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**Second Semester MBA Degree Examination, June / July 2013**  
**Business Government and Society**

Time: 3 hrs.

Max. Marks:100

**Note: 1. Answer any THREE questions, from Q.No.1 to Q.No.6.**  
**2. Q.No.7 and Q.No.8 is compulsory.**

- 1
  - a. Define "Business". (03 Marks)
  - b. What is the difference between primary and secondary stake holders? Give examples. (07 Marks)
  - c. Discuss how institutions support markets. (10 Marks)
- 2
  - a. Define goods as per sale of goods Act 1930. (03 Marks)
  - b. What are the differences between conditions and warranty? (07 Marks)
  - c. Explain the rule of 'Caveat emptor'. Discuss the cases in which the rule of caveat emptor does not apply. (10 Marks)
- 3
  - a. Define Contract. (03 Marks)
  - b. What is negotiable Instrument? State its characteristics. (07 Marks)
  - c. What is corporate social responsibility? Explain why there are conflicting perspectives on the subject. (10 Marks)
- 4
  - a. What is Corporate Governance? Explain the benefits of good corporate governance. (05 Marks)
  - b. What are the six main sources of knowledge of business ethics? (05 Marks)
  - c. Explain the six personality traits as identified by Michael Josephson which are favourable to ethical decision making. (10 Marks)
- 5
  - a. What is the need for public policy in business? (05 Marks)
  - b. Bring out the difference between monetary and fiscal policy. (05 Marks)
  - c. What is the need for regulation of business by the Government? (10 Marks)
- 6
  - a. What are the environmental concerns of modern societies? How are they being addressed by Government? (10 Marks)
  - b. Write short notes on : i) Sustainable development ii) Environmental audit. (10 Marks)

**Compulsory :**

- 7
  - a. Discuss the issues involved in the enforcement of environmental legislation. (05 Marks)
  - b. Since the exposure of corporate scandals like Enron, Satyam and 2010 Telecoms License row, there is much interest at present in the Corporate Governance and related issues. Identify a range of stake holders with an interest in the quality of Management and Corporate Governance. (05 Marks)
  - c. Suppose Lisa – a bright Electronics Engineering student, devises a "black box" which when attached to her phone allows her to make long distance call in such a way that neither she nor anyone else is billed for them. She wonders whether it is morally right for her to use her invention in this way. How would you support her position as a utilitarian? (05 Marks)
  - d. M an old man of poor sight endorsed a bill of exchange for Rs 3,000 thinking that it was a guarantee. Is M liable to pay the amount? (05 Marks)

## 8 CASE STUDY : (Compulsory)

Amway is a global organization which markets products in international market places. The company manufactures the majority of its own brand products at their manufacturing plant. It then distributes these directly to the Amway Business Owners (ABOs) who sell to the customer. Having signed a contract to work within Amway's Rules of conduct and code of ethics, ABOs are trusted to operate flexibly within a 'self regulatory' environment. They develop direct supply channels and sell products to friends and customers that they know or meet. Amway needs a strong brand image, Corporate Social Responsibility (CSR) is vital to any company seeking to build its image. Recently, Amway has introduced its "one by one – Global cause program" for children with an idea of making a difference in children's lives.

Amway used different ways to communicate with its various groups of stakeholders.

- Websites, emails, updates to promote products and services to ABOs and customers.
- Industry and trade memberships with partners.
- Publications, target key sales messages in monthly news letter for ABOs.
- Event and exhibitions help Amway to communicate to ABOs, consumers and guests about running an Amway business.

It is also active in various other programmes.

- Supporting organic farms.
- Training employees to encourage recycling.
- Changing product formulations to be more biodegradable.
- Adopting environmental auditing.

All these activities carry a cost, therefore Amway needs to balance the costs of its CSR against not only the benefits of doing so, but also the cost of not doing so.

### Questions :

- a. Comment on the role of Amway in initializing environmental management? Why is it necessary? (05 Marks)
- b. Identify and explain 3 ways, Amway has built up relationships with ABOs. (05 Marks)
- c. What are the pros and cons of ranking shareholders over the employees and other stakeholders? (05 Marks)
- d. Discuss another ways Amway could have explored in their policies other than maximizing profits. (05 Marks)

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