

**MBA – INFORMATION TECHNOLOGY
MANAGEMENT (MBAITM)**

Term-End Examination

00264

December, 2014

**MBM-014 : BUSINESS ETHICS AND CORPORATE
SOCIAL RESPONSIBILITY**

Time : 3 hours

Maximum Marks : 100

Note :

- (i) Section I is **compulsory**.
- (ii) In Section II, attempt any **five** questions.
- (iii) *Italicized figures to the right indicate maximum marks.*

SECTION I

1. Read the case carefully and answer the questions given below :

Breast milk is a natural, safe and free human product. Breast-feeding creates a strong maternal bond between mother and child and it is designed to protect the baby against a number of conditions such as pneumonia and diabetes. Not only is it advantageous for children, but also

women who breast-feed develop greater protection against breast and ovarian cancers. In this modern world, many women feel awkward in breast-feeding and sometimes the medical staff do not have the time to provide adequate training to teach new mothers how to breast-feed.

Now, the infant formula is the obvious alternative. However this product is derived from cow's milk, which is not designed for humans. Though it can supplement the diet of a hungry baby, or help a working mother during the day, but it should not be marketed as an option that can replace breast milk entirely. The working mothers easily get convinced with the formula provided by the manufacturers, as the infant formula is much easier and more convenient to use. In developing nations, the area of breast-feeding is a very pathetic, sad and uneducated one. The big and powerful multinationals that control the world's infant formula market take all the advantages of the poor and uneducated in order to increase their own profits. The World Health Organization has a marketing code, endorsed by UNICEF and the UNHCR, which bans all promotion of baby milk – both through advertising and indirectly,

through health workers and midwives, but these powerful companies pay little more than lip service to it. As the data says in the developing world, one baby dies every 30 seconds from unsafe bottle-feeding.

There are some MNCs which enjoy almost 40% of the worldwide infant formula market and try to capture more and more. For this they conduct a different marketing practice.

They send their representatives to developing countries identified as a 'knowledgeable medical personnel', who give free samples of formula to hospitals and health workers. The medical staff, health workers, nurses – all these encourage the mothers to use the infant formula by providing free samples and therefore discouraging breast-feeding. Obviously, for promoting their products, companies give some sort of gifts and incentives to local health officials.

Other kinds of promotion of their products are in the form of posters on the walls of clinics, some advertisements in national magazines, etc. The company's main aim is to encourage mothers to use the formula but they never provide adequate information about formula feeding. They do not teach these women about sterilizing the bottles

they use; they provide no resources with which to do this. So the uneducated and unaware mothers use un-sterilized bottles and use dirty water mixed with formula which causes severe diarrhea and dehydration in the babies, which further kills them.

Very soon, after the infants have become dependent on formula as their sole source of nutrition, and the mother's milk has dried up through lack of demand, the free samples stop coming. And now the only option left in front of mothers is to buy the packets with high prices. The majority of families cannot afford this. So either they go without food themselves and feed their babies or just over-dilute the powder to make it last longer.

Again the babies will be suffering from malnourishment and often loss of lives.

These companies do not follow WHO Codes according to which they are required to put labels on formula products in the appropriate language. They actively promote the use of infant formula as opposed to breast milk and always try to make as healthy a profit as possible.

- (i) How are these marketing practices ethical/unethical ? Explain your view. 10
- (ii) What are the harmful effects if the infant formula manufacturers continue without any interference? 10
- (iii) If you were a health official of an NGO, what actions would you recommend and implement, which will be beneficial for all the stakeholders ? 10

SECTION II

2. “Companies displaying a clear commitment to ethical conduct consistently outperform companies that do not display ethical conduct.” Discuss this statement highlighting the advantages of business ethics. How does it affect the image of the company ? 8+6

3. What trends have increased the risk of using information technology unethically ? What is reverse engineering and what issues are associated with applying it to create a look-alike of a competitor’s software program ? 6+2+6

4. Discuss the factors that have influenced the development of corporate social responsibility. Give suitable Indian examples. 7+7

5. A manufacturer of electric coffee pots recalled the pots (through newspaper announcements) when he found that handles would sometimes fall off without warning and the boiling contents would spill. Only 10% of the pots were returned. Does the manufacturer have any additional duties to those who did not return the pots ? What remedial measures does he need to take ? 7+7

6. What is Environmental Ethics ? How is it relevant for the business organizations ? 4+10
7. What is Whistle Blowing ? Distinguish between internal and external whistle blowing. Discuss it with suitable examples. 7+7
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