

PGDM (Insurance Business) - 2014-16

Sub: Responsible Business Module II

(INS-309)

Trimester III - End – Term Examination: April, 2015

[Time Allowed: 2.30 Hours]

[Max Marks: 50]

Roll No: _____

Instruction: Students are required to write their Roll No. on the question paper. Writing anything except the Roll No. will be treated as **unfair means**. For rough work, please use answer sheet.

Note: - *Please be brief and relevant in your answers.*
- *Section C is compulsory.*

SECTION-A

[Answer any three out of the following five Questions. Each Question carries 5 marks.]

[5x3=15 Marks]

[A1a] "Paying a small bribe to get a landline telephone installed (in an earlier era) in an office should not be considered corruption". This statement is about which concept in business?

[A1b] Are there any similarities between corruption and pollution? Elucidate.

[A2] Compare and contrast the CSR approach of Tata Steel and Aditya Birla Group.

[A3] How does Wipro justify its credo of sustainability as being all about good citizenship? Discuss.

[A4] Describe how the two companies' (ICICI and HCL) CSR agenda are in tune with their own core competencies.

[A5] In brief, what do you understand by the terms (a) corporate best practices (b) insider trading and (c) whistle blower protection.

SECTION-B

[Note: Answer any two out of following three Questions. Each Question carries 10 marks]

[10x2=20 Marks]

[B1a] In your own words, what do you understand by the term “corporate governance”?

[B1b] What are the five pillars of corporate governance?

[B2] Fear of “name and shame” will push companies to comply on CSR. Discuss this dictum in the context of India’s new regulations with regard to CSR.

[B3] Can you enumerate five key changes proposed by SEBI to improve corporate governance spanning the fields of Board of Directors, independent Directors and Other Governance Aspects?

SECTION-C

[Marks - 15]

[5x3]

Case Studies (3)

- ❖ This section is compulsory.
- ❖ *Annexed are three mini case studies. Please answer the questions given at the end of each of these mini cases separately.*

[Please see Annexure]

Mini-Case 9.2 Computer games



Increasingly violent computer games can raise uncomfortable issues for the manufacturers.

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Following the success of a computer game based upon a scenario set in the frozen north the computer software development company was commissioned by the client company to develop a second game. This time the client wanted increased shock value, and the inclusion of the death of young children. An added incentive would be that if the comput-

er company agreed to this there would be rapid release of monies outstanding from the first game. The manager of the software firm and his engineering staff were uneasy about this request—though initially a little unsure why they felt this unease. They felt there may be wider issues about how such games affect players and about how their firm might be perceived.

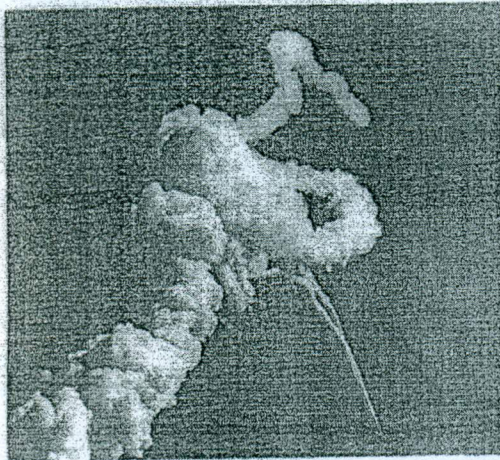
As a result of discussions with his staff the manager decided that it was important to clarify the situation. He wrote to his client's legal department and asked if they would confirm in writing that the company wished him to develop a second game and that it was their intention that this should involve increased horror and the death of children. No such confirmation was received—and the money owed to the software development company was rapidly released.

Questions

1. Why do you think the legal department responded in this way?
2. There were two businesses involved in this case. Does the responsibility of each of them differ, and if so why?
3. Who are the important people in this case who might be affected by the decisions of these two companies?

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Mini-Case 9.6 The Challenger 51-L



The Challenger space shuttle exploding on launch. Questions had been asked about the values of safety, responsibility and the awareness of the risks involved.

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On 28 January 1986 it took only 73 seconds for the Challenger Space Shuttle to explode in one of the most high profile disasters of the last century. Never before had there been such

a programme of space flight, setting out hugely ambitious targets that would have political, social, and scientific implications. Many different firms and government agencies worked together. At the same time, there was increasing competition, not least from the European Space Agency. With that came concern about the danger of losing contracts, and attendant financial constraints, raising questions about the purpose of the project.

The engineers employed by Morton-Thiokol Industries identified major structural problems in the Challenger, and struggled between 1985 and 1986 to communicate the implications to the management, to NASA, and to other client organizations. Up to the launch itself, the questions asked by the engineers were about the values of safety, responsibility, and the awareness of the risks involved. Such values clashed with managerial values (survival of the firm, keeping the client, keeping a high political profile). The managerial values triumphed.

Question

What is 'whistle blowing' and what are the problems associated with it?

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Mini Case 2 Petrobras corporate social responsibility policy

To Petrobras, social responsibility is the integrated, ethical, and transparent management of its business interests and activities and of its relationships with all of its stakeholders, furthering human rights and the full exercise of citizenship, respecting human and cultural diversity, working to eradicate discrimination, degrading work, child and forced labour, and contributing to sustainable development and to reducing social inequality.

- 1. Corporate performance** Assure Petrobras System's corporate governance is committed to ethics and transparency in its relationship with its stakeholders.
- 2. Integrated management** Guarantee integrated social responsibility management throughout the Petrobras System.
- 3. Sustainable development** Carry out Petrobras System's business interests and activities with social responsibility, meeting its commitments pursuant to the principles set forth by the UN's Global Compact, and contributing to sustainable development.
- 4. Human rights** Respect and support internationally acknowledged human rights, basing Petrobras System's

actions on furthering the principles of decent, non-discriminatory labour.

- 5. Diversity** Respect the human and cultural diversity of its workforce and of the countries where it operates.
- 6. Labour principles** Support the eradication of child, forced, and degrading labour in Petrobras System's supply chain.
- 7. Sustainable social investment** Seek social investment sustainability to drive social development at the communities.
- 8. Workforce commitment** Assure workforce commitment to Petrobras System's Social Responsibility Policy (<http://www2.petrobras.com.br/portal/frame.asp?pagina=/ResponsabilidadeSocial/ingles/index.asp&lang=en&area=rsa>)

Question

How effective a CR policy do you think this is? How would you improve it?

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