



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

FINAL EXAMINATION

JANUARY 2016 SEMESTER

SUBJECT CODE : EAB 31303

SUBJECT TITLE : CORPORATE ETHICS AND GOVERNANCE

LEVEL : BACHELOR

TIME / DURATION : 2.00 PM - 5.00 PM / 3 HOURS

DATE : 18th MAY 2016

INSTRUCTIONS TO CANDIDATES

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consists of TWO (2) sections; Section A and Section B.
4. Answer ALL questions in Section A, and Section B.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in English (any other language is not allowed).
7. This question paper must not be removed from the examination hall.

THERE ARE FOUR (4) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.



SECTION A (Total: 40 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

Most businesses are financially driven, and it is quite difficult to be both ethical and successful. However, organization which operates ethically definitely will have a better business performance and reputation. Briefly describe **THREE (3)** characteristics of an ethical organization.

(10 Marks)

Question 2

Consumption is the main reason that drives most economies today. The massive growth in consumption has placed tremendous pressure on the natural environment. To achieve sustainable consumption is often challenging. Identify **FIVE (5)** barriers towards sustainable consumption.

(10 marks)

Question 3

Corporate governance broadly refers to the mechanisms, processes and relations by which corporations are controlled and directed. Governance structures and principles identify the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders) and include the rules and procedures for making decisions in corporate affairs.

a) Describe these **TWO (2)** theories under Corporate Governance.

- i) Agency Theory
- ii) Stewardship Theory

(10 marks)

b) Explain the stages of evolution of Corporate Governance in Malaysia.

(10 marks)

Total: 40 Marks

SECTION B (Total: 60 marks)

INSTRUCTION: Answer ALL questions

Please use the answer booklet provided.

Question 1

Ex-Bernas Manager Claims Trial to Bribery Charges

MELISSA DARLYNE CHOW

New Straits Times, March 23, 2016

ALOR STAR: A former Bernas manager was today hauled to the Sessions Court here to face six charges of accepting a total of RM73,000 in bribes between Sept 11, 2013 and August 6, 2014.

In the first charge, Hassin Mad Zin, 53, was accused of accepting a bribe of RM9,000 from one Wan Helmi Wan Darus, the owner of WH Awana Enterprise, as a means of getting 30 metric tonnes of the ST15 rice for the company, for the month of July 2014, from the Agriculture and Agro-Based Industry Ministry.

He was accused of committing the offences at the Alor Star branch of Bank Islam, at 1.38pm on August 6, 2014.

Hassin was further slapped with another five charges of accepting a total of RM64,000 in bribes from one Rusli Abdullah, the owner of Syarikat Berkah Zairul Enterprise, as a means of getting a total of 200 metric tonnes of ST15 rice for the months of Sept to Dec 2013, from the same ministry.

He had allegedly committed the offences at the Guar Chempedak and Alor Star branches of Bank Islam, between Sept 11, 2013, and January 7, 2014. Hassin claimed trial to all the charges, under Section 16(a)(A) of the Malaysian Anti-Corruption Commission Act 2009, which carries a maximum 20 years' jail and a fine of not less than five times the amount of gratification, or RM10,000, whichever is higher.

Sessions Court judge Zanol Rashid Hussain set a total bail of RM7,500 with one surety for the first charge, and for the subsequent five charges a total bail of RM15,000 with one surety. He fixed Apr 26 for mention.

Based on the above case:

a) Explain the term business ethics.

(4 marks)

b) Discuss the **FIVE (5)** aspects of the relationship between business and ethics in today's business environment

(16 marks)

Total: 20 marks

Question 2

CORPORATE PHILANTHROPY IN ACTION

- Usaha Tegas Berhad, a company controlled by Tan Sri T. Ananda Krishnan, started the Yu Cai Education Foundation in 20013 with an initial grant of RM25 million. The foundation donated RM5 million to establish a Chinese traditional studies department at Universiti Tunku Abdul Rahman.
- In the aftermath of the tsunami in December 2004, the AmBank Group donated RM250,000 to the Malaysian Tsunami Disaster Fund, a collaboration with a local newspaper. The Group also contributed 15,000 blankets worth RM330,000 for the Aceh tsunami victims.
- Tan Sri Syed Mokhtar Albukhary, a major shareholder of Malaysia Mining Corporation and the founder and sole donor of Albukhary Foundation, a Muslim charity that assists the disadvantaged, contributed funds to conduct remedial classes in English, Science and Mathematics for 20,000 underachieving students from poor rural families each year.

a) Define the term Corporate Social Responsibility.

(5 marks)

b) Discuss the **THREE (3)** areas of Corporate Social Responsibility.

Illustrate with appropriate examples on how a company can apply these three areas of Social Responsibility.

(15 marks)

Total: 20 Marks

Question 3

The Whistle blower Protection Act 2010 is a law of Malaysia to combat corruption and other wrong doings by encouraging and facilitating disclosures of improper conduct in the public and private sector, to protect persons making those disclosures from detrimental action, to provide for the matter disclosed to be investigated and dealt with and to provide for the remedies connected therewith.

The act was passed by Parliament in June 2010, and was brought into force on 15 December 2010. The objective of this act is to give protection to the whistle blower in the form of confidentiality of their information, immunity from civil and criminal action and protection from detrimental action being taken against them. Whistle blower protection is one of the Malaysian Government's efforts towards tackling corruption and promoting good governance under Government Transformation Programme (GTP).

Required:

- a) Briefly explain the term of 'whistle-blowing'. What are the types of whistle-blowing? (6 marks)
- b) Provide some examples of situations in which it might be appropriate for an employee to report a wrongdoing. (8 marks)
- c) Explain some basic cautions that need to be considered to 'blow the whistle'. (6 marks)

Total 20 Marks

END OF QUESTION PAPER