

Register No.: Name.:

SAINTGITS COLLEGE OF ENGINEERING (AUTONOMOUS)

(AFFILIATED TO APJ ABDUL KALAM TECHNOLOGICAL UNIVERSITY, THIRUVANANTHAPURAM)

FIRST SEMESTER MBA DEGREE EXAMINATION (Regular), FEBRUARY 2022 (2021 Scheme)

Course Code : 21MBA113

Course Name: ETHICS, GOVERNANCE AND CORPORATE RESPONSIBILITY

Max. Marks : 60

Duration: 3 Hours

PART A

(Answer all questions. Each question carries 2 marks)

1. Explain the concept 'whistle blowing'
2. List out the ethical issues in production management.
3. Explain the Stewardship theory.
4. Recall the types of Board of Directors in Companies Act of 2013.
5. What do you mean by corporate citizenship?

PART B

(Answer any 3 questions. Each question carries 10 marks)

6. Explain the ethical values embedded in the Indian ethos and value systems.
7. Analyze the ethical issues encountered in the marketing of goods and services.
8. Discuss the Agency theory and stakeholder theory in corporate governance.
9. Evaluate the role, duties and responsibilities of a corporate board.
10. Explain the CSR practices of Indian Corporates. Discuss the implications of mandatory spending of CSR by companies in India.

PART C

(Compulsory question, the question carries 20 marks)

11. Nestle a well-known brand produces Maggi the instant noodles, soups stocks, sauces and seasoning. On May 21,2015: the Uttar Pradesh food safety body puts concerns over "dangerous levels" of lead and MSG in Maggi, and asked Nestle to recall the batch collected for testing from Barabanki. Rs.640-crore class action suit filed by Indian

government against Nestle alleging unfair trade practices on Maggi noodles, in the National Consumer Disputes Redressal Commission. Maggi commanded 63% of India's \$800 million noodle market before reports that the product contained excess lead in 2015. Its sales suffered a huge drop due to the controversy. The ban period, however, has clearly taken its toll on the erstwhile category leader-by-a-mile; January, 2016 data from Nielsen shows its share of the Rs 2,000 crore instant noodles market dropped to 42%, down from a commanding 77% in January 2015.

The company's Response to the case:

To regain the trust of the public it was vital for Maggi to assure better quality. Nestle focused on its strengths and came up with more confidence. Nestle India knew that the people of India are of short memory, they will forget things easily and again accept the brand. So, Maggi again introduced itself in market with improved packing to build the perception in public that the company has come up with improved product and improved quality. The very first response of the FMCG giant was that it rejected the accusation that the noodles were unsafe. Their website displayed that there were no orders to recall the product. They were very confident about the quality of their product. A statement displayed on their website said that "The quality and safety of our products are the top priorities for our Company. We have in place strict food safety and quality controls at our Maggi factories... We do not add MSG to Maggi Noodles, and glutamate, if present, may come from naturally occurring sources. We are surprised with the content supposedly found in the sample as we monitor the lead content regularly as a part of the regulatory requirements." But due to governmental ban and public rage the company Nestle withdrew Maggi noodles. Although Nestle repeatedly claimed that the noodles were safe but the truth lies on the other side. At least six states banned Maggi noodles. Nestle repeatedly claimed that for the brand the trust consumers and the safety of Maggi is their first priority.

As a response to this crisis the company-Nestle developed a great strategy. They defended their product on all social media channels and rejected all claims that its noodles were unsafe for consumption. They showcased the best use of social media to connect the masses with them. Earlier they were using the websites for promotion of the product and for maintaining its image. The company made an impressive effort through Maggi India Twitter account by responding to every tweet from customers on this issue. They explained in their tweets that lead occurs naturally in soil and water.

Nestle also tried to explain the science behind the reason for the ban in simple terms so customers could easily understand. They did so to regain the trust of the customers. Through the strategy of using smart use of social media during the crisis, the brand limited further damage by reassuring and informing customers about the quality of the noodles. Through this means only they encouraged the public to continue buying the noodles in the future. Nestle make it sure to continuously keep its customers up to date regarding the investigation into the safety of Maggi noodles in India. The company again and again reassured the customers that the noodles are safe. They left no chance to prove that they are a transparent company working closely with the Indian authorities to resolve the issue.

Based on the case

- a) Examine the unethical practices by Nestle India Ltd (5)
- b) What are the strategies used by Nestle in covering up the unethical practices by the company? (5)
- c) How can the illegitimate practices of corporates be checked with the help of law? (5)
- d) Do you think that public interest protected, while dealing with Nestle's illegitimate practice? Discuss. (5)
