



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
JULY 2025 SEMESTER**

COURSE CODE	: EAB31303
COURSE NAME	: CORPORATEC ETHICS AND GOVERNANCE
PROGRAMME NAME (FOR MPU: PROGRAMME LEVEL)	: BACHELOR OF BUSINESS ADMINISTRATION (HONS) IN MANAGEMENT AND ENTREPRENEURSHIP
DATE	: 17 SEPTEMBER 2025
TIME	: 9:00 AM - 12:00 PM
DURATION	: 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please **CAREFULLY** read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of **ONE** section.
4. **Section A** consists of **FIVE** questions. Answer **FOUR (4)** questions only.
5. All questions must be answered in **English** (any other language is not allowed).
6. Please write your answer on the answer booklet provided.
7. This question paper must not be removed from the examination hall.

THERE ARE SEVEN (7) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided.

CASE STUDY 1

Case Study: Malaysia's Deforestation Crisis and the Call for Climate Action

Sahabat Alam Malaysia (SAM), represented by its president Meenakshi Raman, has raised alarm about the escalating environmental crisis in Malaysia, emphasizing that the nation can no longer afford to prioritize economic gains at the expense of ecological integrity. Raman argues that the cumulative impact of environmental degradation has reached a critical threshold, and continued disregard for these warning signs will inevitably lead to severe environmental calamities with devastating human and economic consequences. This stance underscores a growing concern within Malaysian civil society about the long-term sustainability of the country's development model.

Raman highlights the urgent need for a paradigm shift in Malaysia's approach to decision-making, advocating for the environment and ecology to be placed at the forefront of policy considerations. She points to the increasing frequency and intensity of natural disasters, such as massive floods caused by global warming, and the recurring issues of water cuts and shortages due to river pollution and deforestation, as evidence of the dire consequences of neglecting environmental protection. The situation is further exacerbated by the continued approval of projects that contribute to deforestation, as revealed by the Rimba Disclosure Project (RDP), which indicates that a significant area of forest land, equivalent to nearly the size of Singapore, is earmarked for clearing in Peninsular Malaysia.

The RDP's findings paint a concerning picture of ongoing deforestation in Malaysia. According to the report, approximately 72,584.73 hectares of forest are at risk of being cleared in the near future, driven by the approval of numerous Environmental Impact Assessment (EIA) reports involving forested land, the listing of forest areas for sale, and ongoing deforestation projects. This alarming trend has prompted a coalition of non-governmental organizations (NGOs), including SAM, under the banner of "Gabungan Darurat Iklim Malaysia," to call upon the government to declare a Climate Emergency in Malaysia by September 16th (Malaysia Day).

This coalition is urging the government to adopt transformative commitments and implement a fundamental rethink of production and consumption patterns. They argue that the destruction of food-producing sectors, at a time when food prices and import costs are skyrocketing, is particularly unacceptable.

Based on the news article:

- a. Discuss the primary ethical concerns related to corporate practices in the Malaysian palm oil industry, as highlighted by Sahabat Alam Malaysia (SAM).
(8 marks)
- b. Explain the role of corporate governance in addressing the environmental issues described in the case study. What governance practices could help mitigate these problems?
(9 marks)
- c. The case mentions the "Gabungan Darurat Iklim Malaysia" urging the government to declare a Climate Emergency. Discuss the ethical responsibilities of corporations in supporting or hindering such initiatives.?
(8 marks)

CASE STUDY 2

Case Study on Financial Ethics: The Bernie Madoff Case

Bernard Madoff, a prominent figure in the financial world as the former non-executive chairman of NASDAQ and chairman of Bernard L. Madoff Investment Securities LLC, orchestrated a massive Ponzi scheme that collapsed on December 11, 2008. This scheme, which involved paying high returns to existing clients with funds from new investors rather than through legitimate investment activity, resulted in devastating losses for a wide range of investors, including individuals, large firms, banks, charities, universities, and even governments. Madoff's fraud, which he admitted could be traced back to the 1980s, highlights significant ethical breaches and regulatory failures within the financial system. The official document from the Department of Justice of the United States on March 12, 2009, states that Madoff pleaded guilty to eleven felony counts related to the Ponzi scheme and faced a statutory maximum sentence of 150 years in prison.

The Madoff case involved a complex web of stakeholders, with losses estimated at around \$50 billion. Victims spanned the globe, from Hollywood to Zurich and Abu Dhabi, and included both well-known entities and less visible but significant multinational corporations. Major financial institutions such as Bank Santander, HSBC, and Korea Life Insurance suffered substantial losses, as did investment firms like Tremount Group, Ascot Partners, and Fairfield Greenwich Group, the latter being the biggest loser with \$7.5 billion in losses. The fraud also impacted charities, such as the Elie Wiesel Foundation and Charities for Humanity, and universities like Yeshiva University and Tufts University, leading to significant financial strain and, in some cases, the closure of philanthropic endeavors. The impact on individual investors was equally severe, with some losing their life savings; one retired soldier, Mr. Fox, committed suicide after realizing his investment was gone. The repercussions extended to organizations like Innocent Project, a justice organization that depended on funding from the JEHT Foundation, which was forced to curtail its activities.

The revelation of the Madoff scandal shortly after the broader financial crisis further eroded public trust in the financial system. As The Wall Street Journal noted, Madoff's actions exacerbated the "national crisis of confidence and distrust of the financial system" and resulted in "severe human cost," with some investors losing everything and at least one taking his own life. The case underscores the significant ethical issues and widespread distrust that can arise when a major figure in the financial sector perpetrates a large-scale fraud, facilitated by regulatory lapses. It serves as a stark reminder of the importance of robust regulatory oversight and ethical conduct within the financial industry to protect investors and maintain the stability of the global financial system.

With reference to the above case, answer all the following questions.

- a. Analyze the ethical breaches committed by Bernard Madoff and the impact of these breaches on investor trust.
(8 marks)
- b. Identify the key stakeholders affected by the Madoff scandal and explain the nature of the losses they suffered.
(8 marks)
- c. Discuss the failures of regulatory bodies, such as the Securities and Exchange Commission (SEC), in preventing or detecting the Madoff fraud.
(9 marks)

CASE STUDY 3

Hiring Principal Daughter

A primary school identifies the need for an education support officer to assist in the classroom two days a week. The principal's daughter is studying early childhood development and is looking for part-time work. The principal decides to employ his daughter without advertising the position or following the usual recruitment process. He does not declare his conflict of interest to anyone or seek approval from his regional director. He also does not inform the school council or the staff of his decision.

A staff member finds out that the principal's daughter is working at the school and raises a concern with the regional director. The regional director investigates the matter and finds that the principal has breached the conflict of interest policy and the recruitment guidelines. The regional director takes disciplinary action against the principal and instructs him to terminate his daughter's employment.

From the case above:

- a. Define conflict of interest and how conflict of interest can influence ethical decisions.
(5 marks)
- b. Explain the two ethical theories that can relate to the behaviour of conflict of interest.
(10 marks)
- c. In your opinion, what should the management do to handle conflicts of interest in their organization?
(10 marks)

CASE STUDY 4

Tenaga Nasional Berhad (TNB) and its Corporate Social Responsibility (CSR) Programs

Tenaga Nasional Berhad (TNB), Malaysia's leading electricity utility company, has long recognized its significant role in national development and its responsibility to stakeholders beyond just shareholders. TNB's corporate social responsibility (CSR) initiatives are deeply integrated into its business strategy, focusing on three key pillars: environmental, social, and governance (ESG).

The company's CSR programs are designed to address critical issues facing Malaysian society. In the social pillar, a notable initiative is the "Projek Baiti Jannati" and "Projek Mesra Rakyat" programs. These initiatives aim to provide or renovate homes for underprivileged families, including the B40 income group, single parents, senior citizens, and people with disabilities. TNB invests a portion of its profits into these projects, ensuring that vulnerable communities have access to safe and dignified living conditions with modern amenities like electricity and sanitation. The company partners with local authorities and government agencies to ensure effective implementation and reach the intended beneficiaries.

On the environmental front, TNB's CSR activities align with its broader commitment to sustainability and its goal of achieving Net Zero Emissions by 2050. The "My Brighter Green" program is a prime example, involving large-scale tree and mangrove planting initiatives to support biodiversity and absorb carbon dioxide. This effort demonstrates TNB's environmental stewardship and its contribution to combating climate change. Additionally, TNB's conservation efforts extend to protecting specific ecosystems, such as firefly colonies.

TNB also places a strong emphasis on education and community empowerment. Through programs like the "Pintar Programme" and scholarships for students from B40 and Orang Asli communities, TNB provides educational support to help underprivileged individuals achieve their academic and career goals. The company also supports sports development, such as its long-standing sponsorship of Malaysian hockey, fostering a healthy and active lifestyle among the youth.

By focusing on these diverse areas, TNB's CSR programs not only improve the lives of individuals but also contribute to the nation's sustainable development. The company's

efforts are guided by its commitment to integrity, accountability, and a "forward-thinking" culture, as outlined in its ethics and governance policies.

- a. Based on the case study, describe TNB's CSR activities and explain how each activity contributes to a better society.

(6 marks)

- b. Explain the key stakeholders impacted by TNB's CSR programs mentioned in the case study. How does TNB's engagement with these stakeholders demonstrate a commitment to creating shared value?

(9 marks)

- c. Using a relevant ethical theory, does TNB's approach align with the principles of this theory? Justify your answer with examples from the case study.

(10 marks)

END OF QUESTION PAPER