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Sl.No.

Total No. of Pages : 3

I Semester M.Com. Examination, January 2017
(Scheme : CBCS)
COMMERCE
HC 02 : Corporate Governance

Time : 3 Hours

Max. Marks : 70

Instruction : Answer all the parts.

PART - A

Answer any five of the following questions. Each question carries five marks.

[5 × 5 = 25]

Q1) Describe the scope of corporate governance.

Q2) Explain agency theory.

Q3) Write a short note on Narayana Murthy committee report.

Q4) What are the features of Indian model of corporate governance?

Q5) What do you understand by the term conflict of interest?

Q6) Explain the concept of business ethics.

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Q7) Explain corporate philosophy and culture.

Q8) Define Corporate Social Responsibility.

PART- B

Answer any **three** of the following questions. Each question carries **ten** marks.

[3 × 10 = 30]

Q9) Explain the OECD principles of corporate governance.

Q10) What are the distinguishing features of governance of a Keiretsu?

Q11) What are the duties and responsibilities of directors?

Q12) Discuss the arguments for and against business ethics with suitable illustrations.

Q13) "A healthy and mutual relationship is essential between business and society."
Comment.

PART - C

Q14) Case Study (Compulsory):

[1 × 15 = 15]

The Coca Cola - An Ethical Issue

Michael Douglas Ivester, Coke's Chairman and CEO said, "Our product is quite healthy. Fluid replenishment is a key to health. Coke does a great service because it encourages people to take in more and more liquids." But, on June 13, 1999, Coca-Cola (Coke) recalled over 15 million cans and bottles after the Belgian Health Ministry announced a ban on Coke's drinks, which were suspected of making more than 100 school children ill in the preceding six days. This recall was in addition to the 2.5 million bottles that had already been recalled in the previous week. The company's products namely Coke, Diet Coke and Fanta had been bottled² in Antwerp, Ghent and Wilrijk, Belgium while some batches of Coke, Diet Coke, Fanta and Sprite were also produced in Dunkirk, France.

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Children at six schools in Belgium had complained of headache, nausea, vomiting and shivering which ultimately led to hospitalization after drinking Coke's beverages. Most of them reported an 'unusual odor' and an 'off-taste' in the drink. In a statement to Reuters, Marc Pattin, a spokesman for the Belgian Health Ministry explained the seriousness of the issue: "Another 44 children had become ill with stomach pains, 42 of them at a school in Lochristi, near Ghent, northwest Belgium.

We have had five or six cases of poisoning of young people who had stomach pain after drinking (the suspect beverages)." In the same week, the governments of France, Spain and Luxembourg also banned Coke's products while Coke's Dutch arm recalled all products that had come from its Belgium plant. The entire episode left more than 200 Belgians and French, mostly school children, ill after drinking the Coke produced at Antwerp and Dunkirk.

The company had to assure its British customers that the products made in its UK factories were safe. By June 15, 1999, Coke had recalled about 30 million cans and bottles, the largest ever product recall in its 113-year history. For the first time, the entire inventory of Coke's products from one country were banned from sale.

As part of a damage control exercise, Coke sent a team of scientists to Europe. During its visit to Europe after a week of these incidents, Coke's chairman and CEO Michael Douglas Ivester said, "We deeply regret any problems encountered by our European consumers in the past few days." Coke Belgium even announced that it would reimburse the medical costs for people who had become ill after consuming its products.

Questions:

- a) Give your comments on the ethical issues involved in the case.
- b) What are proactive measures an organization should take to be socially responsible?



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