

I. CHOOSE THE BEST ANSWER:

1. Which of the following helps in maximizing sale of Goods to society?

(a) Business Success	(b) Laws and regulations
(c) Ethics	(d) Profession at management
2. Ethics is important for

(a) Top Management	(b) Middle Level Managers
(c) Non-Managerial Employees	(d) All of them
3. Which of the following does not ensure effective ethical practices in a Business enterprise.

(a) Publication of a code	(b) Involvement of Employees
(c) Establishment of compliance mechanism	(d) None of them
4. The role of top management is to guide the entire organisation towards

(a) General Behaviour	(b) Organizational behavior
(c) Ethical upright behavior	(d) Individual behavior
5. The ethical conduct of employees leading to standard practices results in

(a) Good behavior	(b) Bad behavior
(c) Ethical behavior	(d) Correct decision making

II. VERY SHORT ANSWER QUESTIONS:**1. What is ethics?**

- ▲ Business ethics may be defined as a set of moral standards to be followed by owners, managers and business people.
- ▲ These standards determine the conduct and behavior of business people.

2. What do you mean by code?

The organisation principles are defined in the written document called code.

3. State two ways by which ethics influences behavior?

- ☞ To offer goods at fair prices.
- ☞ To pay taxes regularly.

4. What is need for Corporate Governance?

- ♣ Balanced economic development is made possible through transparent management.
- ♣ All Stakeholders interests are protected and promoted through corporate governance.

5. What are MNCs?

- ✧ A Multinational corporation is an organization doing business in more than one country.
- ✧ It engages in various activities like exporting, manufacturing in different countries.

III. SHORT ANSWER QUESTIONS

1. Define business ethics.

‘A business that is in the making of only money is a poor kind of business.’

- **Hendry Ford,**

2. What do you mean by the concept of business ethics?

- It is a set of moral standards to be followed by owners, managers and business people.
- These standards determine the conduct and behavior of business people.
- Business ethics reflects the conduct in the context of business.

3. Why is ethics necessary in business?

- ✿ Ethical standards are often enacted into laws.
- ✿ Ethics and profits go together in the long run.
- ✿ It enhances the quality of life, standard of living and business.

4. What are the benefits of Corporate Governance to Share Holders?

- Ensures stable growth of organizations.
- Reduces the cost of capital for companies.
- Improves the image of the company.

5. Illustrate with example the working of a MNC

- ✧ India ranks 10th in the world in factory output
- ✧ The manufacturing sector accounts for 27.6% GDP.
- ✧ Example: IBM, Microsoft, Pepsi Co, Sony, Vodafone, Reebok, Nokia.

IV. LONG ANSWER QUESTIONS:

1. Explain the different key elements of business ethics.

i). Top Management Commitment

- ✧ It has a very important role to guide the entire organization towards ethical behavior.
- ✧ The top level personnel in any organisation should work openly and strongly.

ii). Publication of a “Code”

- It should followed by the employees of the organisation.
- The organisation principles are defined in the written document called code.

iii). Establishment of Compliance Mechanism

- ♣ To make sure that actual decisions match with a firm’s ethical standards, suitable mechanism should be established.

iv). Involving Employees at All Levels

- △ It is the employees at different levels who implement ethics policies to make ethical business a reality.
- △ Therefore, their involvement in ethics programmes becomes a must.

v). Measuring Results

- ★ The organizations from time to time keep a check on ethical practice followed.
- ★ Although it is difficult to accurately measure the end results of ethics programmes.

2. Describe the code of business ethics.

Meaning:

- Code of ethics documents the generally accepted principles of ethical conduct.
- It gives a clear picture of the standards that employees should follow.
- It guides them in decision making.

The code of business ethics can include the following:

- ♣ To offer goods at fair prices.
- ♣ To pay fair wages to its employees and not to exploit them.
- ♣ To provide congenial work atmosphere.
- ♣ To keep proper books of accounts and records.
- ♣ To pay taxes regularly.

3. Explain the significance of Corporate Governance from the point of Stakeholders

- ☆ It enables corporate success and economic development.

- ✧ Ensures stable growth of organizations.
- ✧ Aligns the interests of various stakeholders.
- ✧ Improves investors' confidence and enables raising of capital.
- ✧ Reduces the cost of capital for companies.
- ✧ Improves the image of the company.

4. Discuss the role of International Benchmarking on the working of Companies in India

i). ASIA:

- ★ Independent Directors are a requirement for listed companies in all Asian economies.
- ★ The 2012 Singapore corporate governance code recommends a majority of Independent Directors.
- ★ In China, the Audit Committee is to be composed of Independent Directors only.

USA

- ☛ The Council of Institutional Investors, Corporate Governance Policies state that at least 2/3rd of the directors should be independent.
- ☛ The Nominating and Corporate Governance Committee is one of the three standing committees, along with Audit Committee and Compensation Committee, required by NYSE, to be composed entirely of Independent Directors.

JAPAN

- ✧ In early 2014, Japanese Prime Minister announced the goal of increasing the percentage of women in executive positions at Japanese companies to 30% by 2020.

The UK

- ✧ UK businesses had voluntary targets first set in 2011 i.e. to have 25% women on FTSE100 Boards by 2015.

5. Describe the benefits of increasing the number of MNCs.

- ✧ To invest considerable portion of their assets internationally.
- ✧ They are huge business organisation.
- ✧ It engages in international production and operates plants in a number of countries.
- ✧ They take managerial decisions on a global perspective.
- ✧ They produce in one or a few countries and sell them in most of the countries.

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