

AR13**SET2****Code No: 13MBA2029****ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI
(AUTONOMOUS)****MBA IV Semester Regular Examinations, , May/June – 2015****CORPORATE GOVERNANCE AND BUSINESS ETHICS****Time: 3 Hours****Max. Marks: 60**

**Answer any FIVE questions
All questions carry equal marks
Question No.8 is Compulsory.**

1. Define Morality; Explain the various essential elements of Business Ethics.
2. Explain various types of Teleological Theories.
3. What is employee Privacy? Explain various types of Privacy and why employee privacy is needed –comment.
4. Define corporate governance. Explain the major issues in corporate Governance.
5. What is Human right? Discuss changing expectations of social Responsibility.
6. Explain the common unethical practices in finance in the Indian Business Organisation.
7. Explain the Role, duties and responsibilities of Auditors.
8. CASE STUDY:

COCA-COLA DRINKS INDIA

Coca-cola is one of the world's leading soft drink companies, and the owner of the most widely recognized global brands. It is not only successful in largely saturated markets in the developed world but increasingly in the symbol of western lifestyle and conceptions. As a large American multinational Coca-Cola is often perceived as a powerful player bringing billions of dollars of investment to developing world. In India, for instance, one of the more recent expansions, in the company is estimated to have invested over \$1 bn between 1993 and 2004, thus, contributing roughly a fifth of the entire foreign direct investment into the country.

Against the backdrop, it came as quiet a surprise to the company when in 2004 a high court in Southern province of Kerala ordered the closure of coca-cola, bottling plant in the village of Palchimada. The ruling followed three years of campaigning by local villagers, national level NGO's, institutes, displaying a truly multifaceted arsenal of campaigns tactics reaching from local demonstration sit-ins at the plant gate, and human chains, to ten days marches between various coke plants, nationwide 'Quit India' campaigns, and political lobbying. The central issue of the campaign, at least initially, was the fact that since the Kerala plant opened in 2000, ground water levels had fallen by 25.4% severe water shortages for rural neighbours of the plant. Harvests allegedly fell by 80-90% and the remaining water became undrinkable in a region where most of the people are extremely poor and dependent on small scale local agriculture.

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Coca-cola, who extracted about 5, 10,000 litres of water per day from the ground-water under the plant, initially blamed the decline in rainfalls over the preceding years in the region and dismissed the protest as 'anti-capitalist'. Still through the company set up a tanker service providing people around the plant with a daily supply of water. The court, however, ruled that groundwater is a public good and Coca-Cola, in the aftermath of the ruling, had a reorganize its water use by 24% and installed rainwater-harvesting systems in 26 of their plants.

The company's struggle with civil society campaigners, however, was not helped by subsequent allegations that its Indian soft drinks contained pesticides such as DDT, Lindane and Malathion which were banned in the US and Europe.

The campaigners have, however, managed to keep to protest afloat. Involving not only local action but also national organizations, including Indian anti-globalization celebrity Vandana Shiva and her 'Research Foundation for Science, Technology and Ecology' up to global NGOs such as Christian Ali and War on Want, Coca-Cola faces similar allegations not only in different Indian states but also globally, most recently in Latin America. Increasingly, consumers in the global North have also started to become aware of the issues. Although the British National Union of students decided against boycotting Coca-Cola products, the 2006 resolution of the students' parliament at the University of Cologne to ban the company's products on campus is potentially just the first of a series of boycotts to be initiated in Europe and further afield.

- i. What are the major ethical issues involved in this case? Which theory of ethics does apply to this case?
- ii. If you were the CMD of Coca-Cola India, what would have been your defence for the allegations labelled against Coca-Cola?