

**SDM COLLEGE OF ENGINEERING & TECHNOLOGY, DHARWAD.**

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**Department of Management Studies  
Semester End Examination, May/June-2017**

**Sub Code : 16PMBAC203**

**Semester: II**

**Sub Title : Business, Government & Society**

**Duration : 3hrs**

**Max Marks: 100**

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**Part A- (Compulsory)**

**1a. Multiple Choice Question (Each question carries one mark)**

- I. .... is a broad term encompassing a range of actions and institutions.  
A. Government      B. Society      C. Business      D. Organisation.
- II. A ..... contract exists between the business institution and the society.  
A. Social      B. Legal      C. Valid      D. Mutual.
- III. The agency problem is incurred due to the variance of ..... of managers and shareholders.  
A. Decisions      B. Ideas      C. Objectives      D. Businesses.
- IV. A ..... director has not separate employment relationship with the company.  
A. Affiliated      B. Executive      C. Independent      D. Non Executive.
- V..... is a gesture of showing the companies concern and commitment towards society's sustainability and development.  
A. CSR      B. Philanthropy      C. Auditing      D. Reporting
- VI. According to ..... model business has no other duty than developing his business.  
A. Friedman      B. Ackerman      C. Carroll      D. Stockholder & Stakeholder
- VII. Strategy where a firm vehemently opposes CSR activity until pressure comes from external sources is ..... strategy.  
A. Adversary      B. Resistance      C. Compliance      D. Accommodation
- VIII. An agreement not enforceable by law is said to be a ..... Agreement.  
A. Voidable      B. Unenforceable      C. Illegal      D. Void
- IX. A ..... has no possession of goods and property.  
A. Broker      B. Factor      C. Del credere      D. Commission agent.
- X. An attorney is an ..... agent.  
A. Commercial      B. Special      C. General      D. Non Commercial

**1b. Case study: The Collapse of Enron**

On December 2, 2001, Enron Corporation filed for bankruptcy. The company's sudden collapse one of the largest business failures in the history came as a shock to many. Enron was widely considered as the premier energy trading company in the world. At its peak in 2000 Enron employed 19,000 people and booked annual revenues in excess of \$100 billion.

The pain caused by Enron's abrupt failure was widely felt. The company immediately laid off 4,000 employees with more to follow. Thousands of Enron employees and retirees saw the value of their 401(K) retirement plans, many heavily invested in the company's stock, become worthless almost overnight "We, the rank and file, got burned" said one retiree, one who lost close to \$1.3 million in savings. Shareholders and mutual fund investors lost \$70 billion in market value. Two banks – JPMorgan Chase and Citigroup faced major write downs on bad loans. Not only did Enron creditors, shareholders and bond holders lose out, confidence also fell across the market, as investors questioned the integrity of the financial statements of other companies in which they held stock.

**Questions:**

- I. Who were the primary and secondary stake holders who got affected by the collapse of Enron? Also explain how they got affected. (05 Marks)
- II. To what extent good corporate governance practices are useful in preventing this kind of sudden collapse of business? Explain. (05 Marks)

**Part- B**

**Answer any four questions, each question carries 20 marks**

- 2. a. Does business have the power to change the society? How? (10 Marks)
- b. Why is BG& S field important for managers? (05 Marks)
- c. Write a note on Market Capitalism Model? (05 Marks)
- 3. a. Critically comment on the recommendations of the Kumar Mangalam Birla Committee, 1999. (10 Marks)
- b. Write about the type of directors on the board. (05 Marks)
- c. Write about the Market Model and Control Model of corporate governance. (05 Marks)
- 4. a. Discuss the role of different stakeholders in raising the awareness of different institutions and authorities to preserve the environment. (10 Marks)
- b. Write short notes on:
  - a. Role of corporations in environmental management (05 Marks)
  - b. Pollution prevention. (05 Marks)
- 5. a. What are the types and justification for regulation of business by the government? Explain the problems associated with government regulation. (10 Marks)
- b. What are the areas in which public policy is applicable? Discuss its limitation. (10 Marks)
- 6. a. Write about the Ackerman model of Corporate Social Responsibility. (10 Marks)
- b. State the arguments in favour of CSR. (10 Marks)
- 7. a. Define contract? Explain the essential of a valid contract. (10 Marks)
- b. Write about the different types of Mercantile or commercial agents. (10 Marks)

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