

PGDM – Retail Management, Batch 2019 - 21

RESPONSIBLE BUSINESS

RM - 207

Trimester – II, End-Term Examination: December 2019

Time allowed: 2 Hrs 30 Min
Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question 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 (Compulsory) | Answer 3 questions in this section: <ul style="list-style-type: none"> • Answer one from either A1a or A1b [CILO* 1] • Answer one from either A2a or A2b [CILO* 2] • Answer one from either A3a or A3b [CILO* 3] | 3*10 | 30 |
| B (Compulsory) | Case Study [Combination of CILOs] - Answer any 2 questions | 2*10 | 20 |
| | | | 50 |

*CILO: Course Intended Learning Objectives

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

A1a) Mr. Edouard Sakiz, Chairman of Roussel Uclaf, had to take a major decision regarding launching a major breakthrough drug that his company had made. What decision was it, why he had to take it, and which sphere of executive responsibility (among the four different spheres of executive responsibility) does it reflect? [CILO 1]

OR

A1b) When a business executive asks herself/himself, "What decision can I live with?" , such a thought is related to the views of which of these stalwarts of morality and how: John Stuart Mill, Aristotle, or Thomas Jefferson? [CILO 1]

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A2a) Which 8 sectors acutely need private sector participation for advancing the Sustainable Development Goals (SDGs)? Despite the efforts of governments and social sector, why is the involvement of the private sector important for achieving SDGs by 2030? [CILO 2]

OR

A2b) What are the three dimensions of 'Sustainable Development', and how is it defined by the United Nations General Assembly? Does it have any similarity with the definition of 'Corporate Social Responsibility' in India? If so, how? [CILO 2]

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A3a) What happened at Rana Plaza in 2013 that triggered a controversy worldwide against major apparel and retail brands? What do these events strike in your minds on responsibility and ethics in business? [C/LO 3]

OR

A3b) How do you intend to apply 'responsible business' and 'business ethics' issues in your own private life and professional life? [C/LO 3]
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SECTION B – CASE STUDY (20 Marks, for 2 questions) (Combination of C/LOs)

At the April 2012 meeting of the board members' committee, Jones and Sprunk presented a final set of sustainability targets and sought the committee's counsel on what Sprunk called "a couple of the sticky areas." When it became apparent at Nike Inc. that achieving the goal of zero discharge of toxic chemicals by 2020 would be more complex than initially thought, Jones and Sprunk had considered a range of possible approaches. They reasoned that solving the zero toxics challenge would itself have a positive impact on water use and could potentially lead to a radical rethink of how water was recaptured and reused. Nike's two prolonged sustainability strategies were — "make today better" and "design for the future". Jones and Sprunk presented a framework of aims and targets (some qualitative and some measurable). The final target included elimination of toxic discharges across Nike's supply chain by 2020 and a 15% reduction in per-unit water use in apparel dyeing and finishing, and footwear manufacturing by the end of FY 2015.

After the presentation, the board committee responded in customary fashion with a set of probing questions. They asked about the desirability and feasibility of the targets. Committee Chair Phyllis Wise wanted to understand whether the target-setting process ensured an appropriate tension between pressures to make the targets more ambitious and pressures to scale them back. Sprunk described the back-and-forth between Jones and himself, and how they learned about the complexity of achieving the goal of zero discharge of hazardous chemicals. The committee also considered the relative priority of target areas and the availability of technologies to address each. The discussion ended with approvals all around.

Following another review by the executive team and final approval by the non-financial disclosure committee, the targets were released to the public on May 3, 2012, as part of Nike's online report for fiscal 2010–2011 and in a downloadable document titled "Sustainable Business Performance Summary." In his introductory letter, CEO Mark Parker highlighted Nike's shift in approach: "Most notably we have fundamentally realigned our sustainability work to focus on innovation, putting it firmly at the core of Nike's activities. We have also raised the bar on the targets we set for ourselves." Parker again shared Nike's long-term vision of decoupling profitable growth from constrained resources and emphasized the need for disruptive innovation to meet the challenges ahead.

As Parker and his team looked ahead, they saw many challenges, but they were confident that embedding sustainability and pursuing innovation in all aspects of the business were keys to achieving profitable growth over the long term. "The idea that this innovation drives growth, drives profitability, and drives sustainability, and by the way, risk management—I think this is a huge idea, and it's not even close to mature at Nike yet," commented CFO Don Blair. Blair acknowledged that mainstream investors and analysts paid little attention to Nike's sustainability and innovation agenda, but their lack of interest did not dampen his enthusiasm. "I believe this is a tremendously exciting approach," he concluded, "I think we

have a sense of what approach we want to take, but we're not even close to actualizing it. So, I would say the next phase is further than I can see right now."

Aims - Targets

Cut Energy - Achieve 20% reduction in CO2 emissions per unit from FY11 levels through FY15.

Empower Workers - Source from factories that demonstrate commitment to workers by achieving minimum bronze on Nike sourcing & manufacturing sustainability index by the end of FY20.

Reject Toxics - Achieve goal of zero discharge of hazardous chemicals for all products across all pathways in Nike supply chain by 2020.

Slash Water Use - Improve efficiency by 15% per unit in apparel materials dyeing and finishing and footwear manufacturing (FY11 – FY15).

Reduce Waste - Achieve 10% reduction in waste from manufacturing across Nike, Inc. and shoebox weight per unit (FY11 baseline - FY15), building on reduction of more than 35% per pair in footwear manufacturing in first 10 years of program.

Support Communities - Invest a minimum of 1.5% of pre-tax income in communities annually.

Revolutionize Product - Design products that provide superior performance and lower environmental impact across Nike, Inc. Understand and improve the environmental profile of product designs by the end of FY15.

Transform Manufacturing - Source all products from factories that have achieved bronze or better on Nike sourcing and manufacturing sustainability index by the end of FY20.

People & Culture - Tap company people and culture - the most powerful source for innovation and change.

The Way We Work - Build sustainability into the business model, into operations and into culture, where innovation is unleashed, shared and scaled.

Questions (answer any two):

B1) Based on the case facts, do you think Nike Inc. is being effective in becoming a responsible business? Give your reasons. [CILO 1]

B2) Which of the specific 17 Sustainable Development Goals (SDGs) can be connected to the Aims-Targets proposed by Jones and Sprunk for Nike Inc.? [CILO 2]

B3) Imagine yourself as Phyllis Wise. What counter questions would you have asked Jones and Sprunk on their proposed Aims-Targets? [CILO 3]
