



QUESTION BOOKLET NUMBER

1009Subject Code
MB312Date of Exam: **October 25, 2009**Timings: **14:30 Hrs to 17:30 Hrs****Program : MBA****Subject : Business Ethics and Corporate Governance***To be filled by the Student*

ENROLLMENT NO.		OMR NO.	
TEST CENTER		SEAT NO.	

TOTAL MARKS : 100**MAXIMUM TIME : 3 HOURS***Answering materials to be distributed along with the question booklet are:*★ **OMR ANSWER SHEET**● **ANSWER BOOKLET***Instructions to Students*

1. Students should write their Question Booklet Number, OMR Answer Sheet Number, Admit Card Number and Enrollment Number at all the relevant/required places specified in Question Booklet, OMR Answer Sheet *and Answer Booklet *. In the absence of such data on OMR Answer Sheet and Answer Booklet, the same will not be evaluated.
2. Students are required to answer Section A and duly mark the answers in OMR Answer Sheet and return the same at the end of the duration allotted for Section A of the Question Booklet i.e. 30 minutes after the commencement of the examination.
3. Students are required to answer Sections B and C in the answer book provided for the same.
4. Student can retain this Question Booklet after the examination.

The instructions on marking your answers in OMR answer sheet are given on the back cover page of this Question Booklet.



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Section A : Basic Concepts (30 Marks)

- This section consists of questions with serial number 1 - 30.
- Answer all questions.
- Each question carries one mark.
- Maximum time for answering Section A is 30 Minutes.

1. Which of the following is/are **not true** regarding the characteristics of ethical decisions in businesses?
 - I. Ethical decisions do not have a unique solution. ✓
 - II. Consequences of most unethical decisions are always obvious in nature. ✓
 - III. Ethical decisions result from situations that are beyond one's control.
 - IV. Ethical/unethical decisions have wide ramifications. ✓
 - (a) Only (I) above
 - (b) Only (II) above
 - (c) Both (I) and (IV) above
 - ✓ (d) Both (II) and (III) above
 - (e) (II), (III) and (IV) above.

2. Which of the following theories holds the view that an action is considered morally correct if consequences of that action are more favorable than unfavorable?
 - (a) Metaethics
 - (b) Virtue ethics
 - (c) Teleological theory
 - ✓ (d) Eternal law
 - (e) Deontological ethical theory.

3. An organization has to follow an ideal approach to implement the corporate code after drafting it. An approach for implementing the code has been proposed by Ferrell and Fraedrich. In this regard, which of the following is **not** an aspect on which implementing the corporate code is based?
 - ✓ (a) Organization structure
 - (b) Coordination
 - (c) Motivation
 - (d) Communication
 - (e) Corporate culture.

4. The difference between which of the following is that one deals with the right and wrong behavior of individuals, while the other compels individuals to act in the 'right' desired manner?
 - (a) Corporate governance and corporate management
 - ✓ (b) Moral standards and law
 - (c) Management philosophy and law
 - (d) Ethics and compliance codes
 - (e) Moral standards and corporate credos.

5. When a company adopts an anti-pollution environment policy, it is said to be 'going green'. Which of the following is/are the reasons for a company's decision to go green?
- Gaining economic benefits through increased efficiency.
 - Enhancing public image.
 - Gaining competitive advantage through innovation. ✓
 - Increasing profits.
- Only (II) above
 - Only (III) above
 - Both (II) and (III) above
 - (I), (II) and (III) above
 - (I), (II) and (IV) above.
6. SM Infrastructure Consortium India Limited has started its activities in Dubai. All the executives who were sent from the Indian branches to Dubai were given special culture training. The executives were told that being on time for the meeting is considered bad manners in Dubai and implies over eagerness and creates a bad impression. This type of training given to the employees of SM Infrastructure Consortium India Limited, so that they can adopt the norms of a place easily is termed as
- Consequentialism
 - Cultural relativism ✓
 - Cultural change
 - Ethical subjectivism
 - Virtue ethics.
7. Marketing mix includes McCarthy's 4 Ps of product, price, promotion and place. Which of the following is an unethical practice with respect to 'place'?
- Manipulating the availability of the product
 - Concealing the risks associated with product usage ✓
 - Misleading advertising
 - Deceptive sales promotions
 - Price fixing.
8. Studies conducted among the workers of organizations led to analyses of ethical issues at the workplace by a number of experts. Which of the following is **true** regarding the analysis put forward by Premeaux and Mundy?
- It provides the motivation needed by individuals when faced with ethical dilemmas
 - It presents the thoughts of the personnel while analyzing ethical issues
 - It provides the ethical standards that workers have to follow
 - It sets out the comprehensive standards for quality and safety of factories ✓
 - It examines the losses due to fraud and work abuse.
9. Samyukta Mills adopts the practice of buying raw materials beforehand in order to meet future requirements with the objective of producing goods and marketing them at a higher price when there is a shortage of raw materials. This practice adopted by Samyukta Mills is referred to as
- Procurement
 - Discrimination and favoritism
 - Forward buying ✓
 - Backward buying
 - Deceiving suppliers.

10. An important principle of ethical selection is that every applicant must be given equal opportunity, irrespective of the organization's criteria for hiring. Which of the following statements is/are **not true** with respect to 'equality of opportunity'?
- I. It necessitates that rules must apply equally to all prospects under consideration for hiring or promotion.
 - II. Reverse discrimination ensures equality of opportunity.
 - III. It necessitates that no applicant must be rejected for reasons other than those laid down by rules for hiring.
 - IV. It specifies how rules for hiring should be applied and also determines the results of applying the rules.
- (a) Only (III) above
 - (b) Only (IV) above
 - (c) Both (I) and (III) above
 - ☒ (d) Both (II) and (IV) above
 - (e) (II), (III) and (IV) above.
11. One of the biggest pharma companies Merck, suffered losses as it was forced to withdraw Vioxx, its famous arthritis drug. Soon, the company faced a number of suits in the court of law, stock had gone down by 40% and to worsen the situation, it started receiving takeover threats. To counter the threats of takeovers, Merck declared bonuses, stock payments and additional payments worth three times their annual salaries to its 230 senior executives. The strategy adopted by the management of Merck is termed as
- (a) Poison pills
 - ☒ (b) Greenmail
 - (c) Golden parachute
 - (d) People pill
 - (e) Sandbag.
12. Which of the following frauds in financial statement can be detected by comparing financial statements over a period of time, examining unusual journal entries, verifying supporting sales documents and unusual sales transactions?
- ☒ (a) Fictitious revenues
 - (b) Fraudulent timing differences
 - (c) Concealed liabilities and expenses
 - (d) Fraudulent asset evaluations
 - (e) Fraudulent disclosures or omissions.
13. Sampath, a fresh recruit at a recruitment firm was shocked at the corrupt practices existing in the firm. Which of the following is the **most probable** reason for corrupt practices existing in firms?
- (a) Back ground of the employees
 - ☒ (b) Absence of commonly held beliefs and values at workplace
 - (c) Eroding values of public figures and notable members of the public
 - (d) Rising prices
 - (e) Lack of competitive remuneration for employees.
14. Which of the following is **not** considered an unethical practice in France and Germany, instead treated as a way of doing business, as opposed to in America?
- (a) Violation of human rights
 - (b) Discrimination in hiring
 - (c) Legal noncompliance
 - (d) Child labor
 - ☒ (e) Paying money to bribe.

15. The issue of corporate responsibility came into focus through industrial revolution. Which of the following statements is/are **true** regarding the industrial revolution?
- I. The industrial revolution brought about an increase in pollution levels and a decline in working conditions.
 - II. During the first industrial revolution, cottage industries were replaced by the factory system.
 - III. The second industrial revolution utilized electricity and improved technology and social life.
 - IV. The shift from agrarian economy to technology based economy transferred the political power from industrial capitalists to landowners.
- (a) Only (III) above
 - (b) Both (II) and (III) above
 - (c) Both (III) and (IV) above
 - ☒ (d) (I), (II) and (III) above
 - (e) (I), (II) and (IV) above.
16. The responsibilities of corporations towards their consumers can be summed up by the five R's. Which of the following is **not** one of these R's?
- ☒ (a) Right benefits
 - (b) Right quality
 - (c) Right quantity
 - (d) Right place
 - (e) Right price.
17. Managers can avoid ethical dilemmas by following the approaches given by Clutterbuck or by Drummond and Carmichael. Which of the following is involved in Drummond and Carmichael's approach?
- (a) Acknowledge the personal dimension to ethical behavior
 - (b) It is an institutional and control oriented approach
 - (c) Publish a code of ethics
 - (d) Include ethics in recruitment criteria
 - (e) Reinforce policies through training and development.
18. Which of the following is **not** a characteristic of corporations that attracts investors?
- (a) Limited liability
 - (b) Transferability
 - ☒ (c) Organization structure
 - (d) Legal personality
 - (e) Centralized management.
19. In PMCC Investments Limited, the members of the board have been appointed by the shareholders and banks. The president, Mr. Kingsley was also appointed by consensus between shareholders and banks. The management personnel have also been nominated by the banks. Which of the following corporate governance models is followed by PMCC Investments Limited?
- (a) Anglo-American model
 - (b) German model
 - ☒ (c) Japanese model
 - (d) Indian model
 - (e) Russian model.

20. Rakesh Seth is a member of the board of directors of a Fast Moving Consumer Goods (FMCG) firm. He is also the firm's Vice-President (Technical). Board members like Rakesh Seth are referred to as
- Executive directors
 - ☒ Non-executive directors
 - Nominee directors
 - Alternative directors
 - Shadow directors.
21. One of the roles assumed by the directors while governing the activities of a corporation is the conformance role. Which of the following pertains to the 'conformance role' of a director?
- ☒ It is a tricky role as it involves the director monitoring and evaluating his own performance
 - In this role, the director acts as a source of know-how and expertise
 - In this role, outside directors sometimes plays the role of specialists
 - In this role, the outside directors represent the company on public forums or committees
 - In this role, the director caters to the needs of the corporation for networking, representing and adding status.
22. Which of the following is **not true** with regard to self-regulation of ethical codes?
- Self-regulators are directly accountable to the members of their group
 - Self-regulation operates in an environment where there is a willingness to accept regulations formulated from within for the common good of the group
 - Self-regulation has an built-in system of checks and balances
 - Self-regulation is easier to operate and implement
 - ☒ Self-regulations are less comprehensive when compared to official regulations.
23. Which of the following statements is/are **true** regarding relation between espoused values and values in practices for firms with unethical practices?
- The 'espoused values' of the firm are same as its 'values in practice'.
 - The 'espoused values' of the firm are not the same as its 'values in practice'.
 - The 'values in practice' of the firm are better than its 'espoused values'.
- ☒ Only (I) above
 - Only (II) above
 - Only (III) above
 - Both (I) and (III) above
 - Both (II) and (III) above.
24. Which of the following is **not** a stage in the ethical decision making process?
- Evaluating the decision
 - Judging the decision
 - ☒ Problem recognition
 - Establishing a moral intent
 - Engaging in ethical behavior.
25. Money laundering can be defined with reference to situations such as
- Acquisition, ownership, possession or transfer of any proceeds of crime.
 - Knowingly entering into a transaction related to the proceeds of crime, directly or indirectly.
 - Concealment or aiding in the concealment of the proceeds of crime.
 - Those that violate equality of opportunity.
- Both (I) and (II) above
 - Both (III) and (IV) above
 - ☒ (I), (II) and (III) above
 - (II), (III) and (IV) above
 - All (I), (II), (III) and (IV) above.

26. According to Gelleraman, which of the following is **not** a rationalization used by managers to justify their behavior in resolving ethical dilemmas?
- (a) Their actions are within reasonable ethical and legal limits and hence are not illegal or unethical
 - (b) They will be protected by their company
 - (c) Their actions will not be disclosed or published and hence there is no danger to them or their company
 - (d) Their actions are aimed at the individual's or corporation's best interest
 - ☒ (e) They will be protected by their community.
27. Which of the following is/are steps taken by SEBI to strengthen corporate governance in India?
- I. Separation of the roles of Chairman and Chief Executive.
 - II. Declaration of quarterly results.
 - III. Strengthening of disclosure norms for Initial Public Offers (IPO)s.
 - IV. Issue of guidelines for preferential allotment at market related prices.
- (a) Only (III) above
 - (b) Both (I) and (III) above
 - (c) Both (II) and (IV) above
 - (d) (I), (II) and (IV) above
 - ☒ (e) (II), (III) and (IV) above.
28. Which of the following board structures function in a style that gives high importance to both interpersonal relations among directors and effective decision-making?
- (a) Rubber stamp board
 - (b) Representative board
 - (c) Country club board
 - ☒ (d) Professional board
 - (e) Two-tier board.
29. Which of the following is **not** a function of the CEO?
- (a) To assist the executive directors in formulating strategic proposals that have to be endorsed by board
 - (b) To provide leadership and direction to all executive directors
 - (c) To present the company to major investors, the media and government
 - ☒ (d) To review the interim and final accounts in toto
 - (e) To be able to identify the situation that requires intervention.
30. Focus on corporate responsibility was highlighted through the industrial revolution and the years thereafter. Which of the following happening(s) pertain to the 'nonconformist challenge' in Britain?
- I. Wealth and industry were approached in different ways from the perspective of the religion that people heading big businesses followed.
 - II. Quakers played an important role in shaping values of new entrepreneurial groups.
 - III. The era reflected the needs of people who failed to prosper from the industrial revolution.
- (a) Only (I) above
 - (b) Only (II) above
 - (c) Only (III) above
 - ☒ (d) Both (I) and (II) above
 - (e) All (I), (II) and (III) above.

END OF SECTION A

Section B : Caselets (50 Marks)

- This section consists of questions with serial number 1 – 6.
- Answer all questions.
- Marks are indicated against each question.
- Detailed explanations should form part of your answer.
- Do not spend more than 110 - 120 minutes on Section B.

Caselet 1

Read the caselet carefully and answer the following questions:

1. 'In downsizing, handing over the pink slip is the first and foremost option normally considered by organizations, as it is easy to administer and quick results can be shown on the bottom line'. In the context of organizations in general and IT industry in particular, explain the situations where pink slips are unavoidable. Also discuss the disadvantages associated with giving pink slips. (9-marks)
2. Companies need to use stringent recruitment procedures and tools that will enable the company to take aboard the most suitable person for the post. In this regard, discuss the principles of ethical selection that IT industries need to adopt to select the right candidates and avoid indiscriminate firing in times of crisis. (7 marks)

Wipro Technologies has put about 4-5 per cent of its workforce, about 2,400-3,000 employees, under the scanner for non-performance. Company sources reveal that about 1,000 employees have been asked to leave. While some would be given counseling to improve their performance, others would be asked to leave.

"It's a regular annual exercise. As the appraisal cycle gets over, a multi-layer review happens. Following that, people who have fallen in the lower quadrants of performance are put on watch. Some are asked to pull up and others are asked to move on," Corporate Vice-President (human resources) Pratik Kumar said. The review includes all the 60,000 global IT services employees from the senior leadership team down to the person with one-year experience.

While Information Technology (IT) companies deny any 'downsizing' and claim that laying off is a routine exercise, what causes worry among techies is that freshers are being targeted. "I was asked to resign after working at the company for eight months. I had three job offers but I chose this company, a decision which I now regret. Given that the market is down, it will be almost impossible to find a job especially as I will now compete in the experienced category," says Shyam Babu, who recently lost his job.

Although companies say that it is part of the exercise to certify skill levels and improve quality, most employees say there is no transparency. Those who have lost their jobs say they were not given any explanation, marks lists, scores or cut-offs. "While the company reserved the right to fire employees who do not perform, it is not fair to target those without experience," says Shiva, an employee. Take the case of his friend Nawaz, for example. He worked for six months with a smaller firm on the Oracle platform and traded that job for a better future in a bigger company where he worked in Java. Now that his dream job is gone, he will be branded "inexperienced" in both programming environments and will have to start from the scratch.

And this is only the tip of an iceberg. Several software professionals allege that companies indulge in mass recruitment to project their image in the market. Most companies are reluctant to divulge the number of employees on the bench. While a fresher loses out on project experience during this time, major IT companies keep their employees waiting for want of projects. "Besides losing out on projects we are not even paid, which makes it even more difficult for us. My joining date was postponed thrice," says Mihir, an IT employee.

Experts opine that attrition and flexibility are two sides of the same coin. Job insecurity is a huge problem but companies view the whole process in terms of a demand-supply equation. There is no regulation and companies obviously do not want to regulate themselves. The pertinent question remains that in an industry like information technology that had always faced talent shortage, is firing employees in troubled times the only option? There are in fact several alternatives to handing over the pink slip. Only the organization has to be committed about employee welfare and have a long-term vision for the company instead of resorting to short-term measures that might make it difficult to recover its good name or attract the right talent when the troubled times get over.

The current times are actually lessons for organizations, who must understand that it is better to be prudent in good times so that they do not have problems during recession. While termination of jobs is considered the last option for most organizations, but a lot depends on the crisis at hand. During the selection and recruitment process, if the right candidate has been short-listed, then it should not come to the point of lay offs and pink slips. A good candidate will always remain an asset, more so during crisis time, when 'extra work' is demanded from him/her. In other words, what the companies need to do is bring in to use stringent recruitment procedures and tools that will enable the company to take aboard the most suitable person for the post, rather than hire an average candidate whom they might have to issue the pink slip or bring in some cost cutting strategy during crisis time.

"Handing over the pink slip however should be the last option which should be exercised. Unfortunately, this is the first and foremost option that is normally considered as it is most easy to administer and one can show quick results on the bottom line. But, it is more of an "accountant-oriented" approach rather than an "HR-oriented" approach. There are enough studies to prove that if the pink slip approach is implemented indiscreetly, it can affect the brand equity, loyalty, retention and organizational image in the long run," stated Ullhas Pagey, a well known HR and organizational development expert and a visiting faculty at the Jamnalal Bajaj Institute of Management Studies, Mumbai. Pagey albeit feels that sometimes it remains the only way out, particularly in IT or BPO companies, wherein large number of employees are engaged on a project and the client itself goes belly up like it happened recently in few cases. However, it is likely to happen more in small or medium size organizations where there is dependency on very few clients and where skills portability is very limited.

The fact cannot be denied that some companies indulge in job cuts only to protect their profit margins. "Companies could afford to take slightly lower margins in these difficult times. Firing employees would not prove to be productive in the medium and long-term as organizations may find themselves short of skilled staff then for leveraging opportunities. Being able to retain key talent in difficult times is the strength of any organization," said Geeta A Sundrani, Director, Oasis Human Resources. The other options that many organizations are already adopting are—pay cuts (ranging from 5% to 45%, the variable component is mostly affected), encouraging employees to take sabbaticals or go on long unpaid leave; retraining and transferring them to other functions, departments, etc.

According to Sunny Pokala, President, Amtex Systems, salary cut to match and ease out pressure on operational costs, operating at zero budgets, month-on-month, absorbing extra workload and salary freeze are some of the efforts that organizations can take instead of firing employees. Measures like no promotions, withdrawal of incentives and bonuses till business rebounds, reduce travel costs to lessen operational costs for companies and their clients and no spend on 'fun and frolic' are also a way out of this problem. Vikram Bhardwaj, Managing Director, Redileon Search Partners believes that there are many ways of minimizing the damage. "Many of our clients have benefitted by asking their employees to suggest solutions—some of the most practical and creative solutions come out when your job is at stake," he pointed out.

END OF CASELET 1

Caselet 2

Read the caselet carefully and answer the following questions:

3. The process of globalization is often said to adversely affect the environment. In this regard, critically examine how the presence of MNCs has affected the environment. (9 marks)
4. One of the WTO objectives is to introduce the idea of 'sustainable development' in relation to the optimal use of world resources and the need to protect and preserve the environment. Discuss the concept of sustainable development in context to globalization. (8 marks)

Environmental pollution is a newly emerging phenomenon which has become a threat to the very existence of mankind. The subject has become a matter of concern not only for a few individuals but also for the entire global community. The environmental concern is being expressed in the fields of politics, administration, academics and scientific pursuits to examine the various issues. The subject of environment has been under discussion for the last two decades, although no systematic development has been made to incorporate these environmental issues in the developed world. Some progress was made when over 30 nations signed the convention on biological diversity and climate change at the United Nations conference of environment and development held in Rio de Janeiro on June 11, 1992. This declaration on Environment and Development has provided a platform for ecologically sound, socially just and economically equitable development.

One of the WTO objectives is to introduce the idea of 'sustainable development' in relation to the optimal use of world resources and the need to protect and preserve the environment. Sustainability of development is however a broader concept. It involves a pattern of economic development that would be compatible with a safe environment, biodiversity, ecological balance, inter-generational and international equity. Therefore sustainable development requires global efforts or joint efforts by people or effective forums of regional and international cooperation which are required to combat the evil effects of globalization.

The process of globalization has adverse effects on the environment. The extraction and export of raw materials from third world countries has resulted in the exploitation of forest, mineral and maritime resources as affected intergeneration equity in the third world countries. In this context many MNCs want to enter the third world countries like India due to the strict environment laws followed by their own nations. As a result there's a race for ground water in different parts of the country.

The coastal areas of India, having a unique and fragile ecology are being threatened by the MNCs in addition to hazardous industries, and mushrooming of unplanned development activities. The mushrooming of aquaculture farms along the coastline is threatening the livelihood of thousands of fisher folk and peasants. Similarly, in the name of the "Blue

Revolution", a large scale degradation of coastal areas is taking place through agricultural farming, especially in Orissa, Andhra Pradesh and Tamil Nadu. Vast stretches of green areas and fertile agriculture lands are being converted into shrimp farms. Intensive aquaculture is also posing a threat to the livelihood of thousands of fisher folks whose access to the sea has been cut-off by imposing barricades, jetties and other structures built by the multinationals and rich industrial houses. Acharya and Nir Acharya wrote an article titled 'Structural Adjustment and Small Producers' in (Economic Political Weekly January 1995). In the coastal regions of AP and TN small scale paddy farmers are being displaced from their land to give way to prawn farming by large companies for export earnings but the damage these process causes to vulnerable sections of the population and ecological conditions cannot be overlooked

In India the water crisis is already evident and nearly 44 million people are affected by water shortage and quality problems. 200 million Indians do not have access to drinking water. During summer, women and children have to walk for miles to fetch water. Today, the problem is very serious due to the entry of MNCs which has resulted in commercialization of water and unscrupulous drilling of aquifers deeper and deeper. For example, coca-cola has started its business at a small village called Plachimada in Palakkad district of Kerala by pumping up ground water. (per day 1.5 million liter ground water). As a result the local community face severe water shortage crisis. After that the local people fought against the MNCs and proved that water belongs to them. In Khammam district of AP Kinley Company extracts 2,25,000 liter of ground water per day for their water business. All this shows the race for ground water, extraction in different parts of the country. The welfare of the nation must be judged by what happens to the majority of the population, often it is seen that the benefit from the reforms go only to a few while the vast majority of the people are left out. It clearly reveals that MNCs have profited from their soft capital through lax Indian environmental laws. Bove and Maude Barlow, the Ottawa based activist and writers described this as 'multinational companies playing with the lives of millions of people by trying to control the remaining precious 'Blue Gold' in developing world'.

The ecological vulnerability of agriculture monocultures has made the conservation of agriculture biodiversity an environmental imperative. The convention on biodiversity conservation has been one of the responses of the world community to conserve the ecological basis of biological production. Monsanto a US chemical firm has followed a new technology in seed production viz., terminator technology. "Terminator" technology a bio technological innovation patented in the US could deal a fatal blow to millions of resource-poor farmers in developing countries as it portends great danger to food security worldwide. The US patent titled "Control of plant Gene Expression" is meant to alter seeds genetically so that crops that are raised using this technology do not yield seeds that germinate. This will result in bio serfdom as farmers have to buy more expensive seeds, and surrender to the world patent, and they will be in a position to dictate terms for transferring technology in third world countries. Thus, terminator technology is a threat to agricultural bio diversity and to food security in developing countries. According to Food and Agriculture Organization (FAO), 1.4 billion rural people depend on farm saved seeds and community plant breeding technology. By heavily subsidizing agricultural exports, the rich countries bring down the global prices of such commodities. The US has subsidized the export of maize which has adversely affected the livelihood of half a million farmers in Philippines. Still, Indian agriculture provides direct employment to about 60% of the country's workforce which accounts for over 32% of its GDP and contributes to over 20 % of its exports. By the clever manipulations of the World Trade Organization all member

countries including India were compelled to reduce all subsidies given to farmers to purchase fertilizers. Small and marginal farmers across the country unable to bear the sudden burden of fertilizer purchase abandoned their lands. Plunged into debt traps many even committed suicide.

Environment protection is not only linked to the quality of the life but to the survival of millions of people. In agriculture, to increase the production of food grains, the diversification of agriculture, technological up gradation, non-agriculture activities, improving irrigation and other infrastructure facilities depend on local conditions and needs and not necessarily globalization. In today's context, reorientation of the economy and the policy to promote the Common Property Resources (CPR) with stress on the basic needs of the majority of the people is needed (CT Kurien 1997).

Gandhiji pointed out that "It is not mass production but only production by the masses that can do the trick". This seems to be the need of the hour.

END OF CASELET 2

Caselet 3

Read the caselet carefully and answer the following questions:

5. Heck said Microsoft's teams "year in and year out raise more money than anyone else." Why do organizations get involved in events like 'raising money' for charitable causes? Discuss with special relevance to Microsoft. (8 marks)
6. "Microsoft employees are getting involved, rolling up their sleeves and contributing their time, talents and money." In this context, discuss the attitude of employees of Microsoft towards social issues. In your opinion, how should ethical behavior and business be integrated in organizations like Microsoft to encourage the attitude of its employees? Discuss. (9 marks)

When Linda Kohn set out last year to become the top fundraiser among Microsoft employees, her main cause was raising money for the Northwest AIDS Foundation. "This cause is very important to me, because I would venture to say we all have lost at least one dear family member or friend to AIDS," Kohn said. "It's just a horrible, horrible disease for which there is no cure yet."

Kohn is among several Microsoft employees whose contributions and community service have helped earn Microsoft recognition from the Northwest AIDS Foundation. The foundation is honoring Microsoft with its "Outstanding Philanthropic Business award" for supporting the long-term fight against AIDS, and helping those affected by the disease. The Foundation presented the award to Bill Neukom, Microsoft's senior vice president for Law and Corporate Affairs, at its 11th Annual Awards Luncheon in Seattle.

Kohn, a specialist in negotiating the rights to copyrighted material used in Microsoft products, said she takes particular delight in seeing Microsoft honored for its contributions to the community. "It's one of my pet peeves to see all the negative press Microsoft is getting," she said. "Microsoft has been very generous in the community, nationwide and worldwide. Microsoft does a lot for the AIDS Foundation and for a lot of other causes as well."

Lee Heck, the foundation's director of development and marketing, said that since the beginning of the AIDS epidemic Microsoft has demonstrated "phenomenal leadership," both organizationally and financially. "Microsoft's gifts, which have been made so generously over the last decade or more, have helped fund the gap between what it takes to

run our programs and the federal grants we receive," he said.

"First and foremost, it's an honor for our company to be recognized by the Northwest AIDS Foundation," said Bruce Brooks, Microsoft's director of community affairs. Brooks oversees the company's charitable programs, which last year donated more than \$104 million in cash and software to nonprofit organizations. "In many respects, it's also humbling. Microsoft and its employees are fortunate to be able to help fine organizations like the Northwest AIDS Foundation, and in turn to help people who are having difficulty. To know that these efforts are truly making a positive difference in people's lives is a wonderful affirmation of how and why we value the communities in which we live and work."

Microsoft has contributed to the Northwest AIDS Foundation in several ways throughout the years. Through its community affairs department, Microsoft has given the foundation \$173,500 in cash since 1996. During the same period, individual Microsoft employees have given another \$485,000. Microsoft has matched that amount dollar-for-dollar with \$485,000 more. In all, the company and its employees have given \$1.14 million to the Northwest AIDS Foundation.

The figure may even be higher. "In many cases, employees give beyond the amount that is matched by the company," said Sarah Meyer, senior program manager for community affairs. "We have no way of tracking that."

"For Microsoft and its employees, the real link with the agency is the tremendous employee volunteerism and fundraising," Meyer said. "Microsoft employees are getting involved, rolling up their sleeves and contributing their time, talents and money."

The Northwest AIDS Walk, held each September, is the single biggest fundraising event each year for AIDS, and Microsoft employees have been participating in the event for several years. Heck said Microsoft's teams "year in and year out raise more money than anyone else."

"The AIDS walk is the single biggest media event around HIV and AIDS, and our chance to engage the Seattle-King County community about the fight against AIDS, and Microsoft is a big part of that," Heck said.

Microsoft contributes to organizations that may not be on many people's radar screens, but should be, he said. The money goes for general support, which enables them to become successful in the long run. "This is a way to make sure the Northwest AIDS Foundation can be successful in meeting its goals. We understand that an organization like this has costs."

Elliott Night, operations manager for Microsoft Internal Technical Education, said employee involvement with the Northwest AIDS Foundation began several years ago when members of her team at Microsoft started passing around e-mail about the need for funds. "For me, it started out when a group of us on my team wanted to raise money because it is a cause that's important to all of us," she said. "It kind of snowballed, as more and more people got involved. AIDS strikes close to everyone here. We all know someone who is affected one way or another. Everyone has a great outpouring of support for this cause."

Night said while employees are great at coming up with money for various causes, Microsoft itself is also very giving. "It makes me feel good working for a company that not only is aware of issues, but is very supportive. For Microsoft, it isn't something that happens one time, and then it's done. Every year, we gear up for it and do what we can, not only as individuals but as a company, to address this issue."

The Northwest AIDS Foundation, founded in 1983, has focused on AIDS prevention and education in King County. It also provides grant funding throughout Washington state, and

does policy advocacy work on the local, state and national levels.

In 1999, Microsoft's contributions helped the Foundation serve 75 percent of the people in King County living with AIDS, while reaching 50,000 people who were at the highest risk for contracting HIV.

Heck said the support from Microsoft and others is important to help educate the public that the AIDS epidemic is not over. "We have to remain hyper-vigilant," he said. "Apathy is potentially our biggest enemy."

END OF CASELET 3

END OF SECTION B

Section C : Applied Theory (20 Marks)

- This section consists of questions with serial number 7 - 8.
- Answer all questions.
- Marks are indicated against each question.
- Do not spend more than 25 -30 minutes on Section C.

7. Excel Corporation is one of the largest cement-manufacturing firms in Eastern India. It is not only a profit-making firm but also a preferred employer in the region. Apart from that, the corporation serves to fulfill a number of purposes that contribute to the development of the region. In this regard, discuss the various activities undertaken by corporations to improve quality of life. (10 marks)
8. Helix Limited is a company that gives top priority to ethical practices. It has outlined certain objectives of audit, in accordance with the directives set forth by Institute of Chartered Accountants of India (ICAI). There has been total transparency in its actions and the company enjoys the reputation of always conducting an ethical audit. In this context, discuss the main objectives of the ethical audit. (10 marks)

END OF SECTION C

END OF QUESTION PAPER

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