



Institute of Management
JK Lakshmipat University
Jaipur

END TERM EXAMINATION 2015



MBA (FT) Sem-IV

MM: 50 Marks

Course: CGBE&CSR.....

Time: 3 Hours

Subject code: MBA043

Instructions: Attempt any three questions from Section A. Section B is compulsory.

Section A

Q1. -----(10 marks).

Critically examine the statement - "The principal-agent relationship between shareholders and managers characterized by information asymmetry and conflict of interest provides the basis of our understanding of corporate governance."

Q2. -----(10 marks).

As crucially important stakeholders of the firm, employees have well-defined rights and duties. List these along with the corresponding ethical issues involved in the exercise of these rights and duties, using suitable examples to illustrate and explain, wherever possible.

Q3. ----- (10 marks).

Critically examine the statement - "Corporations should avoid treating their customers in an unethical manner as this only harms the firm's own interests in the long run."

Q4. ----- (10 marks).

Suppliers and even competitors of the firm are all part of an inter-dependent industrial eco-system, the sustainability of which largely depends upon mutual respect and ethical treatment of all players - friends as well as foes. What are the ethical difficulties that crop up in firms' dealings with other firms and how can all firms use co-operation and self-regulation to meet the challenges before them? Explain.

Q5. ----- (10 marks).

How does the Companies Act 2013 mandate and regulate corporate social responsibility for corporate entities in India? Discuss with specific reference to different legal provisions in the law.

Section B

Q6. -----(20 marks).

Read the excerpt given below from the Crane and Matten blog (<http://craneandmatten.blogspot.in/2010/05/scandinavian-cooperative-advantage.html>).

Analyse the author's perception of ethics and CSR in Scandinavia. Detail how this compares and contrasts with your own perception of the situation in India. Give examples to bring out similarities and differences from IKEA, if any, in the approach of Indian business firms to CSR and ethical issues.



"The Scandinavian Cooperative Advantage" by Robert Strand, PhD scholar, Copenhagen Business School (May, 2010) :

I would share a few words about the Scandinavian approach to CSR- a topic I find so interesting that I was compelled to leave my cushy corporate job in the US to move to the heart of Scandinavia and return to the days of being a poor student.

First off, why study CSR in Scandinavia? Well, for one, by pretty much any measure Scandinavia leads the world in strong CSR performances. Gather up a suite of your favourite CSR indices and you are sure to find a disproportionate amount of Scandinavian companies at the top. And given that humility is highly valued here, this is not likely the result of crafty Scandinavian spin-doctors.

So why does Scandinavia lead in CSR? Stereotypes are a real time-saver, so allow me to indulge in a few. It seems to be part of the Scandinavian cultural DNA for business leaders to encourage the "feminine" activities of collaboration, participation, and demonstrate far more humility than what I was accustomed to in US industry where the masculine John Wayne type was more likely to be hero-worshipped. Here in Scandinavia, conflict is considered best solved through negotiation and compromise and as a result Scandinavian companies have built trusting partnerships with NGO's, government agencies, and even competitors to address common social and environmental challenges. This has led to a "Scandinavian Cooperative Advantage" that I believe will prove to be a long-term competitive advantage for the region in the face of increasingly complex social and environmental challenges that companies cannot solve alone.

IKEA offers a good example of the Scandinavian Cooperative Advantage in practice. At a going rate of about \$10 for a pint of beer, Scandinavia is not exactly a prime place to manufacture low-priced furniture. So IKEA sources from low cost regions, which exposes them to a host of social and environmental challenges not typically known within the friendly confines of Scandinavia. Child labour poses a particularly complex challenge, and IKEA recognized that it did not possess the competencies to deal with this alone (which took a bit of humility, don't you think?). Therefore IKEA formed partnerships with UNICEF and Save the Children where in collaboration with these NGO's, the suppliers, and local communities it was determined that in most cases the children's best interest would be served if they could continue to work for IKEA's suppliers, however at reduced hours and with access to schools that they previously did not have. A hasty pullout by IKEA in the face of consumer boycott threats could make the situation worse for the children who may be forced into alternative forms of generating money, including prostitution. Thus as a result of IKEA's willingness to collaborate, these children are better off and IKEA enjoys a more stable supply chain and has credible partners in UNICEF and Save the Children to vouch on its behalf in the face of consumer boycott threats.
