INDEX FOR BUSINESS ETHICS AND COMMUNICATION

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DEAR STUDENTS,

IF YOU FIND ANY CONTROVERSY WITH RESPECT TO ABC ANALYSIS PROVIDED IN THE MAIN MATERIAL & ABC ANALYSIS PROVIDED IN THIS MATERIAL THEN FOLLOW THE ABC ANALYSIS PROVIDED IN THE MAIN MATERIAL ONLY.

IN OUR MAIN MATERIAL YOU CAN FIND SOME QUESTIONS UNDER HEADINGS “QUESTIONS FOR ACADEMIC INTEREST” AND “APPLICATION ORIENTED QUESTIONS”. WE HAVE NOT INCLUDED THOSE QUESTIONS IN THIS CLASS NOTES SO AS TO MINIMIZE THE SIZE OF THIS MATERIAL. YOU CAN REFER THOSE QUESTIONS DIRECTLY IN THE MAIN MATERIAL.
Q.No.1. Explain the meaning of the terms ‘ethics’ and ‘business ethics’ and also state the requirements of ‘business ethics’.

ETHICS

1. The word ‘Ethics’ is derived from the Ancient Greek word ἔθικος - meaning character, is the essence of values and habits of a person or group.

2. It covers the analysis and employment of concepts such as right and wrong, good and evil, and acting with responsibility.

3. One of the meanings is 'Ethics' are the principles of conduct governing an individual or a group.

4. Another definition describes ethics as relating to what is good or bad and having to do with moral duty and obligation.

BUSINESS ETHICS:

1. In a broad sense, ethics in business refers to the application of day-to-day moral and ethical norms to business.
2. Business ethics are the principles and standards that determine acceptable conduct in business organisation

**REQUIREMENTS:**
Being ethical in business requires acting with an awareness of:

1. laws of the land,
2. customs and expectation of the community
3. principles of morality
4. policies of the organization and
5. General concerns such as the needs of others and fairness.

   a) How the products, services and actions of a business enterprise, can affect its stakeholders (i.e. employees, customers, suppliers, shareholders and community society as a whole) either positively or negatively.

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**Q.No.2. Explain the Social Sins, listed by Mahatma Gandhi.** (PM) (M 07 – 2.25, N 10, 13 - 4M)

Mahatma Gandhi, Father of the nation, promoted non-violence, justice and harmony between people of all faiths. He stressed that people should follow ethical principles and listed following seven Social Sins:

i) **Politics without Principles:** It deals with the political field. The Kings in Indian tradition acted as the guardians, executors and servants of ‘Dharma’. For Gandhi, Rama was the symbol of a king dedicated to principles of dharma.

ii) **Wealth without Work:** It deals with the field of Economics. Tolstoy and Ruskin inspired Gandhi on the idea of bread-labor. The Bhagavad Gita also declares that he who eats without offering sacrifice eats stolen food.

iii) **Commerce without Morality:** Gandhiji developed this third principle with the idea of trusteeship. A businessman has to act only as a trustee of the society. whatever he has gained from the society finally, belongs to the society.

iv) **Knowledge without Character:** The fourth principle deals with knowledge. Education stands for the all-round development of the individual and his character. Gandhi’s system of basic education was the system for development of one’s character.

v) **Pleasure without Conscience:** In this principle, Gandhi emphasized on conscience. He opined that our pleasure should not be at the cost of others discomfort.

vi) **Science without Humanity:** In sixth principle, Gandhi held that science without the thought of the welfare of humanity is a sin. Science and humanity together pave the way for welfare of all.

vii) **Worship without Sacrifice:** In religion, we worship, but if we are not ready to sacrifice for social service, worship has no value; it is a sin to worship without sacrifice.
Q.No.3. What is the difference between ‘Morals’ and ‘Ethics’? Or ‘Ethics and morals are synonymous’. Comment. Distinguish ethics from morals. (Or) How are ethics different from morals? (Or) There is no difference between ethics and morals. Comment.

(PM) (N 07, 09, 11 - 2M, M 13 - 4M, MTP OCT15 - 5M)

<table>
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<th>MORALS</th>
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<tr>
<td>Latin word ‘Mos’, which means ‘Custom’.</td>
<td>Greek word ‘Ethikos’, which means ‘Character’.</td>
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<td>Social in nature.</td>
<td>Personal in nature.</td>
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<td>Based on the customs.</td>
<td>Based on personal aspects.</td>
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<td>Socially accepted principles</td>
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<td>General principles.</td>
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<td>Absorbed and developed from social surroundings.</td>
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Q.No.4. Write about the Nature of Ethics

Ethics refers to standards of behaviour that tell us how human beings ought to act in the many situations in which they find themselves as friends, parents, children, citizens, businesspeople, teachers, professionals, and so on. It is helpful to identify what ethics is NOT:

Ethics is not the same as feelings. Feelings provide important information for our ethical choices. And often our feelings will tell us it is uncomfortable to do the right thing if it is hard.

Ethics is not religion. Many people are not religious, but ethics applies to everyone. Most religions do advocate high ethical standards but sometimes do not address all the types of problems we face.

Ethics is not following the law. A good system of law does incorporate many ethical standards, but Law can deviate from what is ethical sometimes.

Ethics is not following culturally accepted norms. Some cultures are quite ethical, but others become corrupt or blind to certain ethical concerns. "When in Rome, do as the Romans do" is not a satisfactory ethical standard.

Ethics is not science. Social and natural science can provide important data to help us make better ethical choices. But science alone does not tell us what we ought to do. Science may provide an explanation for what humans are like. But ethics provides reasons for how humans ought to act.

Q.No.5. Explain the Five Sources of Ethical Standards or Explain the various sources of Ethical Standards (Or) Write notes on the various sources of Ethical Standards. (Or) “Fairness and justice are the two different approaches of sources of ethical standards”. Correct or Incorrect justify

The Utilitarian Approach:

a) Ethical action should be the one that provides the most good or does the least harm.

b) It should produce greatest balance between good and bad.

c) This approach tries to increase the good and reduce the harm done.

The Rights Approach / Deontological Approach:

a) Ethical action is one that best protects and respects the moral rights, of those affected.

b) This approach is based on the belief that humans have a dignity. And everyone has a duty to respect others rights.
The Fairness / Justice Approach: Ethical actions should treat all human beings equally.

The Common Good Approach:
- This approach believes that life is good in itself and our actions should contribute to that life.
- It calls attention to the common conditions, which are important to the welfare of everyone.

The Virtue Approach:
- It is an ancient approach which holds ethical actions ought to be consistent with ideal virtues.
- These virtues could be habits like honesty, courage, compassion etc.
- It asks of any action, “What kind of person will I become if I do this?”

Q. No. 6. Explain the fundamental principles relating to ethics. (PM) (N 10)

The fundamental principles relating to ethics may be summarized as under:

1. **The Principle of Integrity**: It calls upon all accounting and finance professionals to strictly follow honesty and straightforwardness while discharging their respective professional duties.

2. **The Principle of Objectivity**: This principle requires accounting and finance professionals to stick to their professional and financial judgment.

3. **The Principle of Confidentiality**: This principle requires practitioners of accounting and financial management to stop from disclosing confidential information related to their work.

4. **The Principle of Professional Competence and due care**: Finance and accounting professionals need to update their professional skills from time to time in order to provide competent professional services to their clients.

5. **The Principle of Professional Behaviour**: This principle requires accounting and finance professionals to comply with relevant laws and regulations and avoid such actions which may result in discrediting the profession.

Q. No. 7. To pay proper attention to business ethics is certainly beneficial in the interest of business. Describe four such benefits which may be obtained by paying attention to business ethics. (PM) (N 08, 13 – 4M, N 14 - 2M)

**Benefits which may be obtained by paying attention to business ethics**: Ethics is the concern for good behaviour – doing the right thing. In business, self interest prevails and there is always inconsistency between ethics and business. But it is a well settled principle that ethical behaviour creates a positive reputation that expands the opportunities for profit. The benefits may be enumerated as follows:

1. **Improved Efficiency**: with some previous past bad experiences stress on business ethics is increasing day by day, which is beneficial to the businesses to improve their efficiency.

2. **Easier change management**: Attention to business ethics is also critical during times of fundamental change. Continuing attention to ethics in the workplace sensitises leaders and staff or maintaining consistency in their actions.

3. **Strong team work and greater productivity**: On-going attention and dialogues regarding ethical values in the workplace builds openness, integrity and a sense of community which leads to, among the employees, a strong alignment between their values and those of the organisation resulting in strong motivation and better performance.

4. **Enhanced employee growth**: Attention to ethics in the workplace helps employees face the reality - both good and bad in the organisation and gain the confidence of dealing with complex work situations.
5. **Ethical programmes help guarantee that personnel policies are legal**: A major objective of personnel policies is to ensure ethical treatment of employees. In matters of hiring, evaluating, disciplining, firing etc.

6. **Ethical programmes** help to detect ethical issues and violations early, so that criminal acts “of omission” may be avoided.

7. **Ethical values** help to manage values associated with quality management, strategic planning and diversity management.

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**Q.No.8. Define the term ‘business ethics’. State the need of ethics in business. (Or) write a short note on business ethics. What is the need of business ethics? (Or) “To maintain social contract between society and business, the trusteeship relations are essential” - comment. Describe the role of business ethics in this reference? (Or) Company management has responsibility only towards its shareholders.**  

**Meaning:**

a) Study of business activities with respect to Ethics – Business Ethics. It is a form of **Applied Ethics**.

b) The conduct of business should be governed by a set of principles.

**Need:**

a) As business uses natural resources, society has the right to expect from organisation (Social contract).

b) **Gandhiji** said this as businessman has to act as a **trustee of the society**.

c) After the birth of **CSR**, Business Ethics has become a **Management discipline**.

d) Company management is responsible to the stakeholders.

 e) Ethical values are being considered much, in formulating the ‘**Mission Statements**’.

f) Now, ‘Profit Maximization shall not be the sole goal of doing a business’.

g) **Requirements**: Act with awareness of

   i) The need for **complying with the rules**.

   ii) How the products, services of a business enterprise can affect its stakeholders.

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**Q.No.9. write about Ethical Dilemmas**

It means the **confusion** regarding the usage of an **Ethical principle**.

1. It is a situation where the decision makers have to choose between the right and the wrong.

2. **ETHICAL DILEMMAS IN BUSINESS:**

   a) Where the businessmen try to find a solution for problems, they face **ethical dilemmas**.

   b) A business manager has to **choose between two options**.

      i) **Right and Wrong**

      ii) **Right and Right**

   c) Often business interests **come into conflict with moral values**.

   d) Customers prefer a company with ethical reputation.

   e) The ethical dilemmas, which are faced by the managers, are **highly complex** with no guidelines.

   f) So, companies use ‘the codes of Ethics’ to communicate their ethical standards.
SOME GUIDELINES:

a) Define the problems clearly.
b) How would you define the problem, if you stood on the other side of the fence?
c) How did the situation arise?
d) To whom are you loyal - as a person and as a member of the organisation?
e) What is your intention in making this decision?
f) How does this intention compare the probable results?
g) Whom could your decision or action injure?
h) Can you discuss the problem with the affected parties, before you make the decision?
i) Are you confident that your position will be as valid, over a long period?
j) Could you disclose, without any doubt, your decision or action to your boss?
k) What is the symbolic potential of your action, if understood? If misunderstand?
l) Under what conditions would you allow exceptions to your stand?

Q.No.10. Why should business follow ethical practices? (Or) Stakeholders must support the organizational ethics initiatives, because it makes good business sense in long term – comment. (Or) Formal attention to business ethics is the right thing to do – comment. (Or) In long run, only those companies which are run ethically will survive and prosper – comment. (Or) Explain about importance of Ethics in Business (N 08 - 5M, N 13 – 4M, J 09 - 5M)

1. Self- interest:
   a) The ethical conduct of a business is completely based on the self-interest of the businessman
   b) A business can serve its customers with good and quality products at fair prices with respect.
   c) These will definitely affect the goodwill and there is a considerable increase in the sales and profit.

2. Reward motive:
   a) By following the ethical principles, one can earn the goodwill and it will be helpful in the long term success of the business.
   b) Improves relationships between individuals and groups.

3. Social pressure:
   a) At present, the business firms are under pressure. There are various organizations to put this pressure on business firms.
   b) This keeps the business firms away from using unethical practices

4. Legal need:
   a) Every land has its own law.
   b) If businessman disobeys the law of the land, it can either cause damage or even lead to the closure.

5. Ethics is consistent with profit motive: Following Ethics will bring profits as well.

6. Image: Ethical organizations have good image and employees will be proud of the organization.

7. Pay Back Principle: Social support is very much required for the prosperity and survival of business. So, it is one’s responsibility, to pay back to the society.
8. **Diversity management:** Ethics management programs are useful in managing diversity.

9. **Employee-friendly policies:** Attention to ethics ensures highly ethical policies and procedures at workplace. These policies help to achieve the favorite goals of organization.

10. **Employee growth:** Attention to ethics is the workplace helps employees face reality, both good and bad, in the organization and gain the confidence of dealing with complex work situations

### 2. CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

**TOPIC WISE ANALYSIS OF PAST EXAM PAPERS OF IPCC**

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**Q.No.1. What is meant by corporate governance? Explain the benefits of good corporate governance.**

(N 04 - 4M, M 10 - 2.5 M, M 15 - 4M) (PM)

**MEANING:**

1. “Corporate governance is about promoting corporate fairness, transparency and accountability”.

**IPCC | 35e | Class Notes | Business Ethics**
2. It is concerned with structures and processes for decision-making, accountability, control and behaviour at the top level of organizations.

3. It influences how the objectives of an organisation are set and achieved, how risk is monitored and assessed and how performance is optimized.

4. The core objectives of Corporate Governance are focus, predictability, transparency, participation, accountability, efficiency and effectiveness and stakeholder satisfaction.

**Corporate Governance** can also be defined “as the formal system of accountability and control for ethical and socially responsible organizational decisions and use of resources.”

**BENEFITS OF GOOD CORPORATE GOVERNANCE:**
1) Protection of investor interests and strong capital markets,
2) Studies show clear evidence that good governance is rewarded with a higher market valuation.
3) Ensure commitment of the board in managing the company in a transparent manner.

**Stakeholders** are interested groups in the firm and include Employees, Suppliers, Government, Trade Unions, Shareholders and Investors, Industry, Customers, Competitors and finally Society, at large.

**Duty of an Organisation:**
- Accountable to all the stakeholders.
- Should take decisions, which are acceptable to all the stakeholders.

**CORPORATE GOVERNANCE:**
- Simply stated, ‘Governance’ means the process of decision making and the process by which decisions are implemented.
- It is concerned with structures and processes for decision-making, accountability, control and behaviour at the top level of organizations.
- Good corporate governance has the following major characteristics:
  1. Participatory.
  2. Consensus oriented.
  3. Accountable.
  4. Transparent.
  5. Responsive.
  6. Effective and efficient.
  7. Equitable and inclusive.
  8. Follows the rule of law.

**DEVELOPMENTS OF CORPORATE GOVERNANCE, WORLD WIDE**

**Cadbury Committee:**
1. During the late 1980, a series of business scandals took place in the United Kingdoms.
2. So, London Stock Exchange and the Accounting Fraternity, in the U.K. appointed a committee, under the Chairmanship of Sir Adrian Cadbury.

3. The main aim of the committee was to suggest a code of good Corporate Governance and submitted its report and ‘Code of Best Practice’, in December, 1992.
   a) **OECD Principles of Corporate Governance**: Organisation for Economics Co-operation and Development, (OECD) has evolved some principles of good governance.
   b) **Sarbanes-Oxley Act, 2002, in the U.S.A.**: The United States of America passed the Sarbanes-Oxley Act (known as SOX Act) in 2002, so as to enhance the Corporate Governance.
   c) The ‘**Blue Ribbon Committee**’ set up in the U.S. in 1998 by New York Stock Exchange and National Association of Securities Dealers studied the effectiveness of audit committees and provided recommendations for improvement.

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**Q.No.5. Corporate governance - Developments in India OR Historical background of Corporate Governance in India.**

**Developments of Corporate Governance in India:**

a) CII prepared a draft report on Corporate Governance, in April, 1997.

b) In April 1998, the CII took the lead in framing a desirable code of Corporate Governance.

c) The Kumara Mangalam Birla Committee, appointed by SEBI, made some recommendations.

d) In December, 1999, these recommendations were accepted by SEBI.

e) The MCA, Government of India, have amended Companies Act, to include these recommendations.

f) In August 2002, the DCA constituted a nine member committee headed by Mr. Naresh Chandra to examine various aspects of auditor-company relationship.

g) Based on the report of the Narayana Murthy Committee, in 2003, the Clause 49 was revised and made effective in SEBI Rules.

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**Q.No.6. What corporate governance measures are required to be implemented by the Indian Companies as per clause 49 of the listing agreement? Explain in brief.**

**a) Corporate Governance measures:** In general, corporate governance measures include appointing non-executive directors, placing rules on management power and ownership concentration as well as ensuring proper disclosure of financial information and executive compensation.

b) Many companies have established ethics and/or social responsibility committees on their boards to review strategic plans assess progress and offer guidance on social responsibilities of their business.

c) In addition to having committees and boards, some companies have adopted guidelines governing their own policies and practices around such issues like board diversity, independence and compensation.

d) Indian companies are required to comply with **clause 49 of the listing agreement** primarily focusing on following areas:

   i) Board composition and procedure
   ii) Audit committee responsibilities
   iii) Subsidiary companies
   iv) Risk management
   v) CEO/CFO certification of financial statements and internal controls
   vi) Legal compliance and Other disclosures
Q.No.7. Explain the role played by different committees in regulating the ‘Corporate Governance’.  

Role of different committees in regulating corporate governance: The core roles of the various committees in regulation of corporate governance are as follows:

1) **Board of Directors:** The Board’s role is that of trusteeship to protect and enhance share holder’s value through strategic supervision.

2) **Audit Committee:** They have to provide assurance to Board on adequacy of internal control systems and financial disclosures.

3) **Compensation Committee:** The committee has to recommend to the Board compensation terms for executive Directors and the senior most level of management below the Executive Directors.

4) **Nomination Committee:** It is to recommend to the Board nominations for membership of the Corporate Management Committee and the Board, and oversee succession to the senior most level of management below the Executive Directors.

5) **Investor Services Committee:** It is to look into redressed of Shareholders’ and Investors grievances, approval of transmissions, sub-division of shares, issue of duplicate shares etc.

6) **Corporate Management Committee:** Its primary role is strategic management of company’s businesses within Board’s approved direction/framework.

7) **Divisional Management Committee:** It is to realize tactical and strategic objectives in accordance with Corporate Management Committee/Board approved plan.


a) In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (duly amended), the Board has approved the Code of Conduct for Prevention of Insider Trading. The objective of the Code is to prevent purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information.

b) APEC is known as the primary international organization for promoting open trade and economic cooperation among 21 member countries. The Code, issued as a draft in 1999, is a standard that draws significantly on a variety of other internationally recognized codes and standards. The drafting of the Code was initiated by business leaders from companies operating in APEC countries and is designed to supplement and support companies existing codes of conduct.

Q.No.9. What is Corporate Social Responsibility? Why it is needed in Indian Business environment?  

**Meaning:**

a) Individual gains everything from society and it is his duty to contribute for the welfare of society.

b) A company, being a ‘Corporate Citizen’ does the same.

c) Business is an organ of the society and work in the general interest of the society.

**Definitions:**

1. It is a continuing committee of business. This is to:
   a) Behave ethically and contribute to the economic development of the company.
   b) With improvements in the quality of life of the workforce, their families and the society.
2. CSR achieves commercial success in ways of:
   a) Honoring the ethical values.
   b) Respecting people, society and the natural environment.
3. CSR is closely related to the principles of Sustainable Development

Need for social responsibility:
1. The iron law of responsibility
2. To fulfill long term self-interest
3. To establish a better public image
4. To avoid government regulation and control
5. To avoid misuse of National Resources and Economic Power
6. To convert Resistances into Resources
7. To minimize Environmental damage.

Q.No.10. State the “Common Corporate Social responsibility” (CSR) policies for business organizations.  
(N 11 - 4M) (PM)

COMMON POLICIES UNDER CSR ARE AS UNDER:
1. Commitment to diversity in hiring employees and eliminating discrimination;
2. Adoption of internal controls
3. Management teams that view employees as assets rather than costs;
4. High performance workplaces that integrate the views of line employees into decision-making processes;
5. Adoption of operating policies that exceed compliance with social and environmental laws;
6. Advanced resource productivity, focused on the use of natural resources in a more productive, efficient and profitable fashion (such as recycled content and product recycling)
7. Taking responsibility for conditions under which goods are produced directly or by contract employees domestically or abroad.

Q.No.11. Write a note on “Social Accountability - 8000”  
(N11 - 4M)

Social Accountability 8000:
1. SA 8000 is a comprehensive, global, verifiable performance standard for auditing and certifying compliance with corporate responsibility.
2. The heart of the standard is the belief that all workplaces should be managed in such a manner that basic human rights are supported and that management is prepared to accept accountability for this.
3. The requirements of this standard apply regardless of geographic location, industry sector, or company size.
Q.No.12. Explain the meaning of the "Iron Law of Responsibility". State the resulting benefits which may be acquired by achieving the long-term objectives through the business activities. (N 09) (PM)

The Iron Law of Responsibility:

1. The institution of business exists only because it performs invaluable services for society. Society gives business its license to exist and this can be amended or revoked at any time if it fails to live up to society's expectations.

2. Therefore, if a business intends to retain its existing social role and power, it must respond to society's needs constructively. This is known as the "Iron Law of Responsibility.

3. They are obliged to use these resources for the common good of society so that more wealth for its betterment may be generated.

This way, the resulting benefits would be:

a) Decrease in crime
b) Easier labour recruitment
c) Reduced employee absenteeism.
d) Easier access to international capital, better conditions for loans on international money markets.
e) Dependable and preferred as supplier, exporter, importer and retailer of responsibly manufactured components and products.

Q.No.13. Examine the concept of Corporate Social Responsibility (CSR) and also explain in brief some of the key strategies which can be used by companies while implementing CSR policies and practices. (N 11 - 4M) (PM)

CSR Concept - Some companies have established committees that are specifically responsible for identifying and addressing social or environmental issues, or have broadened the scope of more traditional standing committees to include responsibility for CSR;

KEY STRATEGIES

1. Each company differs in how it implements Corporate Social Responsibility (CSR).

2. The distinction depends on such factors as the company's size, sector, culture and the Commitment of its leadership.

3. Below are some key strategies that companies can use when implementing CSR policies and practices in a company.

Some of the key strategies which can be used by companies when implementing CSR policies and practices are as follows:

a) Mission, vision and values statements
b) Cultural values
c) Gerent structures
d) Strategic planning
e) General accountability
f) Employee recognition and rewards
g) Communication, education and training
h) CSR reporting

**BENEFITS OF CORPORATE SOCIAL RESPONSIBILITY:**

a) **Enhanced Brand Image and Reputation:** Customers are drawn to brands and companies with good reputations. A company considered socially responsible can benefit both from its enhanced reputation with the public as well as its reputation within the business community, increasing a company’s ability to attract capital and trading partners.

b) **Checks Government Regulation /Controls** Regulation and control are costly to business, *By their own socially responsible behaviour, they can prevent government intervention.*

c) **Helps minimise Ecological Damage:** The effluents of many businesses damage the surrounding environment. By their own socially responsible behaviour, they can prevent government intervention if they are proactive in recognising their ecological responsibility towards society.

d) **Improved Financial Performance:** Business and investment communities have long debated whether there is a real connection between socially responsible business practices and positive financial performance.

e) **Reduced Operating Costs:** Some CSR initiatives can reduce operating costs dramatically.

f) **Increased Sales and Customer Loyalty:** A number of studies have suggested a large and growing market for the products and services of companies perceived to be socially responsible.

g) **Increased Productivity and Quality of Work life:** Efforts to improve working conditions, lessen environmental impacts or increase employee involvement in decision-making often lead to increased productivity and reduced error rate in a company.

h) **Increased Ability to Attract and Retain Employees:** Companies perceived to have strong CSR commitments often find it easier to recruit and retain employees, resulting in a reduction in turnover and associated recruitment and training costs.

Q.No.15. Explain the meaning of corporate citizenship.

The term **corporate citizenship** denotes the extent to which businesses meet the legal, ethical, economic and voluntary responsibilities placed on them by their stakeholders. Companies can best benefit their stakeholders by fulfilling their economic, legal, ethical, and discretionary responsibilities.

### 3. ETHICS IN WORK PLACE

- **Definition**
- **Factors influencing ethics at work place**
- **Examples of Ethical issues**
- **Discrimination in employment**
- **Measures**
- **Elements of discrimination**
- **Discriminatory Practices**
- **Harassment**
- **Sexual Harassment**
- **Recruitment**
- **Screening**
- **Promotion**
- **Conditions of employment**
- **Dismissal**
Q.No.1. write a short note on workplace ethics

a) **Application** of ethics, to the decision concerning the employees in the organisation.

b) Related to the hiring, promoting, wages etc. of the human resources.

c) Extension of the personal standards, among the people, who comprise the work place.

d) It requires **abolition** of all kinds of discrimination and exploitation.

Q.No.2. Describe the factors which influence the ethical behavior at work in an organization

(N 14 - 4M) MTP Sep - 2015 4M (PM)

1. **Individual Moral Standards**: If an individual has moral values, he will contribute to ethical work place.

2. The management and co-workers have a very significant role in one’s ethical behaviour, at work place either through authority or through behaviour.

3. **Opportunity to Engage in Misconduct**: If a company fails to offers proper punishment against those who behave unethically, then workers misuse the opportunities available to him.

Q.No.3. State some examples of ethical issues faced by an individual at the workplace.

State the ethical issues which are being faced by an individual at the workplace of an industrial organization.  

(M 09 - 5M, N 10, N 12 - 4M) (SM)

**SOME EXAMPLES OF ETHICAL ISSUES FACED BY AN INDIVIDUAL AT THE WORKPLACE ARE:**

a) Relationship with suppliers and business partners

b) Discrimination between suppliers

c) Bribery and immoral entertainment

d) Dishonesty in making and keeping contracts

e) Relationship with customers like:

   i) Unfair pricing  
   ii) Cheating customers  
   iii) Dishonest advertising  
   iv) Research Confidentiality
f) Relationship with employees:
   i) Discrimination in hiring and treatment of employees,
   ii) Lack of good behaviour with employees

g) Management of resources:
   i) Misuse of organizational funds
   ii) Tax evasion

Q.No.4. What do you understand by the term ‘discrimination’ in employment as sometimes found in an establishment? Explain the basic elements of ‘discrimination’. OR State the elements which create discrimination in employment in the business organizations.

(M 11 - 8M, M 14 – 4M, M 15 - 4M) RTP NOV-15 (PM)

Meaning: In the context of ‘Work Place Ethics’, employment discrimination means

a) Treating people differently other than based on merit.

b) A form of injustice, which goes against the ‘formal principles of equality’.

Elements:

a) Merit is Ignored: Discrimination relates to decisions against one or more employees, which are not based on individual merit, but on some other factors.

b) Prejudice: Making adverse decisions against employees, who belong to a certain class.

c) Adverse Effect: This can result in a harmful or negative impact, on the interests of the employees.

Q.No.5. List the commonly recognised employment discrimination practices.

(M 11- 8M)(NOV-15 – 4M) (SM)

DISCRIMINATION IS QUITE COMMON IN VARIOUS EMPLOYMENT PRACTICES WHICH ARE STATED UNDER:

1. Recruitment Practices:
   a) Some firms rely only on the word-of-mouth referrals of the present employees, to recruit new workers.
   b) They tend to recruit only those racial and gender groups, which are already present in their work force.

2. Screening Practices: If the job qualifications are not relevant to the job to be performed, then they are discriminatory.

3. Conditions of Employment: Discrimination in terms and conditions include:
   a) Not paying equal salaries to people for same work.
   b) Not paying fair wages, based on industry standards.
   c) Not providing proper working conditions to the workers.
   d) Under payment to the work force.

4. Promotion Practices: When the employers give undue preference in promoting employees, neglecting those who are otherwise eligible for promotion, then it becomes discriminatory.

5. Dismissal: Firing an employee on the basis of his race or gender or personal reasons is discriminatory.
Q.No. 6 Write a note on harassment at workplace.  
(N 10 - 4M) (PM)

1. It means tormenting/disturbing, by subjecting to constant interference/intimidation pressure/threat.
2. Harassment can be done by superiors, colleagues or subordinates.
3. The reasons could be many, like jealousy, hatred to persons of particular caste / group etc.
4. Harassments can be in many forms using abusive language, insulting before others, intentionally denying leave, giving extra work etc.
5. **Employer’s Responsibility:**
   a) The employer is responsible for ensuring a fair working atmosphere.
   b) Sexual harassment is prohibited and the employer held responsible whether known or not.
   c) A good ‘Redressal System’ and ‘Complaint Mechanism’ should be established.
   d) The employer should initiate immediate and appropriate disciplinary actions.

Q.No. 7. Explain the concept of “Sexual harassment” in relation to work place  
(N 11- 4M) (PM)

a) **Meaning:** This could be verbal or non-verbal / physical contacts, which include commenting, unwelcoming touching, requests / demands for sexual favours etc.

b) Many times, harassment is subtle and very **DIFFICULT TO PROVE**.

c) **Consequences:**
   i) It cause great psychological harm, for defenseless employees.
   ii) It violates an employee’s most basic Right of Freedom and Dignity.
   iii) It deprives women of opportunities, which are available to male employees.
   iv) It is a crude violation of moral standards of human’s right and justice.
   v) Sexual harassment can cause substantial costs to the firm.
   vi) It even results into high labour turnover.

Q.No. 8. Explain in brief the measures to ensure ethics in the Work place.  
Or
State in brief the guidelines for managing ethics and to prevent the need for whistle-blowing in the work place.  
(PM) (M 07 - 5M, M 11- 4M, M 13- 8M) (MTP SEP 2015-5M), (RTP NOV-15)

1. **Code of Conduct and Ethics:**
   a) Code of Conduct specifies actions in the work place.
   b) Code of Ethics is general guidelines to the decisions about those actions.

2. **Compliance by Top Management:** Not only subordinates but also executives should follow standards of conduct.

3. **Integrated Ethics with Management:** Ethical principles should be integrated with management practices.

4. **Open Communication:** The top management should explain the reasons for the compliance of ethical practices and conduct training classes.

5. **Atmosphere of Trust:** The employees must be encouraged to report the violations that they come across by complaint box etc.
6. **Group - Decision Making:** This can produce better quality decisions as they include diverse interests and perspectives.

7. **Employee Participation:**
   a) When the management develop and implement ethical principle, they should include employees.
   b) Then they would easily oblige to adhere to it.

8. **Use of cross-functional teams** when developing and implementing the ethics management program. It’s vital that the organization’s employees feel a sense of participation and ownership in the program if they are to adhere to its ethical values.

9. **Appointing an ombudsman:** The ombudsman is responsible to help coordinate development of the policies and procedures to institutionalise moral values in the workplace. This establishes a point of contact where employees can go to ask questions in confidence about the work situations they confront and seek advice.

Q.No.9. Explain the importance of Ombudsman in the workplace?

1) The ombudsman is responsible to help and coordinate development of the policies and procedures to institutionalise moral values in the workplace.

2) This establishes a point of contact where employees can go, to ask questions in confidence about the work situations they face and seek advice.

**4. ENVIRONMENT AND ETHICS**

**Environment and Ethics**

- Definition of sustainable development
- Pollution and resource depletion
- Ecological Ethics
- 3 P’s Principle
- Air Pollution
- Global Warming
- Ozone depletion
- Acid rain
- Water pollution
- Land Pollution
- Fossil Fuels

**TOPIC WISE ANALYSIS OF PAST EXAM PAPERS OF IPCC**

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Q.No.1. What is meant by ‘Sustainable Development’? State the special responsibilities of the industries that are based on natural resources. How the adoption of Green Accounting System helps in avoiding policy decisions which are non-sustainable for the country?

**Sustainable development:**
1. Development that meets the needs of the present, without compromising the ability of future generations, to meet their own needs.
2. A nation should satisfy its present requirements, without affecting the interests of future generations.
3. So, all developmental programmes should incorporate an element of resource re-generation.

**SPECIAL RESPONSIBILITIES OF INDUSTRIES BASED ON NATURAL RESOURCES:**
Industries that are based on natural resources, like minerals, timber, fibre, and foodstuffs etc. have a special responsibility for:
1) Adopting practices that have built-in environmental consideration.
2) Introducing processes that minimize the use of natural resources and energy, reduce waste, and prevent pollution.
3) Making products that are ‘environment-friendly’, with minimum adverse impact on people and ecosystem.

**Green accounting system:**
1) Green accounting is focused on addressing deficiencies in conventional accounts with respect to environment.
2) If the environmental costs are properly reflected in the prices paid for goods and services then companies and ultimately the consumer would adjust market behaviour in a way that would reduce damage to environment, pollution and waste production.
3) Such measures would facilitate the approach of ‘polluter pays principle’.
4) Removing subsidies that encourage environmental damage is another measure.

Q.No.2. Write about main forms of Pollution and Resource Depletion

**Pollution:** Undesirable and unintended contamination of the environment.

**Resource Depletion:** Over consumption of finite/scarc/non-renewable natural resources.

**AIR POLLUTION**
1. **Meaning:** Activity which spoils the rate of natural combination and balance of atmosphere.
2. **Causes:**
   a) Dangerous gases and dust particles emitted by industries and vehicles.
   b) Industrial accidents and disasters.
   c) Motor vehicles, aircrafts and Space ships etc.
   d) In the industrial sector, Power Plants and Cement Factories cause major damage.
3. Effects:
   a) The quality of air we breathe gets reduced.
   b) It becomes hazardous for our health and life.
   c) It affects the vegetation.
   d) Global-warming, acid rain, ozone layer depletion etc.

GLOBAL WARMING
1. Green House means ‘an enclosed area’.
2. Carbon Monoxide, Nitrous Oxide, Methane and CFC occur naturally in the atmosphere.
3. They naturally absorb and hold the heat from the Sun.
4. These gases are known as ‘Green House Gases.’
5. These gases are released into the atmosphere by burning fossil-fuel, usage of ACs etc.
6. As they hold heat from the Sun, the excess gases in atmosphere increases the amount of heat held.
7. This rise in the Global temperature is known as Global Warming.

OZONE LAYER:
1. The Sun rays have dangerous radiations UV and IR rays and causes skin cancer and other diseases.
2. Ozone layer is present in the lower stratosphere and filters the sunrays and prevents UV and IR rays.
3. This layer is destroyed by the CFC gases and leads to Ozone depletion.

ACID RAIN
1. Most of the fossil fuels contain high level of Sulphur.
2. On burning, these release large quantities of Sulphur Oxides and Nitrogen Oxides into the atmosphere.
3. These Oxides combine with water vapour and from Sulphuric Acid and Nitric Acid.
   These acids are then carried down in the rain

WATER POLLUTION
1. Meaning: Activity that spoils the quality of water.
2. Causes:
   a) Intentional usage of water bodies as dumping yards/ disposal sites of waste.
   b) Accidents and disasters, during shipwreck etc.
   c) Untreated domestic garbage, from the cities.
   d) Usage of chemicals and pesticides in agriculture.
   e) Immersion of idols with chemical contents during festivals like Vinayaka Chavithi.
3. Effects: Polluted water can’t be used. It reduces the per – capita supply of water in the world.

LAND POLLUTION
1. Meaning: Activity that damages the natural composition or nature of the soil.
2. Causes:
   a) Wastes include poisonous substance such as Cadmium, Mercury, Lead, Copper, Zinc etc.
b) Rapid development in IT sector has resulted in the dumping of e-waste.
c) Usages of plastic and pesticides.
d) Deforestation causes an alarming decrease in the forest areas.

3. Effects:
   a) Increase in the population of harmful flies and insects causing severe health damages.
   b) Plastic forms a layer which prevents soil from contacting air and water.
   c) Deforestation results in land erosion, erratic rainfall and extinction of plant and animal species.

NUCLEAR POLLUTION

1. Nuclear reactors use Uranium as a fuel. It creates nuclear wastes.
2. Nuclear tests/blasts pollute air, water and land.

Q.No.3. Write a note on ecological ethics.  

System:
   a) An Ecological system is a set of organisms and environment.
   b) They all are interdependent and interrelated.

Inter-related:
   a) The various parts of an eco-system are inter-related.
   b) The activities of one of its parts, will affect all the other parts also.

Role of Business:
   a) Business Enterprises are parts of a large Eco-System.
   b) They depend on the natural environment, for the energy, natural resources and waste disposal.
   c) The commercial activities of the business affect the environment.

Awareness:
   a) Recognize the inter-relationships and dependent of the ecological system, they are in.
   b) Ensure that their activities do not seriously injure the ecological system.

Ecological Ethics:
   a) The basic idea of Ecological Ethics is that, the environment should be protected.
   b) This is not just for the sake of human beings. It is also needed for the Business Organisations.

Q.No.4. What is meant by ‘Environmental ethics’? How does its non-adoption lead to 3 Ps Viz., Polluter Pays and Principles? Explain.

   1. The issue of environmental ethics goes beyond the problems relating to protection of environment or nature in terms of pollution, resource utilization or waste disposal.
   2. Business and Industry are closely linked with environment and resource utilization.
   3. Production process and strategy for eco-friendly technologies throughout the product life cycle and minimization of waste play major role in protection the environment and conservation of resources.
4. Business, Industry and multinational corporations have to recognize environmental management as the priority area and a key determinant to sustainable development.

5. Sound management of wastes is among the major environmental issues for maintaining the quality of Earth’s environment and achieving sustainable development.

6. Price signal will also influence behaviour to avoid exploitation or excessive utilization of natural resources. Such measures would facilitate the approach of “Polluter Pays Principle”. Removing subsidies that encourage environmental damage is another measure.

Q.No.5. What do you understand by the term “Acid Rain”? How does it adversely affect the environment? (For student self study) (N 07- 5M, M 14 – 4M) (SM)

**Meaning:**

1. Most of the fossil fuels contain high level of Sulphur.
2. On burning, these release large quantities of Sulphur Oxides and Nitrogen Oxides into the atmosphere.
3. These Oxides combine with watervapour and from Sulphuric Acid and Nitric Acid.
4. These acids are then carried down in the rain.

**Effects:**

a) Acid soaks into soil. Acid falls directly on the trees. They damage the forest.

b) It increases the acidity levels in water and affects the animal and plant life in the water bodies.

c) It makes soil acidic. It releases toxic metals from soil and carries into waterways.

It corrodes and damages buildings, statues and other objects.

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### 5. ETHICS IN MARKETING AND CONSUMER PROTECTION

![Diagram of Ethics in marketing and Consumer Protection]

**TOPIC WISE ANALYSIS OF PAST EXAM PAPERS OF IPCC**

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IPCC | 35e | Class Notes | Business Ethics | 23
Q.No.1. Describe the relationship between Ethics and Marketing (SM)

Marketing is a very important and total success of a business is based on it. **Marketing Aspects:** Basic objective is to influence the behaviour of the customer and it could be done by:

a) **Design** of a product.
b) **The price** at which it is offered.
c) **The message** used to describe it.
d) **The place** at where it is made available.

**Ethical Dilemmas:**

a) Marketing executives need to consider his interest (pay and promotion) and that of customers.
b) They should be able to differentiate between the ethical and unethical marketing practices.
c) They need to act accordingly, regardless of the possible consequences.

**Guidelines:**

a) Enterprises should have ‘Code of Ethics’.
b) **Describe** certain standards, that the employees are expected to follow.
c) **Reduce** the chances of violating standards knowingly or unknowingly.
d) **Strengthen** the position of the company, in dealing with its customers.
e) **Assist** the inexperienced executives.

**Limitations of Guidelines:**

a) No Business Enterprises can list out all ethical and unethical practices.
b) Marketing Manager must have to evaluate each situation.

Q.No.2. Explain the extent to which it is possible to observe ethical behaviour in marketing. Also explain in brief the merits and demerits of the above. (MTP OCT-15) (M 07, 08 - 2.5M, N 09 - 5M) (PM)

**MERITS AND DEMERITS OF ETHICAL BEHAVIOR IN MARKETING:**

1. Market is flooded with duplicate goods having fake labels for selling drugs, food stuffs, consumables like agarbathis, suparis etc. followed by misleading advertisements.
2. This results in **disrepute** for the products of good companies even though such fake goods are small in quantities.
3. Setting high ethical standard and enforcing them reverses the position. If government notices such depletion of ethical standard, rigid regulations are brought in and are never withdrawn.
4. Marketing executives enjoy great amount of social power in influencing the society. They also are the emblems for the organization. Once the virtues are lost it is difficult to regain the social power, influence and image.

Q.No.3. Explain the pragmatic reasons for maintaining ethical behaviour in marketing through marketing executives. OR

What reasons force a marketing executive to adopt ethical practices in marketing? Explain. (MTP - SEP-2015 NOV - 15 4M)

**PRAGMATIC REASONS FOR MAINTAINING ETHICAL BEHAVIOUR:** Marketing executives should practice ethical behaviour because it is morally correct.
To maintain ethical behaviour in marketing, the following positive reasons may be useful to the marketing executives:

1) **To reverse declining public confidence in marketing:** Sometimes misleading package labels, false claim in advertisement, phony list prices, infringement of trademarks pervert the market trends and such behaviour damages the marketers' reputation.

2) **To avoid increase in government regulation:** Business apathy, resistance, or token responses to unethical behaviour increase the probability of more governmental regulation. The governmental limitations may also result from management’s failure to live up to its ethical responsibilities.

3) **To retain power granted by society:** Marketing executives possess a great deal of social power as they influence markets and speak out on economic issues. However, there is a responsibility tied to that power. If marketers do not use their power in a socially acceptable manner, that power will be lost in the long run.

4) **To protect the image of the organisation:** Buyers often form an impression of an entire organisation based on their contact with one person. That person represents the marketing function. Sometimes a single sales clerk may pervert the market opinion in relation to that company which he represents. Therefore, the ethical behaviour in marketing may be strengthened only through the behaviour of the marketing executives.

**Q.No.4. What is Competition? Write about competition law and policy?**

A broad definition of Competition is “a situation in a market in which firms or sellers independently strike for the buyers’ patronage in order to achieve a particular business objective, for example profit, sales or market share” A pre-requisite for a good competition is trade.

**Competition Policy and Law:** The Competition Policy is regarded as *genus*, of which, the Competition Law is *specie*. Competition Law provides necessary powers to the commission to enforce and implement the Competition Policy. The central economic goal of the Competition Policy is the *preservation and promotion of the competitive process*.

**Q.No.5. Write about Competition Act, 2002**

The Competition Act, 2002 intends to provide, keeping in view of the economic development of the country, for the establishment of a Commission to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect the interests of consumers and to ensure freedom of trade carried on by other participants in markets, in India, and for matters connected therewith or incidental thereto.

**PARAMETERS OF COMPETITION LAW**

1. Prohibition of certain agreements, which are considered to be anti-competitive in nature. Such agreements [namely tie in arrangements, exclusive dealings (supply and distribution), refusal to deal and resale price maintenance] shall be presumed as anti-competitive if they cause or likely to cause an appreciable adverse effect on competition within India

2. Abuse of dominant position by imposing unfair or discriminatory conditions or limiting and restricting production of goods or services or indulging in practices resulting in denial of market excess or through in any other mode are prohibited.

3. Regulation of combinations which cause or likely to cause an appreciable adverse effect on competition within the relevant market in India is also considered to be void.
Q.No.6. Definition of Consumer

**CONSUMER (competition act - Sec.2 (f))**

In respect of **GOODS** [Defined U/s 2(i)]
- Means, Buyer of any goods
- Includes any user of goods, when such use is made with the approval of the buyer

In respect of **SERVICES** [defined U/s 2(u)]
- Means, Hirer or Availer of any Service
- Includes any Beneficiary of services, when such services are availed of with the approval of the Hirer of Availer.

a) **Consideration**: It may have been (a) paid or (b) promised or (c) partly paid and partly promised, or (d) under any system of deferred payment.

b) **Purpose**: Purchase of goods may be (a) for resale or (b) for any commercial purpose or (c) for personal use.

Q.No.7. State the objectives of the Central Consumer Protection Council in India.

Or

What are the objects of the “Central Consumer Protection Council” in relation to protection of rights of the consumers? (PM) (N 10, 12 - 4M, M 14 – 4M)

The Central Consumer Protection Council: The objects of the Central Council shall be to promote and protect the rights of the consumers such as,-

a) The right to be protected against the marketing of goods and services which are hazardous to life and property;

b) The right to be informed about the quality, quantity, potency, purity, standard and price of goods (or services, as the case may be) so as to protect the consumer against unfair trade practices;

c) The right to be assured, wherever possible, access to a variety of goods, and services at competitive prices;

d) The right to be heard and to be assured that consumer’s interest will receive due consideration at appropriate terms;

e) The right to seek redressed against unfair trade practices (or restrictive trade practices) or unscrupulous exploitation of consumers; and

f) The right to consumer education.

i) The State Consumer Protection Council: The objects of every State shall be to promote within the State the rights of the consumers laid down in point (a) to (f) mentioned above.

ii) The District Consumer Protection Council: The objects of every District Council shall be to promote within the State the rights of the consumers laid down in point (a) to (f) mentioned above.
Q.No.8. What are the United Nations’ guidelines themes on consumer protection? Enumerate also the consumer therein rights enshrined. (M 15 – 4M) (PM) (For student self-study)

The UN Guidelines call upon governments to develop, strengthen and maintain a strong consumer policy, and provide for enhanced protection of consumers by enunciating various steps and measures around eight themes (UNCTAD, 2001). These eight themes are:

1) Physical safety
2) Economic interests
3) Standards
4) Essential goods and services
5) Redress
6) Education and information
7) Specific areas concerning health
8) Sustainable consumption

The Guidelines have implicitly recognized eight consumer rights, which were made explicit in the Charter of Consumer International as follows:

a) Right to basic needs
b) Right to safety
c) Right to choice
d) Right to redress
e) Right to information
f) Right to consumer education
g) Right to representation
h) Right to healthy environment

These eight consumer rights can be used as the touchstones for assessing the consumer welfare implications of competition policy and law, and to see how they help or hinder the promotion of these rights.

6. ETHICS IN ACCOUNTING AND FINANCE

Principles of ethics applicable to finance and accounting professionals
Pressures faced by finance and Accounting professionals
Threats posed by environment
Safeguards in work environment
Conflict resolution

Self interest threats
Self review threats
Advocacy threats
Familiarity threats
Intimidation threats

TOPIC WISE ANALYSIS OF PAST EXAM PAPERS OF IPCC

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Q.No.1. What are the fundamental principles of ethics applicable to the persons of finance and accounting profession?

PRINCIPLES OF ETHICS: The fundamental principles relating to ethics as applicable to accounting and finance professionals are as follows:

a) **The principle of integrity**: Integrity means veracity. The principle requires all accounting and finance personnel to be honest and straight-forward in discharging their respective professional duties.

b) **The principle of objectivity**: The principle requires accounting and financial professionals to stick to their professional and financial judgment without bias, conflicting interests, or under influence of others.

c) **The principle of confidentiality**: The principle requires accounting and financial professionals to refrain from disclosing confidential information related to their work.

d) **The principle of professional competence and due care**: The financial and accounting professional need to update their professional skill in the modern competitive environment.

e) **The principle of professional behavior**: The principle requires accounting and financial professional to comply with relevant laws and regulations and avoid such action which may result into discrediting the profession.

Q.No.2. State, how far a sound ethical environment in a company may be created and corporate scandals may be avoided. (MTP OCT - 15)

Creating an ethical environment in company: A sound ethical environment in a company may be created and corporate scandals may be avoided by adopting the following methods:

1. **Ensuring that employees are aware of their legal and ethical responsibilities**: Some ethical organisations are having policies to train and motivate employees towards ethical behaviour. To start with, such initiation should be from the top.

2. **Providing a communication system between the management and employees** so that anyone in the company can report fraud and mismanagement without the fear of being reprimanded:

3. **Ensuring fair treatment to those who act as whistle blowers**: This is perhaps the most important and sensitive issue. Fair treatment to whistle blowers is a basic necessity to check fraud. Some acts must be appreciated and that appreciation should be extended from within the company rather than outside.

Q.No.3. State the pressures which are faced by the finance and accounting professionals’ in an organization in the compliance of fundamental principles of ethics. (MTP Sep - 15)

PRESSURES FACED BY FINANCE AND ACCOUNTING PROFESSIONALS:

1) The finance and accounting professionals are supposed to support the legitimate and ethical objectives established by the employer.

2) As they are having responsibilities to an employing organization, may be under pressure to act or behave in ways that could directly or indirectly threaten compliance with the fundamental principles.

3) Such pressures may be explicit or implicit which may come from supervisor, manager, director or another individuals.

Such pressures which are being faced by finance and accounting professionals may be stated as follows:

a) To act contrary to Law or Regulation

b) To act contrary to technical a professional standards.
c) To facilitate unethical or illegal earnings management strategies.
d) Lie to, or otherwise intentionally mislead other, in particular the auditors of the employing organization or Regulators.
e) To issue or otherwise be associated with, a financial or non-financial report that materially misrepresents the facts, including statements, in connection with. For example:
   i) The financial statements
   ii) Tax compliance
   iii) Legal compliance, or
   iv) Reports required by securities regulators.

Q.No.4. Explain the importance of ethics for a finance and accounting professional.

1. Finance and Accounts is perhaps the only business function which accepts responsibility to act in public interest. Hence, a finance and accounting professional’s responsibility is not restricted to satisfy the needs of any particular individual or organisation.
2. While acting in public interest, it becomes imperative that the finance and accounting professional adheres to certain basic ethics in order to achieve his objective
3. However, various accounting scandals witnessed during the past few years have put a serious question mark on the role of the finance and accounting professional in providing the right information for decision making both within and outside their respective organizations.
4. As these finance and accounting professionals are in public practice, they should take reasonable steps to identify circumstance.

Q.No.5. Write about various threats posed by the environment. (M 14 – 4M, M 15 – 4M) (PM)

Threats may be classified as follows:

a) **SELF-INTEREST THREATS**, which may occur as a result of the financial or other interests of a finance and accounting professional or of an immediate or close family member;
b) **SELF-REVIEW THREATS**, which may occur when a previous judgment needs to be revaluated by the finance and accounting professional responsible for that judgment;
c) **ADVOCACY THREATS** occur when a professional promotes a position or opinion to the point that subsequent objectivity may be compromised;
d) **FAMILIARITY THREATS** occur when a finance and accounting professional has close relationships in the work environment and such relationships impair his selfless attitude towards work.
e) **INTIMIDATION THREATS** occur when a professional may be prohibited from acting objectively by threats, actual or perceived.

Q.No.6. Explain the reasons for unethical behaviour among finance and accounting professionals. (RTP NOV-15) (M 09 - 5M, N 13 – 3M) (PM)

The reasons which lead to unethical behaviour are as follows:

1) **Emphasis on short term results**. This is one of the primary reasons which has led to the downfall of many companies like Enron and Worldcom.
2) **Ignoring small unethical issues**. It is a known fact that most of the compromises we make are small but however they lead us into committing large errors. And ignoring minor lapses, lead to bigger and more huge mistakes.
3) **Economic cycles.** In good times, companies are relaxed in their accounting procedures or disclosures. But when times of hardship follow, then the hit taken by them is almost bad, as was proved in the Enron case. So companies need to watch out for economic cycles and be vigilant in good times as well as bad.

4) **Accounting rules.** The rules have become more complex and it is difficult to identify deviations from these complex set of requirements. The complexity of these principles and rules and the difficulty associated with identifying abuse are reasons which may promote unethical behaviour.

Q.No.7. Self-interest threats may occur as a result of financial or other interests of finance and accounting professional. Give three examples each of such threats when the accounting professional is working as:

(i) An auditor or consultant

(ii) An employee in a company.  

**Self Interest Threats:**

1) Self-interest threats for finance and accounting professionals working as consultants or auditors are given below:

   a) A financial interest in a client or jointly holding a financial interest with a client.
   b) Undue dependence on total fees from a client,
   c) Having a close business relationship with a client.
   d) Concern about the possibility of losing a client,
   e) Potential employment with a client.
   f) Contingent fees relating to an assurance engagement.

2) Self-interest threats for finance and accounting professionals working as an employee are given below:

   a) Financial interests, loans and guarantees in the company in which the professional is working.
   b) Incentive compensation arrangements.
   c) Inappropriate personal use of corporate assets.
   d) Concern over employment security.
   e) Commercial pressure from outside the employing organization.

Q.No.8. Give some examples for self-review threats, which can be faced by finance and accounting professional while working as (A) an auditor or consultant and (B) an employee in a company.

1. **An Auditor or Consultant:**

   a) Discovery of a significant error during a re-evaluation of the professional's work.
   b) Reporting on the operation of the financial systems designed and implemented by the professional himself.
   c) A member of the assurance team being, or having recently been, employed by the client in a position to exert direct and significant influence over the subject matter of the engagement.

2. **Employee in A Company**

   a) Such threats occur when business decisions or data is subjected to review. Justification is required to be given by the same professional, who was responsible for such decisions or preparing the data.
b) The professional may be under pressure from his seniors to compromise with his moral professional and legal obligations.

c) He may be asked to act contrary to technical/professional standards and regulations. The professional may be required to justify the decision/data that he himself created.

Q.No.9. Give some examples of advocacy threats which can be faced by a finance and accounting professional while working as (A) an auditor or consultant and (B) employee in a company.

1. An Auditor or Consultant:
   a) Promoting shares in a listed entity, when that entry is a Consultancy or a Financial Statement Audit Client.
   b) Acting as an advocate, on behalf of an assurance client, in litigation or disputes with third parties.

2. Working as Employee:
   a) Making false and misleading statements on the company’s position, when furthering legitimate goals and objective of their employers.
   b) But, if such statements are neither false nor misleading, then such actions generally do not create an Advocacy Threat.

Q.No.10. Give some examples for familiarity threats, which can be faced by a finance and accounting professional while working as (A) an auditor or consultant and (B) employee in a company.

1. An Auditor or Consultant:
   a) A member of the engagement team, who have a close immediate family relationship with a director/officer of the client.
   b) A former director/officer of the client being a partner of the audit firm.
   c) Accepting gifts or preferential treatment from a client.
   d) Long association of senior personal with a client.

2. Working as Employee:
   a) Possible benefit to a close family member from the influence exercised by the professional on business decisions and financial reporting.
   b) Long association with business contacts, influencing business decisions.
   c) Acceptance of gifts or preferential treatment, unless the value is clearly insignificant.

Q.No.11. Give some examples for intimidation (fear/pressure) threats which can be faced by a finance and accounting professional, while working as (A) an auditor or consultant and (B) employee in a company.

1. An Auditor or Consultant:
   a) Being threatened with dismissal or replacement.
   b) Being threatened with litigation.
   c) Being pressured to reduce the scope and extend of the work done, inappropriately, to reduce fees.
2. Employee:
   a) Threat of dismissal / replacement of the Finance and Accounting Professional or a close / immediate family member. This could be over a disagreement about the application of an accounting principle. It could also be the way in which the financial information is to be reported for external use, as well as decision making purposes.
   b) The attempt of the boss to influence the professional’s decision.

Q.No.12. Finance and accounting professionals working as employees in an organisation have to face various threats which make it difficult for them to comply with fundamental principles relating to ethics. Explain the safeguards in the work environment which may be created by a business enterprise to overcome such threats. (N 07 - 5M, M 10 - 5M, N 14 - 4M) (PM)

SAFEGUARDS IN THE WORK ENVIRONMENT: SAFEGUARDS AGAINST THREATS FACED BY PROFESSIONAL SHALL BE TO
i) Ensure an ethical environment,
ii) Increase the likelihood of identifying or deterring unethical behaviour and
iii) Eliminate or reduce threats to acceptable level.

SAFEGUARDS CREATED BY THE PROFESSION, LEGISLATION OR REGULATION ARE AS FOLLOWS:

i) Educational, training and experience requirements for entry into the profession.
ii) Continuing professional development requirements
iii) Corporate governance regulations
iv) Professional standards
v) Professional or regulatory monitoring and disciplinary procedures.
vi) External review by a legally empowered third party of the reports, returns, communications or information produced by concerned professionals.

THE FOLLOWING SAFEGUARDS MAY BE CREATED BY A BUSINESS ENTERPRISE IN THE WORK ENVIRONMENT:

i) The employing organisations’ systems or corporate oversight or other oversight structures.
ii) The employing organisation's ethics and conduct programmes.
iii) Recruitment procedures in the employing organisation emphasizing the importance of employing high calibre competent staff
iv) Strong internal controls
v) Appropriate disciplinary process
vi) Leadership that stresses the importance of ethical behaviour and expectation that employees will act in an ethical manner.

vii) Policies and procedures to implement and monitor the quality of employee performance.

viii) Timely communication of the employing organisation's policies and procedures, including any changes to them, to all employees and appropriate training and education on such policies and procedures.
Q.No.13 Explain briefly the matters to be considered and the steps that may be taken by a Finance and Accounting professional when he is required to resolve an ethical conflict in the application of Fundamental principles.

1. Arises when the professional is to decide between compliance with principles and actions beneficial to the business.

2. **Factors to be considered:**
   
   a) Relevant facts.
   
   b) Ethical issues involved.
   
   c) Fundamental Principles related to the matter in question.
   
   d) Established internal procedure.
   
   e) Alternative courses of action.

3. **Conflict resolution process:**
   
   a) Weigh the consequences/effects of each possible course of action.
   
   b) Consult with other appropriate persons, within the firm or the employing company.
   
   c) Determine the suitable course of action, which is consistent with the fundamental principles.

4. **Documentation:** Must document the substance of the issue and it must have all the details of any discussions held or decisions taken.

5. **Legal advice:** If a conflict cannot be resolved - may obtain professional advice without breaching confidentiality.

6. **Withdrawal:** After exhausting all relevant possibilities, if the ethical conflict still remains, the professional should refuse to remain associated with the matter, that create the conflict, where possible.

**THE END**
1. ESSENTIALS OF COMMUNICATION

**Importance of business communication**

**Process of communication**
- Downward
- Upward
- Horizontal (or) Lateral
- Diagonal (or) Crosswise

**Media of communication**
- Verbal
  - Oral
  - Written
- Non-Verbal
  - Kinesics
  - Proxemics
  - Chronemics
  - Haptics
  - Mode of dress

**Types of communication**
- Formal
- Informal

**Grapevine chains**
- Merits
- Demerits
- Single
- Gossip chain
- Probability
- Cluster

**Barriers to Communication**
- Checklist of composing business messages
- Different parts of a business letter
- Layouts of letter

**Process of communication**

**Formal**

**Informal**

**Verbal**

**Non-Verbal**

**Written**

**Grapevine chains**

**Different parts of a business letter**

**Checklist of composing business messages**

**Layouts of letter**

**Noise**

**Semantics**

**Cultural**

**Status consciousness**

**Poor Listening**

**Emotions**

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Q.No.1. Explain the importance of business communication.

a) Derived from the Latin word ‘communicare’ - means ‘to share’ or ‘to participate’.

b) Process of sharing information by exchanging facts, ideas, opinions etc.

c) There is no doubt that Communication is so fundamental that without it no organization can exist and function effectively.

d) Communication is the main means by which members of an organization work together

e) No manager can be effective in his job unless he is able to communicate. It is, therefore, apt to call communication the “life-blood” of an organization.

f) As Sir John Harvey - Jones says, “communication is the single most essential skill.”

g) Professional and result-oriented organizations are always looking for managers who can communicate persuasively and competently.

h) It has been pointed out that about nine tenths of a manager’s time is spent in communicating, one way or the other. It lies at the very heart of management.

Q.No.2. Define the term Communication. Explain the factors which are responsible for the growing importance of communication of an organization. (OR) "Importance of communication is increasing day-by-day in the business organizations”. State the reasons for this increasing importance.

Communication is a two-way process in which there is an exchange of ideas or thoughts linking the sender and receiver towards a mutually accepted direction or goal.(pm). In general, it is a means of connecting people or places.

The factors which are responsible for the growing importance of communication of an organization

a) Growth in the size of organizations: Organizations are spreading over different states/countries. To keep in touch with them and to receive feedback – there should be effective communication.

b) Growth of trade unions: Trade Unions have been growing strong and management should give consideration to Trade Unions. To build good relationship - only through effective communication.

c) Growing importance of human relations: Workers are not like machines and they have their own hopes and aspirations. So, Management has to recognize them.
d) **Public relations:** Every organization has a social responsibility. With the help of communication, organisation has to create proper image.

e) **Advances in Behavioural Sciences:** Modern management is very much influenced by discoveries made in behavioural sciences like Psychology, Sociology, etc. hence communication is essential to maintain good relations among the people.

f) **Technological advancements:** The world is changing very fast, owing to scientific and technological advancements. These advancements deeply affect not only the methods of work but also the working of entire organisation.

g) **Co-operation with workers:** Communication helps a manager in developing meaningful relationships.

Q.No.3. what are the benefits of effective communication? (SM)

**THE FOLLOWING DIAGRAM SHOWS THE BENEFITS OF EFFECTIVE COMMUNICATION**

1. **QUICKER PROBLEM SOLVING:** Where there is effective communication system, there is availability of reliable and accurate information. With help of this information, managers and executives will take quick decisions without any delay.

2. **STRONGER DECISION MAKING:** Right decision in right time leads to survival and success of organization. Effective communication helps to achieve it.

3. **INCREASED PRODUCTIVITY:** By sharing ideas and views among individuals of organization, employees are able to achieve fruitful result in their work areas.

4. **STEADIER WORK FLOW:** Consistency in performance is possible through only effective communication.

5. **STRONGER BUSINESS RELATIONS:** With effective communication, every executive can maintain strong business relations with the people within the organization and outside the organization.

6. **ENHANCED PROFESSIONAL IMAGE:** The executives with effective communication, improves the professional image of the organization.

7. **IMPROVED STAKEHOLDER RESPONSE:** With effective communication, the response of various stakeholders will be increased.

**The benefits of effective Communication**

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To **MASTER MINDS**, Guntur
Q.No.4. Explain clearly the process of Communication?

PROCESS OF COMMUNICATION: Communication is a two-way process in which there is an exchange of ideas or thoughts linking the sender and receiver.

1. **Sender:** The process of communication begins with a sender, the person who has an idea and desires to exchange it.

2. **Encoding:** The sender puts his/her ideas or facts into words, symbols, pictures or gestures that the receiver can understand.

3. **Message:** A message refers to what is being communicated. It may be verbal or nonverbal.

4. **Channel:** Channel is the medium through which message is transmitted to the sender. Channel may be in oral or written forms.

5. **Receiver:** It is any person who notices and attaches some meaning to a message.

6. **Decoding:** The receiver translates the words and symbols used in the message into ideas and tries to find out the real meaning.

7. **Feedback:** Ultimately receiver reacts or responds to the communication sent by the sender. Feedback is based on the interpretation or misinterpretation of the message.

Q.No.5. What is formal communication? Explain in brief its major advantages. OR Explain clearly the advantages of a formal communication

It is the means of communication that is normally controlled by managers. It is treated as the main line of organization’s communication. These forms of communication just do not happen by themselves. They are carefully arranged and well designed.

**Advantages of formal channels of communication:**

1. Major part of organizational communication passes through formal channels.
2. Formal channels cover the entire area of the organization even branches of the organization.
3. Formal channels filter the information before sending to higher level managers.
4. The formal channels greatly influence the effectiveness of communication.

**Limitations of formal channels of communication:**

1. The formal channels of communication inhibit or stand in the way of free flow of information.
2. Formal channels are time consuming.
3. Strict formality in sending out messages may be costly to the organisation.
4. The formal channel may also incur a lot of expenditure in terms of money.

Q.No.6 Explain the various form of formal communication?

We can classify formal communication in these forms:

a) Downward
b) Upward
c) Horizontal or Lateral
d) Diagonal or Cross wise
Communication generally flows from top to bottom.

a) **Downward communication** means communication from superior to subordinate in the organization. It includes orders and instructions.

b) In **upward communication**, message flows from the subordinate to superior in the form of request, reports, instructions, complaints, and suggestions.

c) Communication between co-workers with different areas of responsibility is called **horizontal (lateral) communication**. Communication among the departmental heads of a company is the best example of horizontal communication.

d) **Diagonal communication** means communication among various Department/employees of an organization without any limitations in case of emergency.

Q.No.7. Write about informal communication

a) Side by side with the formal communication, there exists a much larger scale, an informal channel of communication or a secondary network of information.

b) Its source lies in man’s compulsive instinct to communicate or talk out whatever he feels and thinks with his fellow beings and throw all norms to the winds.

c) The rumour mill is always working in any organisation. The larger the organization, the more active the rumour mill.

d) It has come to be called the ‘grapevine’ in management literature. Quite often, it also contains some useful information. That is why, it cannot be altogether ignored.

Q.No.8. Explain clearly the meaning of the term “Grapevine’ as applicable to Communication? What are the factors that lead to grapevine communication?

The formal channel of communication exists, along with the informal channels of communication. Generally, in lower levels of organization, people like to form groups and are fond of floating rumours, regarding all matters. This has been called the ‘grapevine’ in management literature. Quite often, it also contains some useful information.

**Factors leading to grapevine phenomenon:**

a) Feeling of uncertainty when the organisation is passing through a difficult phase.

b) Feeling of inadequacy or lack of self-confidence of the employees, leading to the formation of groups.

c) Formation of a favoured group by manager, giving other employees a feeling of insecurity.

Q.No.9 How many types of “Grapevine Chains” have been identified? How do they function?

1. **Single strand Chain**: In this type of chain, ‘A’ tells something to ‘B’ who tells it to ‘C’ and so on. This type of chain is least accurate in passing on the information or message.

2. **Gossip Chain**: Here, a person seeks out and tells everyone the information he has obtained. This chain is often used when information or message regarding an interesting but ‘non-job-related’ nature is being conveyed.

3. **Probability Chain**: In it, individuals are indifferent to the persons to whom they are passing some information. They just tell at random, where information is somewhat interesting but not really significant.
4. **Cluster Chain:** In this type of chain, ‘A’ tells something to a few selected individuals and then some of these individuals inform a few other selected individuals. It is the dominant grapevine pattern in an organisation. Most of informal communication takes place through this chain only.

**Q.No.10. What are the merits and demerits of grape-vine form of Communication?**

**Merits of grapevine phenomenon:**
1. **Speedy transmission:** The greatest merit of this is that, it transmits information very fast. A rumour spreads like wild fire.
2. **Feedback value:** It is primarily through the grapevine that the managers of an organization get the feedback, regarding their policies, decisions, etc.
3. **Support to other channels:** The grapevine functions as a supplementary or parallel channel of communication. So, whatever is deemed to be unsuitable for formal channels can be successfully transmitted through grapevine.
4. **Psychological satisfaction:** The grapevine gives great psychological satisfaction to the workers. It draws them nearer to each other and thus keeps the organisation intact as a social entity.

**Demerits of grapevine:**
1. Less credible
2. Not always carry the complete information.
3. Distorts the information.
4. Based on guess work or whispers.

**Q.No.11. Different means or media of communication**

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**Q.No.12. Define Verbal Communication. Write about different types of Verbal Communication?**

The word ‘verbal’ means ‘anything connected with words and the use of words’. It is observed that, all serious or formal communication takes place in words. Verbal Communication may be -

a) Communication employing speech is known as Oral Communication.

b) Communication in written form is called Written Communication.
Q.No.13. Elaborate merits and limitations of oral communications?
(PM)(N 04 - 5M, N 10 - 4M, M 11 - 4M, M 13 – 4M, M 14 – 5M)

Meaning: Communication employing speech is known as Oral Communication. About 80% of communication by executives of a company is in oral form and it may through phone, radio, Interview, etc.
Oral communication is characterized by seven Cs – Candidness, Clarity, Completeness, Conciseness, Concreteness, Correctness, and Courtesy.

SOME OF THE MERITS OF ORAL COMMUNICATION ARE AS UNDER:

i) Saves time and money;
ii) Immediate feedback;
iii) Saves paper work;
iv) An effective tool for exhortation;

SOME OF THE LIMITATIONS OF ORAL COMMUNICATION ARE:

i) Greater chances of misunderstanding;
ii) Bad speaker;
iii) Ineffective for lengthy communication;
iv) Lower retention rate;
v) No legal validity;
vi) Difficult to fix responsibility.

Q.No.14. What principles would you keep in mind in oral communication? OR what important factors should be considered to make oral communication effective? (PM)

FACTORS TO BE CONSIDERED FOR ORAL EFFECTIVE COMMUNICATION: Oral communication, which is face-to-face communication with others, has its own benefits.

In order to provide a fair and candid exchange of ideas, the following factors to be considered to make the oral communication effective:

a) Consider the objective
b) Think about the interest level of the receiver
c) Be sincere
d) Use simple language, familiar words
e) Be brief and precise
f) Avoid vagueness and generalities
g) Give full facts
h) Assume nothing
i) Use polite words and tone
j) Cut out insulting message
k) Say something interesting and pleasing to the recipient
l) Allow time to respond

To make the oral communication effective, the speaker should converse slowly with proper semantic pauses to enable the listener receive and register in mind whatever is said by the speaker and there should be a due correlation between the pace of speaking and the rate of listening.

Q.No.15. Elaborate advantages and limitations of oral and written communication? (PM)

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<td>Advantages</td>
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<tr>
<td>More personal and informal</td>
<td>Better for complex and difficult subjects, facts and opinions</td>
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<td>Makes immediate impact</td>
<td>Better for keeping records of messages exchanged</td>
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Q.No.16. State reasons for selecting the oral mode of communication instead of the written mode of communication. (N15 - 5M)

 Oral Communication is a face to face communication with others. Oral communication is characterized by seven Cs – Candiddness, Clarity, Completeness, Conciseness, Concreteness, Correctness, and Courtesy. These act as principles for selecting the mode of oral communication. In addition to above seven principles it has its own benefits as under:

i) More personal and informal.

ii) It should be Make immediate impact.

iii) Provides opportunity for interaction and feedback.

iv) Helps us to correct ourselves (our message according to the feedback and non-verbal cues received from the listener).

v) Better for conveying feelings and emotions.

vi) More effective because one can understand the message better by observing facial expressions, eye contact, tone of voice, gestures, postures etc of the sender.

It is said that it does not matter what you say, what matters is how you say it. Your way of saying includes your choice of words, your confidence and sincerity.

Q.No.17. Explain the principles of Written Communication? (Or) What are the basic elements of written communication (SM)

Effective writing in the workplace is an essential skill. The rules are basically the same for any type of writing; however, there are some special issues which arise in the business context.

SOME OF THESE BASIC ELEMENTS ARE:

1. Know Your Audience: The key to effective business writing is knowing your audience.

2. Outlines are an invaluable aid to writing a lengthy report or memo. Remember, time is in short supply for most business professionals.

3. Decide what details must be included in the report or memo: Look for graphic elements to add to your presentation, With the advent of modern word processing programs such as Microsoft Word and Corel WordPerfect, it is easy to include spread sheets, graphs and colorful clip art to your report, thereby making your work memorable and convincing.
4. After you have decided what the message is that you are trying to convey, work on saying it in **Concise language**.

5. **Be brief**, whenever possible.

6. **Avoid using vague words** when a more **precise word** will do.

7. **Avoid wordiness and unnecessary jargon**.

8. **Strive for clarity in your writing and avoid vagueness** (unless there is good reason to be vague).

9. **Punctuation and Grammatical Errors**: Many grammatical and/or punctuation errors are due simply to insufficient proofreading of the document. Some errors stem not from lack of proofreading, but from simple grammatical mistakes. The most common mistakes include misuse of apostrophes, misuse of commas, incomplete sentences, ending a sentence with a preposition and so on.

Q.No.18. Explain Interdepartmental Communication? What are the problems involved in it? (SM) (For student self study)

**INTRODUCTION:**

1. The word department comes from the French word *departr*, which means “to separate.” Communication between departments is essential to collaborate and achieve the objectives of the organization.

2. Departments in an organization are like rooms in a house. Departments divide and create barriers. But without their cooperation it would be virtually impossible for an organization to function. (SM 13.8)

**PROBLEMS IN INTER - DEPARTMENTAL COMMUNICATION:**

Some of the frequently overlooked problems are

a) Unnecessary conflict

b) Poor performance

c) Time delays

d) Decisions, which are taken through cross wise communication.

**MAJOR PROBLEMS IN DEPARTMENTAL COMMUNICATION:**

a) **Departments are physically separated**: In each corporate environment, there exists organizational hierarchy, which creates barriers and restricts natural communication within the department.

b) **Departments perform separate functions**: The main barrier is the difference in priorities; the first priority for department X may be the last priority for department Y.

Territory battles usually occur because departments fight over scarce resources, prestige, or such other factors. (SM 13.9) Irrespective of who wins, the organizational welfare must be given the prime importance.

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**Diagram:**

- Planning → Controlling
- Communication → Organising
- Directing → HRD
- Production → Communication
- Marketing → Financial

Importance of Interdepartmental Communication
Q.No.19. “It is non verbal cues embedded in each message that may make the two identical messages so radically different from each other”. So, then, what exactly is Non - Verbal Communication?

Very broadly, Non-Verbal Communication is all those messages, those are expressed by other than linguistic [letter pronounced by means of tongue] means. Non - verbal behaviour is important to effective business communication. Non-verbal signals can completely alter the message, with which you communicate.

Components of Non-verbal Communication

- **Kinesics**
  - Study of body language
- **Para language**
  - The way we say what we say
- **Proxemics**
  - Study of how physical space is used
- **Mode of Dress and Use of time etc.**

On scientific analysis, it has been found that, the different aspects of communication account for the percentages, as stated below (55-38-07):

- Body movements, Gestures – 55%
- Voice tone, inflection etc., – 38%
- Verbal Communication – 7%

Q.No.20. Write about Non-Verbal Communication media of body language / Kinesics?

Man does not communicate through words alone, through speaking, writing, etc. There are various other ways to communicate, in which, our body plays the most important role. It is very important to make a serious study of the way body communicates. This branch of study is known as ‘Kinesics’, which means ‘body movements’.

It must be noted that all our bodily movements like gestures, postures etc., are guided by our feelings and thoughts. **Face:** “Face is the index of the mind”. Whatever we feel deep inside is reflected on our face.

1. **Eye Contact:** It is very important, in face-to-face communication. The eyes, along with the eyebrows and eyelids communicate our deepest feelings.
2. **Gestures:** Movements of our arms, legs, hands and head are called gestures. They also communicate very meaningfully.
3. **Head:** In any meeting or interview, the way we hold our head is very important. Nodding the head is very important while listening to a speaker.
4. **Body shape and posture:** Our body shape and posture affect the way we think about ourselves, how we relate to others and others relate to us.

Q.No.21. Write about Non-Verbal Communication media of Para Language / Para linguistics?

Para means ‘like’. Hence it is ‘like language’. It does not consist of words, but it is close to Verbal Communication. Verbal Communication consists of words but paralanguage involves the ‘how’ of a speaker’s voice in which he speaks.
**Voice:** Voice is the first signal that we receive and it tells us speaker’s sex, background etc. Kinds of voices - clear, musical, pleasant, unpleasant etc.

a) **Pitch Variation:** Variations in pitch (voice qualifiers) is necessary to catch the listener’s attention. Speaking at same level makes the speech boring and we can improve by observing others.

b) **Speaking speed:** We speak at different speeds, on different occasions while conveying different parts of a message.

c) **Pause:** The speaking speed should be accompanied by pauses. We should not go on speaking without gap and pauses should be given at the right moments. Incorrect use of pauses can create problems.

d) **Volume variation:** It should be adjusted according to the size of the audience and depending upon different parts of message. The larger the audience is, the higher the volume.

e) **Non-fluencies:** Utterances like ‘Oh!’, ‘Au!’, ‘Umm’, ‘you know’ etc. are known as non-fluencies. They give the speaker breathing time and the audience time to think over what has been said.

**Word Stress:** It is very important to speak certain words properly in communication. By putting stress or emphasis on a word we can change the meaning.

**Q.No.22. What is Chronemics (time language)?**

1. It is the study of how we use time to communicate. The meaning of time differs around the world. While some are preoccupied with time, others waste it regularly. While some people function better in the morning, others perform better at night.

2. **Punctuality** is an important factor in time communication.

3. Misunderstandings or disagreements involving time can create communication and relationship problems.

**Q.No.23. Is it possible to judge the relationship between two individuals,’ by observing the physical distance between them’? (Or) what we can make of ‘space’ to communicate? State the uses of it.(Or)write about Proxemics. NOV15-2M**

**Proxemics** refers to the space that exists between us when we talk or relate to each other as well the way we organize space around us. We can also call it ‘space language’. The following four space zones indicate the type of communication and the relationship of the source and receiver:

- **Intimate** – Physical contact to 18 inches.
- **Personal** – 18 inches to 4 feet.
- **Social** – 4 to 12 feet
- **Public**-12 feet to as far as we can see or hear.

**Q.No.24. Explain the main barriers to communication?**

Communication is the lifeline of all businesses. But there are innumerable instances of miscommunication, mal communication and mis-constructed communication and so on widely, come to be known as ‘barriers’ to communication which are as follows:

1. **Noise:** Noise is the first and foremost barrier to communication. In a factory, the continuous noise made by machines and adverse weather conditions makes Oral Communication difficult.
2. **Lack of planning:** Communication is not a casual affair. Unfortunately, many people take it lightly. The result is that the message to be sent at proper time and place may not be carefully planned.

3. **Semantic Problems:** Sometimes meaning of words of massage in the mind of sender and receiver will be different and problem may occur in understanding. Therefore, much depends on how sender encodes his message.

4. **Cultural Barriers:** Cultural differences often come up as communication barriers. We have to be especially careful in this regard because we have to operate in international environment.

5. **Wrong assumptions:** Quite often we act on assumptions, without caring to seek clarification for them. We should make all possible efforts to maintain our goodwill and not act on assumptions.

6. **Socio-psychological barriers:** Status is widely known to be a serious communication barrier, in any organisation. It leads to social and psychological distance, which further leads to the breakdown of communication.

7. **Emotions:** Both encoding and decoding of messages are influenced by our emotions. The meaning of a message received will depend on the emotions of a person. Anger is the worst enemy of communication.

8. **Selective perception:** Most of factors stated above leads to selective perception. I.e., receivers selectively see and hear depending on their needs. While decoding, most of receivers protect their own interest and expectations.

9. **Filtering:** Filtering is one of critical barriers of communication. It means that, the sender of a message manipulates information in such a way, that it will be seen more favourably by the receiver.

10. **Information overload:** Unchecked inflow of information very often becomes another barrier to communication. It may bore and frustrate the manager. In such a case, people are likely to make errors.

11. **Poor retention:** Sometimes, people may forget messages reaching them. There arises the necessity to repeat and use more than one medium to communicate the message.

Q.No.25. Explain the term “Semantic Problems” as the source contributing towards noise factor.

**SEMANTIC BARRIERS TO THE COMMUNICATION:**

1) Semantics is the systematic study of meaning. That is why the problems arising from expression or transmission of meaning in communication are called semantic problems.

2) Oral or written communication is based on words. And words, limited in number, may be used in unlimited ways. The meaning is in the mind of the sender and also in that of the receiver. But it is not always necessary for the meaning in the mind of the sender to be the same as in the mind of receiver.

3) Much, therefore, depends on how the sender encodes his message. The sender has to take care that the receiver does not misconstrue his message, and gets the intended meaning.

4) Quite often it does not happen in this way. That leads to semantic problems. It can be ensured only if we aim at clarity, simplicity and brevity so that the receiver gets the intended meaning.

Q.No.26. Explain how is “NOISE” A barrier to effective communication.

**NOISE AS BARRIER TO COMMUNICATION:**

1) Noise is the first and foremost barrier to communication. It means “interference that occurs in a signal and prevents you from hearing sounds properly. Adverse weather conditions or some fault in the ultramodern telecommunications systems may also spoil the effect.
2) Further, the sender may resort to ambiguous or confusing signals. The receiver may mess up the message owing to inattention or may spoil decoding because of wrong or unexpected interpretation.

3) The receiver’s prejudices may also come in the way of his understanding the message in the right spirit. Thus the communication is always likely to affected by ‘noise’ that stands for so many things.

SOME OF THE FACTORS CONTRIBUTING TOWARDS NOISE FACTORS ARE AS FOLLOWS:

a) Poor Listening
b) In appropriate Channel
c) Network breakdown

Q.No.27. What are “Socio-Psychological Barriers” to effective communication? Explain.

SOCIO-PSYCHOLOGICAL BARRIERS-

1) The attitudes and opinions, place in society and status consciousness arising from one’s position in the hierarchical structure of the organization, one’s relations with peers, seniors, juniors and family background – all these deeply affect one’s ability to communicate both as a sender and receiver.

2) Status consciousness is widely known to be a serious communication barrier in organizations. It leads to psychological distancing which further leads to breakdown of communication or miscommunication.

3) Often it is seen that a man high up in an organization builds up a wall around himself. This restricts participation of the less powerful in decision making.

4) Frame of reference is another barrier to clear communication. Every individual has a unique frame of reference formed by a combination of his experiences, education, culture, attitude and many other elements, resulting in biases and different experiences in a communication situation.

Q.No.28. Explain the different parts of a business letter?

1. **Heading**: Contains the name of the organisation and its address.
2. **Reference Number**: To which the receiver may refer in all future correspondence.
3. **Date**: Usually written on the right hand side parallel to the reference number.
4. **Inside Address**: Contains the name and address of recipient.

**MODE OF ADDRESS:**

a) Addressing individuals with ‘Mr.’ or ‘Shri’ or ‘Miss’ etc., and
b) Addressing by designation

5. **Attention Line**: Used when the writer sends his letter to a particular official in an organisation.
6. **Salutation**: Greeting to the addressee. We choose based on familiarity and formality.
7. **Punctuation of Salutation**: It is customary to end the salutation with a comma.
8. **Subject line**: Used to enable the reader to quickly identify the subject of correspondence and placed just below the salutation.
9. **Body of the letter**: It carries its message or content.
10. **Formal close**: It must ‘match’ with salutation.
11. Signature block
12. Enclosures (Encl): When a letter carries with it some important papers.
13. Postscript: If writer has forgotten to mention something important in the letter.
14. ‘CC’ or Carbon copy Notation: If copies of a letter are supposed to be sent to some other people, it contains names of such persons.
15. Reference initials: Put typed initials of the person who dictates the letter.

Q.No.29. Explain the different Layouts of Letters?

Letter is the **most important form** of Written Communication and it should have an attractive layout. Standard formats for business letter are

1. **Full - Block**: Each line begins flush with left margin
2. **Modified Block**: Date and closing signature aligned at the right
3. **Semi-block or Indented Form**: Each paragraph is indented five spaces as an added signal for a new paragraph.

Q.No.30. You have been assigned the job of composing business messages. What check-list would you prepare for organising the message? OR Prepare the detailed checklist for composing business message in an organization? (PM) (N15 - 4M, N 07 - 5M, N 14 - 5M)

**Organization:**

1. **Recognize good organisation:**
   a) Recognize good organization.
   b) Subject and purpose should be clear.
   c) Information is directly related to subject and purpose.
   d) Ideas are grouped and presented logically.
   e) All necessary information is included.
2. **Achieve good organization through outlining.**
   a) Decide what to say.
      i) Main idea ii) Major points iii) Evidence
   b) Organize the message to respond to the audience’s probable reaction.
      i) Use the direct approach, when your audience will be neutral, pleased, interested, or anger.
      ii) Use the indirect approach when your audience will be displeased, uninterested, or willing.
3. **Choose the appropriate organization plan.**
   a) Short messages
      i) Direct request ii) Routine, good-news, and goodwill message
      iii) Bad-news message iv) Persuasive message.
   b) Longer messages
      i) Informational pattern ii) Analytical pattern
Formulation:

1. Compose your first draft:
   a) Get ideas down as quickly as you can.
   b) Rearrange, delete, and add ideas without losing sight of your purpose.
2. Vary the style to create a tone that suits the occasion.
   a) Establish your relationship with your audience and avoid being over familiar etc.
   b) Extend your audience-centered approach by using the "you" attitude.
   c) Emphasize the positive aspects of your message.
   d) Establish your credibility to gain the audience's confidences.
   e) Make your tone a polite one.
   f) Use the style that your company prefers.

2. INTER PERSONAL COMMUNICATION SKILLS

**Q.No.1. What are the Principles of Interpersonal Communication?**

( PM) ( N 10, M 14 - 4M, N 15 - 4M)

1. **Inevitable:** Man, as a social being, cannot escape from communicating with others. We even communicate with our silence, through gestures, postures etc.
2. **Irreversible**: One cannot take back the words uttered. So, think twice before you speak.

3. **Highly complicated**: Communication is not simple because different people use words in different ways, with different meanings. Sometimes, it involves gestures, expressions etc.

4. **Contextual**:

<table>
<thead>
<tr>
<th>Context</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relational Context</td>
<td>Deals with reactions of Speaker(s) and Listener(s) to each other.</td>
</tr>
<tr>
<td>Situational Context</td>
<td>Deals with the ‘Psycho-social’ aspects of communication.</td>
</tr>
<tr>
<td>Environmental Context</td>
<td>Deals with the ‘physical’ aspects of communication.</td>
</tr>
<tr>
<td>Cultural Context</td>
<td>Includes all the learned behaviour and rules, which affect communication, due to cultural differences.</td>
</tr>
</tbody>
</table>

Q.No.2. What are the Principles of Interpersonal Communication?

Interpersonal communication is the process of exchanging messages between people whose lives mutually influence one another in unique ways in relation to social and cultural norms.

**THE FOLLOWING PRINCIPLES ARE KEY TO INTERPERSONAL COMMUNICATION:**

**Interpersonal communication is inescapable**: We cannot keep ourselves away from communication. The very attempt not to communicate, communicates something. Not only through words but also through the tone of voice and gestures, postures, facial expressions etc, we constantly communicate to others.

**Interpersonal communication is irreversible**: It is rightly said that a word uttered once can not be taken back.

**Interpersonal communication is complicated**: No form of communication is simple due to the number of variables involved; even simple requests can be extremely complex.

**Interpersonal Communication Is Contextual**: Communication does not take place in isolation. They are context specific:

**Psychological context**: It refers to who the communicators are and what they bring to the interaction? Their needs, desires, values, personality etc all form the psychological context.

**Relational context**: This is concerning the nature of interaction and reactions and the way it all affects the communication process.

**Situational context**: Refers to social concept of communication viz. an interaction that takes place in a classroom will be very different from one that takes place in a board room.

**Environmental context**: It is all about the surroundings in which communication takes place e.g. Furniture location, noise level, temperature, season, time of day etc. are all examples of elements in the environmental context.

**Cultural context**: Includes all the learned behaviors and rules that affect the interaction. If one comes from a culture where it is considered rude to establish long, direct eye contact, one will out of politeness avoid eye contact. If the other person comes from a culture where long direct eye contact signals trustworthiness, then we have a basis for misunderstanding.
Q.No.3. Explain the Functions of Interpersonal Communication? (RTP - N15, M 10 - 5M) (PM)

1. **Gaining information:**
   a) By communicating effectively with others, we gain knowledge about another individual by passively observing them and actively interacting with them.
   b) We can predict better about how they think, feel and act, if we know who they are.

2. **Building understanding:**
   a) Interpersonal Communication helps us to build new relationships as it helps us to understand better about someone.
   b) Content Messages and Relationship messages are sent simultaneously and help us to understand each other better.

3. **Establishing identity:** People identify us, depending on the way we communicate with them.

4. **Interpersonal needs:** We also engage in it to express interpersonal needs such as Inclusion, Control, and Affection.

Q.No.4. What is meant by Active Listening? State the importance of Active listening in the business communication skills? What are the guidelines for Active Listening? (MTP SEP – 15 - 5M ,M 09 - 5M, M 13 – 4M,N 11 - 4M) (PM)

**Active Listening:**
1. Listening is different from hearing where hearing is through ears and listening is by mind.
2. Listening happens, when we understand the message, as intended by the sender. This is known as Active Listening.

**Importance:**
1. It aids to carry out the mission.
2. It helps individuals to develop in their careers and assists in doing jobs well.
3. It provides information about important happenings in the organization.
4. Helps to build strong personal relationships.

**Guidelines for improving it:**
1. A man will be good listener, if he feels respect for people. He should have `empathy`.
2. Pay close and full attention towards the speaker.
3. A good listener should be patient, Calm and quiet and should not come to quick conclusions.
4. To get the full message, we should catch speaker’s non-verbal signals along with spoken words.
5. The body language, postures and eye contact of the listener can indicate the interest, empathy, desire and attention to understand.
6. Asking relevant questions increases attention but it should not be excessive.
7. Put speaker’s ideas in your own words.
8. Taking down main points
9. Listening need a lot of attention. So, switch off mobile phones.
10. While listening, keep physical and mental silence

Q.No.5. What is meant by 'Critical thinking'? How shall you develop critical thinking?
Or
Discuss the qualities of a critical thinker. (MTP - SEP15 - 5M, N15 - 4M)

Meaning: It is the discipline of rigorously and skillfully using information, experience, observation and reasoning, to guide one’s decisions, actions and beliefs and act of questioning every step of the thinking process.

Such questioning is known as ‘Socratic Questioning’.

Qualities of a Critical Thinker:

a) Open-minded i.e. willing to accept and explore alternative approaches.

b) Well-informed

c) Experimental - Think through "what if" scenarios.

d) Contextual - Keeps in mind, the appropriate context, when thinking things through.

e) Reserved in Making Conclusions - Know when a conclusion is "fact" and when it is not. Only true conclusions support decisions.

Q.No.6. Why is the 'critical thinking' important part of success and wisdom? What steps are required to make it effective in a business organisation?

Critical thinking is the discipline of rigorously and skillfully using information, experience, observation and reasoning to guide our decisions, actions and beliefs.

1. Cause and effect analysis: ability to separate the motive or reason for an action or event (the cause) from the result or outcome (the effect)

2. Classify and sequence: you must be able to group items or sort them according to similar characteristics

3. Compare and contrast: you must be able to determine how things are similar and how they are different.

4. Infer: you must be skilled in reasoning and extending logic to come up with plausible options or outcomes.

5. Evaluation of various alternatives: ability to determine sound criteria for making choices and decisions.

6. Critical observation: you must be skilled in attending to the details of what actually happened.

7. Predict: you must be able to finding and analyze trends, and extend these to make sensible predictions about the future

8. Rationalization: Apply law of reason to judge and determine merits of an argument.

9. Decide priorities: you must be able to determine the importance of an event or situation and put it in the correct perspective.

10. Summarize: you must be able to distill a brief report of what happened or what you have learned.

11. Synthesize: you must be able to identify new possible outcome by using pieces of information that you already know.
Q.No.7. Discuss the Qualities of a critical thinker? (MTP)

**QUALITIES OF A CRITICAL THINKER:** To develop as a Critical Thinker, one must be motivated to develop the following attributes.

a) **Open-minded:** that is, willing to accept and explore alternative approaches and ideas.

b) **Well-informed:** Know the facts and what is happening on all fronts.

c) **Experimental:** Think through "what if" scenarios. This could create probable options and then test the theories to determine what will work and what won't.

d) **Contextual:** Keeps in mind, the appropriate context, when thinking things through. Apply factors of analysis, which are relevant or appropriate.

e) **Reserved in Making Conclusions:** Know when a conclusion is "fact" and when it is not. Only true conclusions support decisions.

Q.No.8. What is meant by ‘Emotional Intelligence’ and ‘Emotional Quotient’? (PM) (M 07 - 5M, M 15 - 4M)

**Emotional Intelligence:** Emotional intelligence refers to the capacity to recognizing your own feelings and those of others, for motivating yourself, and for managing emotions well in yourself and in your relationships.

**Emotional quotient:** inventory is designed to measure a nature of constructs related to emotional intelligence. EQ is the ability to make and deeper connections at three levels: with ourselves (personal mastery), with another person (one-to-one) and within groups/teams. Our EQ or emotional intelligence is the capacity for effectively recognizing and managing our own emotions and those of others.

Q.No.9. What are the competencies (Personal and social) associated with emotional intelligence?

**Meaning:**

1. It refers to the capacity to recognize your own feelings and the feelings of others, for motivating yourself, and for managing emotions well in yourself and in your relationships.

2. In today’s environment, the importance of EQ is more than that of IQ.

**Measures for appraisal of Emotional Intelligence:**

1. **Personal competence:**
   
a) **Self-Awareness:** Recognizing and understanding your emotions in the moment, as well as your tendencies across time and situation. (it leads to self confidence)

   b) **Self-Management:** This ensures emotional self control, adaptability to various situations, initiative and optimism.

2. **Social competence:**
   
a) **Social Awareness:** Understanding the perspectives of other people like their motivations, their emotions etc. and enhance empathy and awareness of needs of others.

   b) **Relationship Management:** Using awareness of one’s own emotions and the emotions of others to manage relationships to a successful outcome which results in leadership.
3. GROUP DYNAMICS

**Q.No.1.** What is a Group? What are the Characteristics or features of group?

A *group* can thus be defined as an “aggregate of people, from two up to an unspecified but not too large a number, who associate together in face-to-face relationships over a period of time.”

**Characteristics of groups:**

1. Every group consists of more than one person.
2. Every group establishes common goals to bind the members together to accomplish those goals.
3. Different members occupy different positions in group and group culture consists of values and beliefs.
4. Every group establishes its own standards, to guide interactions among its members to communicate message in a specific pattern.

**Q.No.2.** what do you understand by group dynamics? What are the Characteristics of Group Personality?

**Group Dynamics:**

1. The study of interaction and interrelationships of members and forces operating in a group.
2. It is concerned with the formation, structure and processes of a group.

3. The core of group dynamics is interaction among members. It will no longer exist without interactions.

**Features:**

1. **Spirit of conformity:** It is very important that the members of the group have to achieve ‘a spirit of conformity’. If the members conform to the standards of their group, they feel happier.

2. **Respect for group values:** Each group is different from other groups by the values and ideals which they maintain. Understanding of these values and ideals are helpful to deal effectively with a group.

3. **Resistance to change:** A group may bring about its own changes. The degree to which the group members resist change serves as an important index of its personality. It helps us in dealing with it efficiently.

4. **Collective power:** The groups are always powerful than the individuals and adopt a friendly attitude in the group.

5. **Group Prejudice:**
   a) Groups have their own prejudice.
   b) Individual members may not admit their prejudiced attitude to other’s race, religion, nationality etc. But these individual’s prejudices get further intensified, while coming in contact with other members of the group, holding similar prejudices.

**Q.No.3. Describe types of groups in organization. Or State the types of groups in an organization which play an important role in solving the difficult problems in an organization.**

( PM ) ( N 12 - 4M ) ( M 15 – 4M )

- **Groups**
  - **Self directed teams:** In an organisation, the authority of making decisions is with these groups. The members are given utmost freedom and goals are made aware to all members to achieve their targets.
  - **Quality Circles:** Quality circle is a small group to perform voluntarily quality control activities within their work areas.
  - **Committees:** Committees are of various types:
    a) **Standing** committee: Permanent in nature and highly empowered
    b) **Advisory** committee: Comprises experts in particular fields
    c) **Adhoc** committee: Set up for a particular purpose and dissolved after the goal is achieved.
  - **Task force:** It is like a committee, but it is usually temporary. Task force has wide power to take action. It is responsible for investigation and accomplishment of results.
Q.No.4. What do you understand by Group conflicts? How shall these be managed effectively?
Explain

1. **Meaning:** Conflict is an “express struggle” between atleast two inter-dependent parties, who perceive inconsistent goals, scarce resources, and interference from the other party in achieving their goals.

2. **Conflict as Group Interaction:**
   a) Conflict is a sign that people are actively discussing issues and are essential to existence of group.
   b) Conflicts are part of essence of group interaction and can be used to determine solution/problem.
   c) Leaders must be diligent in refocusing member’s attention on the issues, and not on personalities.
   d) Managing conflicts: The climate in which conflict is managed is important. It is essential to plan communications to foster a supportive climate, marked by emphasis on:
      i) Presenting ideas or options
      ii) Problem orientation- focusing attention the task
      iii) Spontaneity - Communicating openly and honestly
      iv) Empathy - understanding another person's thoughts.
      v) Equality- asking for opinion s
      vi) Willing to listen to the ideas of others.

Successfully managed conflicts can be constructive and can strengthen relationships in an organisation.

Q.No.5 Explain Consensus Building?

**CONSENSUS BUILDING:** Consensus means overwhelming agreement. Most consensus building efforts set out to achieve unanimity.

The key indicator of whether or not a consensus has been reached is that everyone agrees with the final proposal and it is important that consensus be the product of a good-faith effort to meet the interests of all stakeholders.

Thus, consensus requires that someone frame a proposal after listening carefully to everyone's interests. Before the parties in a consensus building process come together, mediators (or facilitators) can play an important part in helping to identify the right participants, assist them in setting an agenda and clarifying the ground rules by which they will operate, and persuading noncompliant parties to participate.

**THE FOLLOWING TECHNIQUES CAN BE HELPFUL IN THIS PROCESS:**

1. **Problem Solving Approach:**
   a) A problem solving and constructive orientation should be maintained.
   b) Even when there exist strong differences, every participant should express his concern or disagreement in a constructive manner.
   c) Personal antagonism and back-biting should be avoided.

2. **Active Listening:**
   a) All those who are involved in the process of consensus building, should actively listen to others.
b) This will help to ensure that communications are being received as intended.

3. **Maximum Transparency:**
   a) The group’s mandate, its agenda and ground rules, the list of participants, the interests they represent, the proposals under consideration, the decision rules and other important items should be open to scrutiny by all the stakeholders.
   b) This is necessary to make the consensus building process transparent.

4. **Strive to invent options for mutual gain:** The goals of a consensus building process ought to be to create as much value as possible and to ensure that whatever value is created be divided in ways that take account of all relevant considerations. The key to creating value is to invent options for mutual gain.

5. **Disagree Without Being Disagreeable:** Participants in every consensus building process should be instructed to "disagree without being disagreeable." This dictum should probably be included in the group’s written ground rules.

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**Q.No.6 What is meant by “Negotiation”? Name the various steps which can be identified in the process of negotiation from start to the completion of the process.**

**MEANING:** Negotiation is a process, in which two or more parties work together, to arrive at a mutually acceptable resolution for one or more issues. In this process, two parties discuss and bargain on some issue before an agreement is reached. It is required when a single party cannot resolve the matter.

**STEPS IN THE NEGOTIATION PROCESS**

a) Preparing  
b) Arguing  
c) Signaling  
d) Packaging  
e) Bargaining  
f) Closing and arguing

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**Q.No.7 Explain the concept of “Negotiation”. What are its techniques?**

**Negotiation:** Negotiation occurs when two or more parties either individuals or groups discuss specific proposals in order to find a mutually acceptable agreement.

**TECHNIQUES FOR NEGOTIATION:**

a) **Spiraling agreements:** Begin by reaching a minimum agreement even though it is not related to the objectives and build, hit by hit, on this first agreement.

b) **Changing of position:** Formulate the proposals in a different way, without changing the final result.

c) **Gathering information:** Ask for information from the other party to clarify their position

d) **Making the cake bigger:** Offer alternatives that may be agreeable to the other party, without changing the terms.

e) **Commitments:** Formalize agreements orally and in writing before ending the negotiation.

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**Q.No.8. What are the steps in Negotiation Process? (PM)(N 08 - 5M, M 11 - 4M)**

**THE NEGOTIATION PROCESS CONSISTS OF THE FOLLOWING STEPS:**

1. **Preparing:** The negotiator must get prepared before the actual negotiations begin. It involves:
   a) Set the objective of negotiation and the limits within which to negotiate.
b) Identify the real issues and prepare a checklist and collect necessary data.

c) Select the parties to be involved and assess the relative strength of the two parties.

2. **Arguing:** In this phase of the negotiation process, each party seeks to forcefully inform other party, of the logic and strength of his stand. Both the sides must listen and understand each other’s positions to narrow down the differences and come to a common ground.

3. **Signaling:** After some amount of arguing, the two parties become aware of the deadlock and want to break it. They give verbal or non-verbal clues to the possibility of adjustment.

4. **Proposing:** Proposals help to advance negotiations by overcoming arguments which cannot be negotiated. So it is a decisive phase in the negotiation process.

5. **Packaging:** The proposals, which appeared in the previous phase, are considered and compared to suggest some solution after reviewing the priorities of the opponent. The possibilities of concessions that might follow are signaled.

6. **Bargaining:** In this phase, the party, which wants to offer concessions, decides what it requires in exchange. When the opponent agrees to its conditions, reciprocal proposals are presented. Unsettled issues need to be linked and a tradeoff may be made. In case the opponent puts undue pressure, issues that are already settled, may be brought back into contention.

7. **Closing:** In the final phase, agreement is made and the bargaining comes to an end. The agreement is put into writing to ensure its implementation.

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**Q.No.9. Explain Different strategies for Negotiation**

1. **Win-lose Strategy:** Here, each party attempts to grab maximum gain and impose maximum loss on other party. It may be suitable when one party is determined to take advantage and compromise is not possible.

2. **Lose-lose Strategy:** Here, the conflict causes a damage that both the parties feel losers. Nobody wants to lose but the parties may seek revenge because the negotiating partner is blocking them.

3. **Compromise:** It is better to compromise than to continue fight and create possibility of lose-lose situation. When parties fight for a scarce resource, compromise may be the best option.

4. **Win-win Strategy:** In this approach, both the parties feel that they have gained. It is a collaborative approach that focuses on the ends rather than on the means. Joint problem solving is used to arrive at an agreement that will benefit both the sides.

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**Q.No.10. What are the basic rules of negotiation?**

1. **Analyze the interest of the parties:** This is important to understand the perceptions, the style of negotiation, and the interests of and principles of the counterparts, as well as one’s own.

2. **Plan the negotiation, and determine:**
   a) What are the expectations from the negotiation?
   b) What are the terms of the negotiation?
   c) What are the non-negotiable terms and what can be modified?
   d) What is the minimum that a agreement can be reached on?
   e) What is the negotiation strategy?
   f) What are the most important interests of the other parties?
   g) How does one interact with or manage people?
3. Select the appropriate negotiation technique from among the following:
   a) **Spiraling agreements**: Begin by reaching a minimum agreement even though it is not related to the objectives, and build, bit by bit, on this first agreement.
   b) **Changing of position**: Formulate the proposals in a different way, without changing the final result.
   c) **Gathering information**: Ask for information from the other party to clarify their position.
   d) **Making the cake bigger**: Offer alternatives that may be agreeable to the other party, without changing the terms.
   e) **Commitments**: Formalize agreements orally and in writing before ending the negotiation.

4. **Negotiate**: Be sensitive and quick to adapt to changing situations, but don’t lose sight of the objective. Some aspects that could interfere with the negotiation are:
   a) Personal positions and interests Psychological and emotional aspects of the persons (place, placement of chairs, body language, gestures, etc)
   b) Difficulties in communication (differences in languages, different meanings of the same words, etc)

Q.No.11. **Explain the concept of influencing and Persuasion skills.**

Influence is a respectable way to change other people’s actions

**INFLUENCE IS MUCH WIDER IN DEPTH AND DIMENSION IT IS:**
   a) A process not an action
   b) A set of skills - including body language, listening, building rapport, planning, probing and explaining.
   c) A set of attitudes – including confidence, trust, patience and belief in win-win outcomes
   d) It is getting people to do things because they want to.
   e) It requires one to be other focused rather than self focused
   f) It enables proactive leadership

**Persuasion is one dimension of influence.** It is a direct communication when benefits are stated in a reasoned arguments and competent views dealt with in a respectful manner.

   a) **Honour and Respect**: These are communicated in various ways – You can respect people’s time by being sensitive about the timing of your communication.
   b) **Understanding the other person’s Frame of Reference**: Each of us have a unique personality but one can get to know a great deal about the other person by approaching things from their point of reference, asking questionings and listening.
   c) **Technique of persuasion**: ‘Emotional word pictures’ (EWPs). These can simultaneously communicate with a person’s heart and mind, to convey understanding and emotional feelings.

   In order to appeal to anyone’s motivation to act, we must know these two biggest **motivators**.

   The first is: **the desire for gain**.
   The other is: **fear of loss**.

   In any communication you must examine your argument and analyse which desires or fears you are appealing to. This will help you plan the communication suitably.
Q.No.1. Define Corporate Culture. State its main elements? (or) Elements which can be used to influence the organisation culture. (PM) (M 13 - 4M, M 14 - 4M, MTP - SEP15)

**Corporate Culture:** Corporate Culture is described as the personality of an organization, or simply as "how things are done around here." It guides how employees think, act, and feel.

1. **Strong Culture:**
   
a) It exists where the staffs' response to change and innovative ideas is positive.
   
b) They are always willing to align themselves to the organisational culture

2. **Weak Culture:**
   
a) It exists where there is little alignment with organisational values.
   
b) So, we should exercise persuasive and bureaucratic methods

**Main elements:**

2. Hierarchy of authority and reporting relationships.
3. Distribution of power across the organisation.
5. Company logo and designs, status symbols.
6. Manner of calling and conducting meetings etc.
7. Stories and Myths
Q.No.2. Explain the concept of Organisational change.  (PM)

1. The organisations do change, in both large and small levels.
2. Larger changes means a fundamental and radical reorientation like change in mission, mergers etc.
3. Smaller changes are like adding a new person, modifying a program etc. and are not considered as organisational change.

Features:
1. Conscious and deliberate attempt, to alter the status quo.
2. It results from stimuli from both inside and outside the organisation.
3. Improve the functioning and performance of the organisation.
4. Proactive in nature.

Q.No.3. Why is an Organisation wide change difficult to accomplish?  (PM)

1. People don’t understand the need for change.
2. Some people condemn the idea of change itself.
3. Feel that the change may go against their views and beliefs,
4. Feel that it would take a longer time for them to adapt to the change.

Q.No.4. What are the reasons for resisting the change?  (M 15 – 4M)

Resistance may be active, in which the people object to change or less subtle resistance, when the change is not implemented.

1. Fear of Personal Loss: People resist change, when it will cause a personal loss to them. The greater the expected loss, the stronger will be the resistance to change.
2. Uncertainty: People are generally afraid of the unknown and uncertain situations trigger anxiety and fear.
3. Failure to Understand the Need for Change: People do not understand the need for change and feel that status quo is working well and change is not needed.
4. The habits developed by an individual are difficult to change.
5. Individuals resist change if it is likely to decrease their income or sources of earnings.
6. Individuals process information selectively to make it compatible with their perceptions.

Q.No.5. What are the reasons for acceptance of change?  (PM)(N 10, N 13 - 4M)

1. Personal Gain
   a) Increase in income
   b) Better security of job
   c) Greater authority
   d) Higher Status/prestige
   e) Improvement in working conditions
   f) Reduction in time and efforts
   g) Better interpersonal relations
   h) Self-satisfaction
2. Other Benefits
   a) Respect for the source of change
   b) Involvement in the change process
   c) Offers a new challenge
   d) less boredom
   e) Opportunity for input
   f) Feeling the need for change
   g) Better future

Q.No.6. What are the role of communication in organisational change?  (PM)(N 10, N 13 - 4M)

1. Communication is probably the most important skill that people need to have in order to be effective managers.
2. It is probably the most taken for granted, and the area least addressed by developing managers.
3. In situations of instability, or change, or ambiguity, communication becomes even more important.

Poor communication around change issues can:
1. Destroy commitment to an organization
2. Irrevocably damage employee morale
3. Generate huge resistance to change
4. Result in hostility.
5. Lead to performance problems

There are four decisions that managers must make around communication in change situations:
1) TO WHOM  2) WHAT  3) WHEN  4) HOW

Q.No.7. Explain the concept of Innovation.

Innovation implies to ‘doing new things’ or ‘doing the existing things in new ways’. It may occur in several forms, such as:
1. Introduction of a new product/service or new quality of an existing product/service.
2. Introduction of a new method of production or distribution.
3. Opening up of a new market.
4. Locating a new source of raw materials.
5. Procuring finance from a new source or in a new form.
6. New form of organisation of industry.

Types of innovation
1. Product innovation: it consists of changes in product attributes with a change in how the product is noticed by consumers.
2. Process innovation: It consists of changes regarding the product or the service production process. It does not necessary have an impact on the final product but produces benefits in the production.
Q.No.8. How to build an innovative organization?  
(N14 – 4M) (PM)

The concept of innovation is quite diverse, depending mainly on its application. Innovation is the successful exploitation of new ideas. Among the different possibilities to innovate, those related to product or process innovations are known as technological innovations. Other types of innovations can relate to new markets and new business models.

**The key elements in the innovation framework are:**

a) **Accessibility:** The innovative enterprise ensures everyone is accessible to each other at all levels within the organization.

b) **Recognize and reward innovation:** One of the more radical steps an organization or manager can take is to make innovation a requirement of the job.

c) **Develop company programs that encourage innovation:** By placing employees in different environments, they can meet new people, come across new ideas and hopefully generate their own novel approaches.

d) **Foster informal communication:** The paperwork involved in proposing or even pursuing a project can be a major roadblock to innovation. Employees often feel stifled when asked to fully justify ideas; they may be working on a hunch.

e) **Information:** The right kind of information is called innoinformation. This type of information is critical to the vitality of the enterprises. Innoinformation consists of the plans, vision, goals and all the new ideas affecting the enterprises.

f) **Framework:** The innovative enterprise must constantly adapt, create and innovate. Information and communication are the wind that sails the innovative enterprise towards its destination.

5. **COMMUNICATION ETHICS**

**TOPIC WISE ANALYSIS OF PAST EXAM PAPERS OF IPCC**

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Q.No.1. What do you understand by Ethical Communication? What are its elements.

According to the National communication Association, ethical communication is fundamental to responsible thinking, decision making and the development of relationship and communities within and across contexts, cultures, channels and media.

Ethical communication enhances human worth and dignity by fostering truthfulness, fairness, responsibility, personal integrity and respect for self and others.

While unethical communication threatens the quality of all communication and consequently the well-being of individuals and the society in which we live.

In nutshell ethical communicators have a ‘well developed sense of social responsibility’.

An ethical communication is one which:
1. includes all relevant information
2. is true in every sense and is not deceptive in any way.
3. is accurate and sincere. Avoids language that manipulates, discriminates or exaggerates.
4. does not hide negative information behind an optimistic attitude.
5. does not state opinions as facts.
6. portrays graphic data fairly.

Q.No.2. Outline the importance/significance of Ethical Communication. (PM) (For Student Self Study)

1. Primacy: It is fundamental to responsible thinking and basis for the development of relationships and communities
2. Survival and Growth: It helps in achieving business objective effectively and also minimizes the impact of a business crisis.
3. Dignity: It enhances human worth and dignity and fosters truthfulness, fairness etc. for self and others.
4. Corporate Image: It shapes the values of its employees and influences the perception of Stakeholders. There by, it will help the company to enhance its reputation with all audience.
5. Shareholder Value: It promotes long-term business success and profit which will enhances shareholder value.
6. Quality of People: It is a must for attracting and retaining high quality people and competent people are likely to search for organizations, which maintain high ethical standards.
7. Long Term Integrity: Ethical organizations are created and sustained by individuals of personal integrity, operating in a culture of principle, and governed by conscientious policies.

Q.NO.3. Write Short Notes On:
   (a) Advantages of Ethical Communication
   (b)Organization Values

a) Advantages of ethical communication:
   i) Ethical communication promotes long-term business success and profit
ii) One advantage of ethics is long-term integrity.

iii) Surveys report that all employees want to work for organizations with high ethical standards.

iv) Competent people are likely to search for organizations that maintain high ethical standards. When competent people migrate toward ethical firms, everyone benefits because both competence and ethics are perpetuated.

b) Organization values:

i) Values are the principles and ideas that people or organizations strongly believe in and consider important.

ii) When people are in doubt about decisions, they frequently rely on deep-seated values to help them make the right choice.

iii) In organizations, reliance on shared values makes setting goals easier in the face of competing ideas, desires, and objectives of individual employees.

iv) One can get a good idea about the values of an organization by examining its vision and mission statement.

v) These statements are short descriptions of the purpose of organizations and the directions they try to take to achieve success.

vi) Many organizations post their vision and mission statements in several places so that employees know what the organization values are.

Q.No.4. What are the Factors Influencing Ethical Communication. (SM)

FACTORS INFLUENCING ETHICAL COMMUNICATION:

1. Every Communication Decision has some Ethical Aspect to it, Acknowledged or Not.

There are countless complexities involved in the communication process, but communicators initially face three simple choices: to speak, to listen, or to remain silent. Each choice implies an ethical decision.

In a message the sender chooses to disclose information, motives, or feelings to others. That choice inevitably involves an ethical element. Clearly, some messages should not be sent, such as those involving "insider information." To do so gives certain people an unfair advantage in the marketplace. But should one share a rumour about an organizational change with a colleague? Such actions are commonplace and appear to be less objectionable than insider trading.

The timing and mode of communication add another layer of complexity to the ethical dimension.

Remaining silent might seem like the safest way to avoid ethical dilemmas. But even here there is no safe haven. Remaining silent in the face of unlawful behavior or a potentially harmful situation presents a serious ethical decision. Silence signals consent or perhaps tacit agreement.


Suppose fellow employees discussed a project they were working on. This may seem perfectly ethical on the surface. After all, such discussions actually foster effective interdepartmental relationships; a worthy goal indeed. The problem may be that the discussion took place in a crowded restaurant and a competitor overheard the conversation. When the employees are confronted, they may reply, "What did we say that was wrong? We were not talking to a competitor." But this is, of course, the wrong question. The issue does not concern what was said or even who they were talking to. The ethical issue revolves around where the conversation took place. Herein lies the complexity of ethical issues-evaluations must be made on more than one dimension. Ethical communicators are not concerned with just who or what or where or when, but with all four dimensions simultaneously.
Q.No.5. Explain Ethical dilemmas in Communication. (PM)(M 15 – 4M)

1. **Secrecy:**
   a) Every organisation has a lawful right to protect sensitive information.
   b) However, too much focus on secrecy may suppress innovation and initiative.

2. **Whistle-blowing:** Any employee who goes public with information about corporate abuses or negligence is known as a whistle-blower.

3. **Leakage:**
   a) Leakage means taking some vital information to an outsider.
   b) It can be intentional or unintentional.
   c) It is unethical, on the part of employees, to leak information.
   d) Such leaks may spoil the places and projects of the enterprise.
   e) Sometimes, leaks may cause organizational plans to be altered or even dropped altogether.

4. **Rumours and Gossip:**
   a) Gossip and rumours are an unavoidable element of everyday corporate life.
   b) Gossips focus on people, whereas rumours focus on events.
   c) Both are unconfirmed pieces of information and affect human judgment even if unintentional.

5. **Lies:**
   a) The false statements, which are used to deceive, are known as lies.
   b) In business, lies are often used to avoid weak pressure and ethical dilemmas.
   c) Lies destroy trust between people.

6. **Euphemisms:**
   a) We should use less offensive expressions. So that, it will cause less distress to the receiver(s).
   b) But sometimes, euphemisms are used deliberately, to hide the truth and unethical acts.

7. **Ambiguity:** One can change the meaning by using language and words in certain ways.

Q.No.6. Suggest guidelines to handle communication ethics dilemmas (M13 - 5M, MTP-SEP15 - 4M)

**GUIDELINES TO HANDLE COMMUNICATION ETHICS DILEMMAS:**

a) **Maintain candor:** Candor refers to truthfulness, honesty, frankness and one should stick to these elements while communicating with others.

b) **Keep message accurate:** At the time of relaying information from one source to another, communicate the original message as accurately as possible.

c) **Secrecy:** One has to maintain secrecy and confidence in communication. So one should not divulge such information to others.

d) **Ensure timeliness of communication:** The timing of messages can be critical. Delay in sending messages can be assumed unethical.

e) **Avoid deception:** Ethical communicators are always vigilant in their quest to avoid deception, fabrication, intentional distortion or withholding of information in their communication.

f) **Confront unethical behaviour:** One must confront an unethical behaviour in order to ensure a consistent ethical viewpoint.

**THE END**