

PGDM (IBM): 2019-2021
Responsible Business
Subject Code: INS- 603
Trimester –VI, End Term Examination: February 2021

Time allowed: 2 Hrs 30 Min

Max Marks: 50

Roll No _____

Instruction: Students are required to write Roll No on every page of the Answer Sheet. All other instructions on the question paper / notifications should be followed meticulously.

Section A: 30 Marks

Students are required to answer all questions. Each question carries 10 marks

Q1. The concept of “maximisation of profit by businesses for shareholders being the sole responsibility of business” does not hold well in present times.

- i) Explain the statement (2.5)
 - ii) Describe some of the important responsibilities businesses owe to their various stakeholders. (2.5)
 - iii) Do regulatory measures of the government help in eliciting responsible business behaviour? If yes, give two examples. (5)
- (CILO 1&2)

Q2. The revisions in the Companies Act 1956 have mandated an expenditure of 2 percent of profits by Indian companies on CSR activities. Explain in detail, the provisions under the revised Companies Act 2013. (10)

(CILO 3)

Q3. Companies should work towards achieving Sustainable Development Goals and behave responsibly. Taking the example of SDG s and principles of UN Global Compact

- i) Explain the significance of upholding Human Rights and ethics in Business Operations. (5)
 - ii) If Business is done ethically would it ensure sustainability to businesses? (5)
- (CILO 3&4)

Section B: Case Study (20 marks)

Students are required to go through the case study and answer the questions given below. Each question carries equal marks.

Rakesh Singla was elated when he was placed with XYZ Insurance Company right after his MBA. With all his learnings and acquisition of knowledge over the past two years, he was ready to undertake his assigned responsibilities.

Rakesh came from a conservative family where the values and moral ideals played an important role in shaping his personality. Further, his parents and other family members had

always harped upon the building of a good individual character based upon the family traditions and customs. The Management institute further confirmed the importance of character and ethical behaviour of companies for ensuring long term sustainability. It was explained in class room by giving examples of a few companies whose brand value has increased due to ethical behaviour displayed by them. During their teaching, for clarity, difference between values, moral and ethics were explained in detail.

However, this enthusiasm of Rakesh was short lived as he faced a severe moral predicament in the first month of his employment.

The subordinates working under Rakesh were hardworking and very sincere and obedient and accepted his leadership. He had a field force of over 50 agents and they were all good in the procurement of business.

During a review meeting, one of his agents shared his success mantra by saying that he always shared the commission or the brokerage with his clients. This was echoed by most agents who felt that it was difficult to procure business without paying off to the clients.

Section 41 of The Insurance Act of 1938 (amended thereon) prohibits the sharing / passing back of the brokerage or commission on the business procured. And here are the agents who were sharing their commission with the clients for placing the business in XYZ Insurance Company.

Observing the provisions of the Act and guided by his moral values, Rakesh brought this state of affairs to the notice of top management. Top management of his insurance company advised him that it is regular practice failing which the company will not be able to procure businesses.

Rakesh concluded that his company is violating the law and also indulged in unethical behaviour. He was beset with a great dilemma. If he refuses to accept the business procured by his agents, he could end up losing his agency force in addition to the business and may even lose his job. If he continued with the job, that would be against his basic ideals and moral values.

Q.1.

- i) Explain the difference between values, moral and ethics. (5)
(CILO 4)
- ii) Explain the conduct of this company in light of provisions of National Guidelines for Responsible Business Conduct (NGRBC). (5)
(CILO 3 & 4)

Q.2.

- i) Provide solution and suggestions as to how Rakesh can resolve his dilemma. (5)
- ii) Explain in detail the position of UN Global Compact and International Standards in respect of ethical behaviour to be adopted by businesses. (5) (CILO 3 & 4)