



**PRESIDENCY UNIVERSITY, BENGALURU**  
**SCHOOL OF MANAGEMENT**

Max Marks: 100

Max Time: 180 Mins

Weightage: 50 %

**Set A**

**COMPREHENSIVE EXAMINATION**

II Semester 2016-2017

Course: **MBA A 118 Business Ethics &  
Corporate Social Responsibility**

1 June 2017

**Part A**

(10Qx 2 M= 20 marks)

1. What is transparency in corporate governance?
2. What is sustainable development?
3. What is descriptive stakeholder theory?
4. What are the four levels of corporate social responsibility?
5. Differentiate between primary stakeholder and secondary stakeholder.
6. What is globalization?
7. Why do corporations have moral responsibilities?
8. What are the four strategies of corporate social responsiveness?
9. Name the three perspectives of corporate citizenship.
10. Define business ethics.

**Part B**

(8 Q x 5M= 40 marks)

11. 'Business ethics is of no practical importance to managers. Debates about right and wrong should be left in classroom.' Critically evaluate the statement using examples where appropriate.
12. The Endosulfan Tragedy which occurred in Kasargod, Kerala is considered as one of the worst pesticide disasters of the world . Analyze the event from an ethical standpoint and express your opinion on how the government dealt with the issue.
13. Examine the pros and cons of globalization with special reference to the ethical standards of our society?
14. According to Archie Carrol, what are the four levels of corporate social responsibility? How relevant is this model in an Indian context?
15. Set out the stages in ethical decision making process. What are the relationships between each stage?
16. What are the five approaches of ethical decision making? Explain with examples.
17. Do you think practicing TBL (triple bottom line of sustainability) will help business to attain sustainability? Elucidate with the example of an Indian business firm.
18. Comment on the waste management techniques adopted by BBMP? Who are the stakeholders of BBMP and how are they affected?

## Part C

(1Q x 15M= 15 Marks)

19. How do you address the energy issues of our world with special importance to sustainability?

(1Q x 25M= 25 Marks)

20. Founded in 1847, Siemens is not only one of the oldest and largest conglomerates in Germany, but counts among the top 30 companies worldwide in the Fortune500 Index in terms of sales. The engineering giant produces a wide range of goods and services, from light bulbs to power stations and has a leading position in many of its markets which include white goods, rail transportation system, health care technology, IT and financial services just to name a few. It is a large, decentralized conglomerate operating in 190 countries.

Siemens is infamous for its bribery scandal for which it was imposed a record fine of \$800m by US Foreign Corrupt Practices Act in December, 2008. The company was forced to shell out around \$2.5bn for the fines imposed by US and German governments including the lawyers and accountants fees charged to them.

The company had been investigated on multiple counts of bribery adding up to more than \$2.3bn in the alleged payments during the 1990s and 2000s.

### **The scandal unfolds**

The court settlement was the final episode of a scandal which had been simmering for more than five years at the troubled engineering firm. The company's tribulations started when prosecutors in Germany and US tried to investigate the bribery allegations at the company. Even though the firm and its leadership initially denied any knowledge of the payments, the magnitude of payments were becoming higher and it became clear that it was not the act of a few rogue managers acting alone and breaking the company rules to secure lucrative overseas contracts. Corruption looked to be endemic at Siemens, or, as one prosecutor put it, 'bribery was Siemens' business model.'

The various trials and investigations brought to the surface a murky picture of the payments made to public officials in a bid to win large overseas contracts for the company. The contracts are of very high value which includes railway systems, mobile phone networks, complex hospital equipment which are often sold to governments of developing nations where there is poor governance and a high prevalence for corruption.

According to various witness statements, Siemens' employees often simply thought that bribery was how the game played and they had to engage in corruption in order to win business, keep jobs secure and their company strong. Bribery was considered as a technical exercise by the dominating engineering employees to get the job done. It was considered as amoral (without morals) and victimless crime- if at all a crime. The German corporate tax code made bribery technically illegal only in late 1990s. Until then bribes paid in foreign countries were even tax deductible and were declared under the notorious label 'useful expenses'.

Another important reason is the decentralized and compartmentalized system of management in German multinational like Siemens. Germans tend to leave a lot of autonomy to local executive – the argument being that they usually sell complex technical products which needs to be customized. Firstly payment decisions are made locally and secondly even though the leadership does become aware of the bribery they fail to implement effective ethics management across the span of operations in different countries.

A particular issue with Siemens also appears to be a strong corporate culture, deeply rooted within the 160 year old firm, which made it particularly hard to initiate a major change in values and

attitudes within the company. The employees of Siemens were associated with the firm for a long time which led densely woven webs of contact and informal relationships which gives a perfect environment for corruption (and its cover up) to thrive. Moreover as the trial hearing revealed, the maintenance of corruption on the scale alleged at Siemens actually required a degree of loyalty from employees not always found in large multinationals. One of the junior level executives in the telecom section of the firm testified to the court that he was chosen to become the coordinator of the 'useful expenses payments' because his superiors trusted him.

### **Siemens introduces anti-corruption initiatives**

At Siemens, the corruption scandal has prompted a raft of new initiatives in the company. After forcing the board and chairman to resign, the new CEO hired an American law firm and spent millions on internal investigation and cooperated fully with the courts. The new chairman Gerhard Cromme, known as the latest German corporate governance code, implemented new measures to enhance transparency and accountability within the organization. The company appointed a former German Finance Minister as an in house monitor to help ensure that the company remains corruption free.

The new Siemens' leadership has made it clear that the firm needs to change its ways. As the new CEO said: 'We regret what happened in the past but we have learned from it and taken appropriate measures. Siemens is now a stronger company.'

It will, however, be difficult to change the long standing culture within the company. As one insider put it , many in the firm still secretly think that where Siemens went wrong in the scandal was not in the payment of bribes, but in breaking what Germans colloquially allude to as the 'eleventh commandment'; don't get caught....

### **Questions**

- 1) What are the main individual and situational factors encouraging the alleged bribery at Siemens? Which, in your opinion, are the most important?
- 2) Explore the corruption scam in terms of the issue related factors namely moral intensity and moral framing. To what extent did the firm featured experience corruption as a morally intense issue and what impact did the moral framing of the activities involved have on this?
- 3) Critically evaluate the initiatives Siemens has implemented to address bribery problems across its operations. Are these sufficient or would you suggest further action?
- 4) Thinking of bribery from the perspective of wider society, do you think that a monetary penalty – however high- is an adequate response? What penalties, for instance could you suggest to foster more ethical values at the company or higher personal integrity on the part of its employees?



**PRESIDENCY UNIVERSITY, BENGALURU**  
**SCHOOL OF MANAGEMENT**

Max Marks: 50

Max Time: 120 Mins

Weightage: 25 %

**Set A**

**TEST 2**

II Semester 2016-2017

**Course: MBA A 118 Business Ethics &  
Corporate Social Responsibility**

11 April 2017

---

**Part A**

(6Qx 1 M= 6 Marks)

1. What is sustainability?
2. What is corporate accountability?
3. What do you understand by corporate social responsiveness?
4. What are the four levels of corporate social responsibility?
5. What is business ethics?
6. Name four primary stakeholders.

**Part B**

(8 Q x 4 M= 32 Marks)

7. Why is it important that business people study business ethics?
8. Does the extended view of corporate citizenship lead to more transparency in the actions of corporate companies and leads to the protection of all the citizen rights?
9. Is formulation of law really required for the practice of business ethics?
10. What are the strategies adopted by corporations for executing their corporate social responsibility?
11. What are the challenges of oil and gas industry (energy sector) contribute to the sustainable development of world?
12. Is the city Bangalore undergoing a sustainable development. If yes why? If not why?
13. Do you think the TBL (triple bottom line of sustainability) concept by John Elkington is the new goal of business ethics?
14. For a company is primary stakeholders or secondary stakeholders more important?

15. Water as an increasingly scarce and contested resource has become an issue where businesses find themselves more and more confronted by new expectations and demands from society.

Water is considered a basic human need, and so access to clean water is typically considered to a fundamental human right. Whether on the supply side, as providers of drinking water and sanitation or whether on the demand side, as users or marketers of water, private corporations have become key players in addressing needs that sometimes extend substantially beyond their economic interest.

As for the demand side of the story where Western MNCs can be seen competing with local business and indigenous population for the use of often scarce water resources. The issue is particularly salient for industries with high usage of water, such as mining and of course, the drinks industry.

Perhaps the most well-known and the best reported incident concerned is the bottling plant of Coca Cola 's bottling plant in Kerala in South India. Coca cola has invested more than \$ 1 billion in its Indian business between 1993 and 2004 contributing to one fifth of foreign direct investment. Against this backdrop, it came quite as a surprise to the company when in 2004 a High court in the southern state of Kerala ordered the closure of Coca cola bottling plant in the village of Plachimada. The followed three years of campaigning by local villager, national NGOs and research institutes, displaying a truly multifaceted arsenal of campaign tactics reaching from local demonstrations, sit-ins at the plant gate, and human chains, to ten days' march between various Coke plants, nation-wide "Quit India" campaigns and political lobbying.

After the opening of the plant in 2000, the ground water levels had fallen by 25 – 40 feet, resulting in severe water shortages in the rural areas, harvests reduced by 80%-90% and the remaining water became undrinkable. Though Coca Cola extracted 510,000 litres of water per day from the ground water around the plant, it blamed the poor rainfall for shortage of water and dismissed the protest as anti-capitalist. The court ruled that ground water is a public good and Coca Cola, had to reorganize its water supply from other parts of India and the company reduced its water usage by 24% and installed rain water harvesting systems in 26 of their plants.

Ultimately Coca Cola became a leader in water management practices by reducing the amount of water used to produce beverages, recycling water used for manufacturing processes so it can be returned safely to the environment, and replenishing water in communities and nature through locally relevant projects. They introduced the Global Water Stewardship Initiative where the company is achieving the water conservation efforts well above the legal requirements. In India they were able to create a replenishment potential of 146% well above the legal specifications. Anandana, the Coca Cola Foundation in India has helped build 150 check dams, creating 13 billion litres of water storage potential. The aim of the company is to far exceed the legal requirements of water conservation and redefine water stewardship norms.

### Questions

1. What are the issues of the stakeholders and the company in the light of the Plachimada, Palghat, Kerala issue?
2. What was the company's strategy of corporate social responsiveness?
3. Is it the ethical issue or by and large water should be considered as a precious resource essential for the very survival of humankind and there should be a collective effort from all stakeholders?  
Express your opinion



**PRESIDENCY UNIVERSITY, BENGALURU**  
**SCHOOL OF MANAGEMENT**

Max Marks: 50

Max Time: 55 Mins

Weightage: 25 %

**Set A**

**TEST 1**

II Semester 2016-2017

Course: **MBA A 118 Business Ethics &  
Corporate Social Responsibility**

25 February 2017

---

**Part A**

(5 x 1 M= 5 Marks)

**Multiple Choice Questions**

1. The term business ethics is best described by the following statement:
  - a. It is the study and philosophy of human conduct, with an emphasis on determining right and wrong.
  - b. It is an "inquiry into the nature and grounds of morality where the term morality is taken to mean moral judgments, standards and rules of conduct."
  - c. It is the "study of the general nature of morals and of specific moral choices; moral philosophy; and the rules or standards governing the conduct of the members of a profession."
  - d. It is an organization's obligation to maximize its positive effects and minimize its negative effects on stakeholders.
  - e. It comprises the principles, values, and standards that guide behavior in the world of business
  
2. \_\_\_\_\_ is essential in building long-term relationships between businesses and consumers.
  - a. Profits
  - b. Dividends
  - c. Trust
  - d. Hubris
  - e. Codes of ethics
  
3. Those who have a claim in some aspect of a firm's products, operations, markets, industry, and outcomes are known as
  - a. shareholders.
  - b. stockholders.
  - c. stakeholders.
  - d. claimholders.
  - e. special-interest groups
  
4. Many businesses responded to sustainability by adopting a triple-bottom line approach; taking into consideration social and environmental performance variables in addition to \_\_\_\_\_.
  - a. managerial performance
  - b. economic performance
  - c. board of directors' performance
  - d. stakeholder performance

e. customer focus

5. Which option includes the assessment and improvement of business strategies, economic factors, work practices, technologies, and lifestyles while maintaining the natural environment?
- Competitive advantage
  - Green washing
  - Marketing
  - Sustainability
  - Risk analysis

**Part B**

(5 Q x 5 M= 25 Marks)

- Why is it important that businesspeople study business ethics?
- How does sustainability relate to ethical decision making and social responsibility?
- What is the relationship between ethics and law?
- What is sustainability? To what extent do you think it is possible for corporations in the car industry to be sustainable? Explain your answer
- Briefly explain triple bottom line of sustainability

**Part C**

(1Q x 20 M= 20 Marks)

- How do you explain the behavior of Taj Palace Hotel Employees at the time of Nov26, 2008 Terror attacks which has really reflected the ethical organizational culture practiced in Taj group of hotels. Explain it with special reference to the Triple Bottom Line Sustainability practiced by the corporate.