

Program: PGDM-RM (Batch 2016-18), Trimester-VI

Subject: Ethical Aspects of Business

(End Term Examination)

Maximum Marks: 50

Duration: 3 Hours

Date : 02/04/2018

Instructions

1. Attempt Sections I & II in separate answer sheets.

SECTION I (Ethical Aspects of Business)

(Maximum Marks: 25)

Note:

1. Question 1 of Section I is compulsory.
2. Attempt any **one** question from Questions 2 & 3 of Section I

QUESTION 1: Case Study (Compulsory Question)

(Marks

15)

Mike Bradley was well established in his career in human resources when he went to work for a mid-size, IT company located in the Bay Area. At the time, Arthur Andersen had just gone out of business for illegal accounting practices and ethics scandals were all over the news. But against the grain, Mike's new company had taken the commitment to ethics to a new level. The company made a conscious effort to dedicate itself to be an employer that actively supported ethical business practices. They wanted employees to be comfortable speaking up about ethical issues, so they partnered with an external ethics company which fielded anonymous phone calls about ethics concerns. In addition, each employee was required to navigate an online values course that provided ethical dilemmas for employees to solve. Mike felt comfortable knowing his company took ethics seriously.

After two years with the company, Mike encountered a situation that questioned his morals. He had been assigned to create an online tool designed to explain the inner workings of the company to each employee. He had committed to having it done in two weeks, but he encountered a problem: some of the content necessary for the online tool was under copyright. Mike knew that he didn't have time to request use of the material. He also knew that, if he used it illegally, it was likely nobody would notice.

"Deep down I knew it wasn't right to use the content," said Mike.

Flagging this as a concern for the company would delay the project, but Mike was committed to the ethical stance of the company, so he went to the management team. He told them that, although he knew he wanted the project done, he would be forced to violate the company's stance to accomplish the project on time.

Mike offered two options to the management: they could purchase the content or eliminate it from the online tool. Either way, the project would be delayed.

Mike was quickly praised by the management for bringing the issue to their attention. Managers told him that he did the right thing.

Questions:

1. Assuming that unauthorized use of copyrighted material may be illegal; do you also think it's unethical? Why or why not? Explain. **(Marks 08)**
2. Do you think Mike would have made the same decision if his company had not had an extensive internal ethics policy? Elaborate to support your answer. **(Marks 07)**

QUESTION 2: Case Study

(Marks

10)

Ramesh is a young port engineer who works energetically for his shipping company, overseeing repairs and related projects. He is proud when put in charge of a multi-million-dollar repair order for one of his company's ships. The repairs are contracted out to a major shipyard, and everything goes smoothly until the end of the project. When Ramesh is handed the bill, he realizes it has been inflated by about one-third of total project costs.

Ramesh is shocked. He has never been confronted by such an apparently corrupt practice before. After delaying the "sign off" for a couple of days, he approaches his boss, points out what is going on, and explains why he cannot sign off. His boss asks for specifics, which Ramesh readily supplies.

A meeting is arranged between shipyard and shipping company officials, who go over the disputed items. They agree the shipping company is being overbilled by millions of dollars. To Ramesh's surprise, there is little reaction from either side of the table. Nor is there any definitive, ethical stance from his company.

The meeting is adjourned until the next day, when shipyard officials offer to split the difference. Both parties turn to Ramesh for approval, who explains he cannot sign off on the adjusted bill, either. Again, the meeting adjourns with no apparent reaction, and Ramesh is left in a daze.

1. Elaborate your understanding of ethical dilemma with reference to the above case and how will you solve this problem if you were in place of Ramesh.

QUESTION 3:

(Marks

10)

C. Krishnarao Prahalad and M.S. Krishnan share more than Lord Krishna's name. They share ideas that can make sense to every individual across the globe. It is a twin idea- give value to the customer by allowing the customer to be a co-creator, that is, a partner in product innovation. In other words, we see a big change taking place in the consumer habits. If the consumer habits of the young are a signal to go by, then the websites that give personalized attention to their customers is only the beginning of a new customer revolution. Individuals are becoming important, and knowing their needs and doing something about them creates a new customer relationship, where the customer is going to make the product to suit self, and not vice-versa. For instance, authors mention that when one bought a car in the past, one bought that which was available and used it till he thought of buying a new one several years later. Today,

technology allows the dealer to be interactive with the customer long after the car has been bought. The customer can reach out to the dealer in emergencies, with the help of GPS installed in the car. For instance, when an accident takes place, or a sudden ailment or problem that the customer's child is suffering from gets aggravated while they are driving, the customer can seek the dealer's help through the GPS. Thus, there is the service provider who takes care of individual customers; the former has to marshal a slew of resources to serve a customer as an individual. The authors then coined a symbol to represent this new phenomenon. According to them $N=1$ represents the single individual customer and $R=G$ represents the resources mustered to customize the service, in order to provide the service to that single customer. The much dreamed about customized and personalized service is thus possible through the already existing technologies. It is now left to the creative and innovative managers to put together teams for such a business and add a customer as the most important variable in product development and marketing.

The moral value of the above idea is a very good one. The personalized service is going to bring in a big change in the individual attitude. It will generate a social concern within society and people will be more aware of other people's needs. A new social consciousness sharpens the moral values of not only the individuals, but also of society at large.

Questions:

- 1) What are the ethical implications of the basic assumption of the authors? **(Marks 03)**
- 2) How practical are the solutions of customization of products and services? Elaborate. **(Marks 03)**
- 3) How important is it to give value in ethical terms to the customer and why? **(Marks 04)**