

**PGDM (IB), 2019-21**  
**International Business Laws**  
**IB-502**  
**Trimester – V, End-Term Examination: December, 2020**

Time allowed: 2 hrs 30 min  
 Max Marks: 50

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write Roll No on every page of the paper, writing anything except the Roll No will be treated as **Unfair Means**. All other instructions on the reverse of Admit Card should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Minimum 3 question with internal choices and CILO (Course Intended Learning Outcome) covered Or Maximum 6 questions with internal choices and CILO covered (as an example)	3*10  Or 6*5	30
B	Compulsory Case Study with minimum of 2 questions	20	20
			<b>50</b>

**SECTION A – (10 marks \* 3 questions) = 30 Marks**

*A1 The Foreign Exchange Management Act, 1999 (FEMA) deals with cross border investments, foreign exchange transactions and transactions between residents and non-residents. It has come into force from June 1, 2000.*

A1a)

What is the scope and applicability of FEMA to International business?

Who is PRI/PROI? (CILO 1)

Or

A1b)

Write a brief note on FDI in India. Who is restricted to make foreign investment in India and by how much post April 22, 2020 due to COVID 19 (CILO 1)

*A2 On April 1, 2014, India became the first country to legally mandate corporate social responsibility.*

A2a) Enumerate some activities that a company may include in its CSR policy. What are the duties of the board of directors towards CSR in India? (CILO 2)

Or

A2b)

Is it punishable to break CSR laws by companies conducting international business? What was the position before 2020? What does the Amendment 2020 say about unspent CSR fund? (CILO 2)

*A3 International commercial arbitration is an alternative method of resolving disputes between private parties arising out of commercial transactions conducted across national boundaries that allow the parties to avoid litigation in national courts.*

A3a

What makes international commercial arbitration an attractive dispute resolution option for international business community? What are the characteristics and challenges of this mode of dispute resolution? (CILO 3)

Or

A3b

Write a detailed note on the concept of Negotiation and Mediation as alternative dispute resolution mechanisms in International business. (CILO 3)

## **SECTION B**

### **CASE STUDY (20 Marks, Answer any 2 questions)**

#### *Starbucks and Professional Ethics*

One year after becoming CEO of Starbucks, Kevin Johnson faced a leadership test when two African American men were arrested in a Philadelphia Starbucks. The men were waiting to meet a business associate, but they didn't purchase anything while they were waiting. The store manager asked them to leave, and they refused, explaining that they were there to meet someone. The manager called the police because the men refused to leave, and the police arrested them.

Another patron at Starbucks recorded the arrest on her cell phone, and it quickly went viral. In an interview after the arrest, the woman who took the video mentions that she had been sitting there for a while, and she wasn't asked to leave even though she didn't order anything. Additionally, the video shows the business associate of the black men show up during the arrest, and he asks the manager and the police what the men had done wrong. The general public and those who witnessed the arrest labeled it as discriminatory and racist.

This happened on a Thursday and the following Monday, Johnson said that the manager no longer worked at the store. The arrests led to protests at the Philadelphia Starbucks the days following the event.

In his apology post arrest, Johnson said, "The video shot by customers is very hard to watch and the actions in it are not representative of our Starbucks Values. Creating an environment that is both safe and welcoming for everyone is paramount for every store. Regretfully, our practices and training led to a bad outcome—the basis for the call to the Philadelphia police department was wrong."

Before the incident, Starbucks had no companywide policy about asking customers to leave, and the decision was left to the discretion of each store manager. Because of this flexible policy, Starbucks had become a community hub--a place where anyone could sit without being required to spend money. Johnson mentioned this community in his apology when he said Starbucks works to create an environment that is "both safe and welcoming for everyone."

Also in his apology, Johnson outlined the investigation he and the company would undertake. The apology detailed actionable steps Starbucks leadership would follow

to learn from the situation, including meeting with community stakeholders to learn what they could have done better. Johnson took full responsibility for the actions of his employees, and he acknowledged that Starbucks customers were hurt by the arrests. Johnson acknowledged that employees needed more training, including about when to call authorities, and that the company needed to conduct a thorough analysis of the practices that lead to this incident.

After issuing his apology, Johnson went to Philadelphia and met with the two men face to face to involve them in dialogue on what Starbucks needed to do differently.

The week following the arrests, Starbucks announced it would temporarily shut 8000 stores to conduct unconscious bias training, which they did on May 29, 2018. A month after the arrests, Starbucks released a new “Use of third place policy” which states that anyone can use Starbucks and its facilities without making a purchase; it also explains what managers should do if a customer becomes disruptive. Additionally, the policy says that Starbucks seeks to create “a culture of warmth and belonging where everyone is welcome. This policy is intended to help maintain the third place environment in alignment with our mission ‘to inspire and nurture the human spirit – one person, one cup and one neighborhood at a time.’”

QB1

Creating Community: Did Johnson use Starbucks’ shared values as the cornerstone of his decision making after the arrests? Did his decision to close all Starbucks stores for unconscious bias training and to create a new “Third Space Policy” align with Starbucks’ mission and goals? Did his handling of the incident promote positive relationships between employees and customers? Did it encourage a sense of connectedness and shared values?

(CILO 4)

QB2

Encouraging Ethical Conduct: Did Johnson openly acknowledge that his decision was based in ethics and morality? Did his apology and actions promote awareness of an ethical issue? Did it create a positive or negative difference in the communities Starbucks serves? Did it make a positive or negative difference for Starbucks employees and customers?

(CILO 4)

QB3

Write a structured and elaborate note on professional ethics. As per you what Starbucks should have done differently?

(CILO 4)

.....