2024

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.

- Q.1** Definitions/Terms/Explanations/Short Questions **14**
1. Utilitarianism
 2. Retributive Justice
 3. Amoral Manager
 4. Ethical Dilemma
 5. Insider Trading
 6. Care Theory of Justice
 7. Corporate Governance Rating
- Q.2** (a) What do you understand by morals and ethics? Explain the key difference between morals and ethics using suitable examples. **07**
- (b) Explain the term Whistle Blowing. Discuss the conditions when whistle blowing is justified. **07**
- OR**
- (b) Discuss the pros and cons of window dressing of accounting statements. **07**
- Q.3** (a) Explain the significant recommendations of Ganguly Committee with reference to Corporate Governance of banks. **07**
- (b) 'Poor Corporate Governance can lead to negative consequences for the business.' Justify the statement. **07**
- OR**
- Q.3** (a) Discuss the key elements of Sarbanes-Oxley Act, 2002. Explain the role that this act can play in strengthening Corporate Governance. **07**
- (b) Distinguish between Anglo-American and German models of Corporate Governance. **07**
- Q.4** (a) 'There are several key issues in Corporate Governance in India.' Comment on the statement with appropriate examples. **07**
- (b) What do you understand by Corporate Social Responsibility (CSR)? Throw light on the changing CSR scenario in India during the last 10 years. **07**
- OR**
- Q.4** (a) Explain the rights and responsibilities of shareholders. **07**
- (b) 'Fulfilling CSR has several direct and indirect benefits for business. Justify with examples. **07**

Q.5

Read the case carefully and attempt the questions given below:

Aman has recently graduated from college and he works in the finance and analytics department of a large publicly traded software company namely ABC Software. Recently, Aman discovered an alarming discrepancy in the recording of sales which raised concerns about the company's commitment about truthful reporting to the investors.

ABC Software specializes in providing a B2B database that supplies data to other businesses. A company may want to purchase the database from this software company in order to drive their own business growth, accelerate their sales process, or achieve more ROI. The cost of this product depends on the extent of data provided, so if a business wants to purchase 'upgraded' B2B intelligence package, this may include data pertinent to department budgets and organisational charts, technographics, and real-time alerts related to company events. However, a business also may purchase the 'basic' data package, which includes traditional demographic and firmographic details. Upgraded functionality products are costlier, and more sales of the upgraded version will indicate stronger growth for the software company.

This is Aman's first job out of college and he has been working at the company for 10 weeks. He was recently tasked with a new project to develop a visual showing the number of customers who had purchased products, and the amount spent on products with upgraded functionality vs. products with basic functionality. But in his research to prepare the visual asked for, he came across a pattern of reporting sales information that disturbed him. He saw, for instance, that a customer's finance department had purchased Rs. 2,00,000 worth of 'upgraded' products from Aman's company, and that the same customer's production department purchased Rs. 3,00,000 worth of 'Basic' products. No problem there: Given the different purposes of each department of the customer's company, the different purchases made good sense.

But what troubled Aman was how his own company recorded the sales of the two distinct products with different prices. In effect, the entire Rs. 5,00,000 worth of sales was classified as money spent on 'upgraded' functionality products. And then he looked at more instances of how such sales were recorded. And more. Aman realized that every single sale of the upgraded and basic versions of the database were listed as sales of the upgraded database only. The misrepresentations amounted to millions of rupees. Aman knows that this metric goes to their board of directors every quarter, and it also goes out investors, who take their investment decision based on these sales metrics. Institutions who hold stock in this software company may look at this metric while determining the company's overall performance or potential for growth.

Aman feels that the right thing to do would be to speak up and try to fix the way they report this metric. He is deeply troubled by what appears to be dishonesty, as it conflicts with his personal integrity and moral values. And, as an employee, he grapples with the unsettling realization that investors may be receiving misleading information to make the company's sales look stronger than they in fact are. However, he is aware that he is new to the company and doesn't want to ruffle any feathers or create any problems. He also wonders if there is some good explanation for the way that the sales are recorded. Plus, it's a stressful time, in which many tech lay-offs are taking place; his own company even has announced that there would be layoffs and, as a new employee, he knows that he may be among the first employees considered for firing. He does not want to do anything to risk losing his job right now because he has student loan to pay off on top of all of the usual expenses.

(a) Please identify a suitable theory of ethics and guide the decision that Aman, should take, based on the theory. 07

(b) How can the organisational culture and leadership at ABC software influence employees' willingness to report potential wrongdoing? 07

OR

(a) What are the possible implications of sales misrepresentations for various stakeholders of ABC software company? 07

(b) How do Aman's moral beliefs and professional responsibilities intersect in this case? Should personal values always guide professional decisions? 07
