INSTITUTE OF ACTUARIAL & QUANTITATIVE STUDIES

Subject: Professional Ethics

Chapter: Unit 1 & 2

Category: Assignments 1

Q1. Multiple choice questions (1.5 mark each)

1. Following is NOT the attribute of professionalism
   A. Competency
   B. Emotional Intelligence
   C. Specialised knowledge
   D. Conflict minimization

2. Which of the following statement is False?
   A. Your level of professionalism can make or break your career
   B. Professionalism is not actually all about how you behave or how you look.
   C. Professionals can wear smart casuals on 'Casual Fridays' for a meeting with an important client.
   D. Written information such as business correspondence, written company reports makes professional accountable.

3. The study of ___, as contrasted with legal, obligations is called ethics.
   A. Behaviour
   B. Moral
   C. Business
   D. all of the above

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4. Ethical problems and phenomena arise across all the functional areas of companies such as :
   i. Ethics in accounts and finance
   ii. Ethics in human resources
   iii. Ethics in marketing
   iv. Ethics in compliance

   A. Option i and ii
   B. Option i and iv
   C. Option ii and iii
   D. All of the above

5. A company named ABC Limited, entered into a contract with its subsidiary company ABC Inc, the Cayman Islands, for the purchase of raw material. The price per kg of raw material was decided for $10. Had ABC Limited purchased the raw material from other vendors supplying the same raw material located in the Cayman Islands, they would have got the raw material at a price of $7 per kg.
   Which ethical issue in finance relates to the above example?
   A. Overbilling of expenses

B. Kickbacks
C. Related party transactions not at arm's length
D. Window dressing

6. The philosophy which praises people who exceed their duties and obligations.
   A. Deontology
   B. Utilitarianism
   C. Casuist
   D. Supererogation

7. This concept includes a person who seeks to benefit the most people but through the fairest and most just means available.
   A. Act utilitarianism
   B. Rights theory
   C. Rule utilitarianism
   D. Virtue theory

8. Which of the following statement is True?
   A. Boards are not bound to continue with the samechairman for successive meetings
   B. It is the board's and CEO's duty to monitor and evaluate a company's performance.
   C. The chairman may be a person outside the board
   D. A director should not be a Chairman of more than ten committees across all companies

9. Function of the Audit Committee is:
   A. Oversight of the company's financial reporting process
   B. Recommend and decide the remuneration of non-executive directors
   C. Resolve shareholders' grievances
   D. To investigate any activity within its terms of reference

10. One of the major system relevant to managerial decisions which promotes market exchange and is essential for social productivity.
   A. Utilitarianism
   B. Contributive Liberty
   C. Distributive Justice
   D. Universalism

Q.2A Differentiate between casuist and virtue theories of ethics (5 marks)

Q.2B How to exhibit professionalism? (5 marks)

Q.2C Corporate Governance is integral to the existence of the company. Elaborate on the given statement. (5 marks)

Q.2D Write a note on decision making framework that helps managers to sort out ethical dilemma (5 marks)

Q.3A. ajudge is sending a murderer to prison. However, the judge knows the convict will not commit any more violent crimes, and wants to be lenient based on this knowledge (maybe the convict is very old and terminally ill). The judge knows that this will make the convict very happy, not to mention their family and friends. Additionally, he feels that the victim's family has forgiven the convict and will not feel pain as a result of this decision. Therefore, decides to waive his imprisonment.
Which ethical theory has the judge chosen to make a decision? (3 marks)
What are the drawbacks of this ethical theory? (2 marks)

Q.3B. The2001 scandal with American oil giant Enron, was exposed for inaccurately reporting its financial statements for years, with its accounting firm Arthur Andersen signing off on statements despite them being incorrect. The deception affected stockholder prices, and public shareholders lost over $25 billion because of this ethics violation.
In light of the above example, how will you analyse an ethical dilemma representing a conflict between an organization's economic performance and its social obligation?

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Q.4. Coca-Cola India being one of the largest beverage companies in India, realized that CSR had to be an integral part of its corporate agenda. According to the company, it was aware of the environmental, social, and economic impact caused by a business of its scale and therefore it had decided to implement a wide range of initiatives to improve the quality of life of its customers, the workforce, and society at large.

However, the company came in for severe criticism from activists and environmental experts who charged it with depleting groundwater resources in the areas in which its bottling plants were located, thereby affecting the livelihood of poor farmers, dumping toxic and hazardous waste materials near its bottling facilities, and discharging waste water into the agricultural lands of farmers. Moreover, its allegedly unethical business practices in developing countries led to its becoming one of the most boycotted companies in the world.

Notwithstanding the criticisms, the company continued to champion various initiatives such as rainwater harvesting, restoring groundwater resources, and going in for sustainable packaging and recycling, and serving the communities where it operated. Coca-Cola planned to become water neutral in India by 2009 as part of its global strategy of achieving water neutrality. However, criticism against the company refused to die down. Critics felt that Coca-Cola was spending millions of dollars to project a 'green' and 'environment-friendly' image of itself, while failing to make any change in its operations. They said this was an attempt at green washing as Coca-Cola's business practices in India had tarnished its brand image not only in India but also globally. The case discusses the likely challenges for Coca-Cola India as it prepares to implement its new CSR strategy in the country.

Questions:

1. Analyse the CSR strategy adopted by Coca-Cola India and explain the concept of CSR. (3 marks)
2. What are the key drivers pushing companies towards CSR? (4 marks)
3. What could be the positive outcomes if Coca-Cola India had adopted an environment friendly operations strategy and CSR initiative right from the beginning? (4 marks)
4. In light of the criticisms, what would you like to suggest Coca-Cola India to include in its new CSR strategy? (4 marks)

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