

MBA III Semester Supplementary Examinations May 2018

**BUSINESS ETHICS & CORPORATE GOVERNANCE**

(For students admitted in 2014, 2015 & 2016 only)

Time: 3 hours

Max. Marks: 60

All questions carry equal marks

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**SECTION - A**

Answer the following: (05 X 10 = 50 Marks)

- 1 What do you mean by business ethics? Explain the functions of business ethics.  
**OR**
- 2 Critically examine any two unethical business practices happened in Indian corporate world in the recent past.
- 3 How can ethics and social responsibility be integrated into a firm's marketing strategy? Elaborate.  
**OR**
- 4 Discuss any four specific ways in which HR management can influence ethical behavior at work.
- 5 Write a brief note on any five corporate financial frauds reported in India.  
**OR**
- 6 Explain how the internet, challenges the protection of individual privacy and intellectual property.
- 7 Define corporate governance. Explain the principles of corporate governance.  
**OR**
- 8 Give a note on the future of corporate governance in India.
- 9 In order to protect the long-term interests of the corporation and external investors, two important functions merit special attention. They are 'oversight of strategy' and 'oversight of financial reporting and legal compliance'. In this respect the audit committee holds the key to fulfilling the Boards oversight function. Elucidate.  
**OR**
- 10 Distinguish between 'duty of loyalty' and 'duty of care' with reference to audit committee.

**SECTION – B**

(Compulsory Question)

01 X 10 = 10 Marks

11 **Case study:**

Satyam Computers Limited (Satyam) was a leading global business and information technology (IT) services company, delivering consulting, systems integration and outsourcing solutions. It began its journey with 20 employees in 1987 and grew to become the fourth-largest software company in India with a market capitalization of Rs.15,262 crs. Over a period of two decades, the company built a highly skilled employee base of 53,000 and was on attractive IT outsourcing destination for a number of multinational companies across the world. It was given the Golden Peacock Global Award twice for its excellence in corporate governance in 2002 and 2008 by the world council for corporate governance. The golden peacock global award was one among the several honours received by Satyam for corporate governance. It rated the company with best corporate governance practices by investor relations global rankings (IRGR) in 2006 and 2007 in the investigation, Ramalinga Raju (Raju) founder and chairman of Satyam confessed fudging the accounts books of the company to the tune of Rs.7,800 core. After the government changed the management, Satyam was taken over by Tech Mahindra (TechM) and was renamed Mahindra Satyam (Msat). It addressed the customers and employees' issues very effectively; yet, even after a year of the takeover, Msat continues to face a hoard of legal and financial hurdles in stabilizing the business. Lack of re-instated financial statements has been posing tough situations for Msat to bag contracts. The Satyam saga poses a question whether the government should bailout such companies when they reach a dead end due to financial bankruptcy or moral bankruptcy resulting in financial bankruptcy endangering the very economic and corporate image.

**Questions:**

- (a) What are the ethical violations of corporate governance in the case?
- (b) How can you prevent these kinds of ethical violations, suggest some code to stop these kinds of practices?

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