



UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
OCTOBER 2025 SEMESTER

COURSE CODE : EAB31303
COURSE TITLE : COPORATE ETHICS AND GOVERNANCE
PROGRAMME NAME : BACH ELOR OF BUSINESS ADMINISTRATION (HONS) IN
MANAGEMENT AND ENTREPRENEURSHIP
DATE : 03 FEBRUARY 2026
TIME : 2:00PM - 5:00PM
DURATION : 3 HOURS

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 consist of ONE sections.
4. Section A consist of five questions. Answer FOUR (4) questions only.
5. Please write your answer on the answer booklet provided.
6. Please answer all questions in English only.
7. Refer to the attached Formula/ Appendies. Tick if applicable

THERE ARE 11 PAGES OF QUESTIONS INCLUDING THIS PAGE

SECTION A (Total: 100 marks)

Answer FOUR (4) questions.

Please use the answer booklet provided.

Question 1**Case Study 1: The Overloaded Production Line**

Apex Manufacturing is a mid-sized company producing specialized components. Due to a recent large contract, the company's production targets have been significantly increased. To meet the deadline, the management has mandated mandatory overtime and accelerated the assembly line speed.

Several workers on the floor have expressed concerns to their immediate supervisor, Mr. Harrison. They've noted that the increased speed makes it difficult to follow standard safety protocols for machine operation and maintenance, specifically around the primary cutting machine, which requires two operators for safe material handling. The workers are rushing and sometimes bypass the safety interlocks on smaller machines to save a few seconds. Furthermore, the mandatory overtime has led to noticeable worker fatigue, increasing the risk of accidents.

Mr. Harrison relayed these concerns to the Production Manager, Ms. Davies, emphasizing the increased risk of serious injury. Ms. Davies, however, responded by stating, "The contract is worth millions. We're all under pressure. Tell them to be more careful. If they can't handle the pace, we'll find someone who can." The company's official safety policy clearly outlines the importance of reporting and addressing safety concerns without fear of reprisal, and it requires production speeds to be set at a level that does not compromise standard operating procedures.

Source adapted : Sun Hui and Wang Kefeng 2021 J. Phys.:
Conf. 10.1088/1742-6596/1972/1/012113

- (a) Discuss the core ethical principles being violated and the employer's primary safety responsibilities being neglected.

(10 marks)

- (b) If you were the Safety Officer for Apex Manufacturing, what three (3) immediate and three (3) long-term steps would you recommend to senior management to address both the current safety crisis and the ethical breach.

(10 marks)

- (c) Explain why it is important for organizations to have a clear and secure internal reporting or whistleblowing system for safety violations.

(5 marks)

Question 2

Case 2: Malaysia's Corruption and Unity Crisis

Malaysia has long faced the twin challenges of racial polarization and systemic corruption, both of which were exacerbated by the COVID-19 pandemic. In 2020, political instability—characterized by power struggles and attempts to shift parliamentary majorities—deepened the "trust deficit" between the public and the authorities. This period saw a significant spike in public dissatisfaction; according to EMIR Research, 62% of respondents expressed concern over the "moral problems among political leaders," a sharp increase from 49% in the previous quarter. This erosion of trust was catalyzed by events like the Sabah state election, which served as a superspreading event for the virus, highlighting a perceived disconnect between political ambition and public safety.

Cross-Racial Consensus on Anti-Corruption

Despite consistent demographic divides regarding living conditions and socioeconomic direction, governance remains a rare point of national unity. EMIR Research's 4Q 2020 poll revealed that while Malays, Chinese, and Indians often differ in their outlook on the country's trajectory, they are overwhelmingly united in the fight against graft. Specifically, 78% of respondents agreed on the necessity of fighting corruption within enforcement agencies, while only 5% disagreed. This suggests that anti-corruption initiatives have the unique potential to transcend traditional racial and geographical divides, serving as a foundational pillar for national reconciliation.

International Standing and Economic Implications

Malaysia's struggle with integrity is reflected in its declining international standing. In Transparency International's 2020 Corruption Perception Index (CPI), Malaysia's score dropped from 53 to 51, causing its global rank to fall from 51st to 57th. In contrast, neighboring Singapore maintained a high score of 85, ranking 3rd globally. This decline is attributed to institutional weaknesses, the abuse of power, and controversial legal outcomes for high-profile figures. The data suggests a direct correlation between corruption levels and economic prosperity, warning that failing to address these "late-stage" issues could prevent Malaysia from achieving its goal of becoming a high-income, high-tech nation.

The Path Toward Institutional Reformation

The framework for recovery already exists within the National Anti-Corruption Plan (NACP), which targets six high-risk areas: political governance, public sector administration, public procurement, corporate governance, law enforcement, and the judiciary. Emerging visions like "Malaysia 5.0" further aim to integrate human reformation with technological transparency. However, the study concludes that the primary obstacle is not a lack of strategy, but a lack of collective political will. For Malaysia to recover, leaders must empower independent media as a "Fourth Estate" and implement structural reforms that separate powers and ensure transparent governance.

Sources adapted: Ameen Kamal February 3, 2021 18:11 MYT; Astro Awani

- (a) According to the article, there was a significant increase in public perception regarding "moral problems among political leaders." Discuss how a "trust-deficit" between leaders and the public can impact the ethical climate of a nation's corporate sector.

(8 marks)

- (b) Analyse how weaknesses in corporate governance and public sector governance contribute to Malaysia's declining performance in the Corruption Perception Index (CPI).

(8 marks)

- (c) Propose a holistic ethical leadership model that Malaysian leaders should adopt to rebuild public trust.

(9 marks)

Question 3

Case Study: The 2022 Malaysian Delivery Workers' Strike

In January 2022, the Malaysian gig economy was shaken when a significant number of food and goods delivery riders initiated a strike to protest deteriorating working conditions. The primary catalyst for this industrial action was a series of unilateral changes made by major platform operating companies regarding their fare structures and incentive schemes. Workers argued that the reduction in base delivery rates, coupled with the introduction of more complex and difficult-to-achieve incentive targets, effectively resulted in a "pay cut" despite the rising costs of living and fuel. This tension highlighted a growing disconnect between the algorithms used by platforms to maximize efficiency and the human reality of riders navigating traffic and weather to maintain their livelihoods.

The strike's financial impact was stark, with some riders reporting a staggering loss of income estimated at RM5,000 per month during the period of inactivity. This figure is particularly significant as it suggests that the most vocal protesters were "power users"—full-time workers who treated gig work as their primary source of income rather than a side hustle. Such a high loss underscores the extreme financial dependency these workers have on digital platforms. Unlike traditional employment, where a strike might involve a union-backed strike fund, these gig workers faced a total cessation of earnings with no safety net, illustrating the "all-or-nothing" nature of the gig economy's daily wage system.

Beyond the immediate loss of earnings, the 2022 strike exposed deep-seated systemic vulnerabilities within Malaysia's labor framework regarding worker classification. Because these riders are legally classified as "independent contractors" or "partners" rather than "employees," they are excluded from the protections of the Employment Act 1955, such as minimum wage guarantees, overtime pay, and statutory contributions to the Employees' Provident Fund (EPF) and SOCSO. The strike served as a desperate "collective voice" in an industry where formal collective bargaining is largely absent. It ultimately pressured the government and regulatory bodies to reconsider the legal status of gig workers, sparking a national debate on the need for a Gig Workers Commission to ensure long-term welfare and fair compensation.

Source

adapted: <https://www.utusan.com.my/terkini/2022/01/pekerja-penghantaran-lancar-mogok-hilang-rm5000-sebulan/>

- (a) Identify the primary stakeholders affected by the platform companies' decision to reduce delivery rates. Discuss the ethical obligations these companies have toward their delivery riders, even though they are legally classified as "independent contractors" rather than employees.

(8 marks)

- (b) Evaluate the decision of the platform companies to reduce base delivery rates and change incentive structures using the Utilitarian and Deontological ethical frameworks. Which framework do you believe better explains the company's actions, and which better protects the workers?

(10 marks)

The case mentions a "power imbalance" and a lack of collective bargaining. Explain how the concept of Distributive Justice applies to this case. Suggest two (2) ethical practices the platform companies could implement to ensure a fairer distribution of wealth between the corporation and its riders.

(7 marks)

Question 4

Case Study: The Kuroshio Current and Japan's Marine Crisis

A major shift in the Kuroshio Current—one of the planet's most powerful ocean systems—has resulted in a “large meander” that has persisted for nearly eight years. This anomaly has driven unprecedented sea level fluctuations and intense marine heatwaves. Along Japan's Pacific coast, sea levels are rising by almost an inch per year in some locations while falling in others. These irregular patterns stem from changes in wind circulation and expanding tropical currents, both linked to global climate change.

For Japan's fishing industry, environmental instability has devastated traditional catch species such as squid and Pacific saury fish, which are migrating toward cooler, more inaccessible waters. This shift presents a pressing ethical challenge for corporations and cooperatives: how to sustain economic viability and safeguard food security when the ecological and geographical foundations of their industry are being transformed by human-driven climate change.

From a governance standpoint, the crisis underscores the inadequacy of conventional management systems when faced with non-linear climate risks. Although the Japan Fisheries Agency has attributed the declining fish stocks to climate change, the poleward migration of marine species has pushed them beyond Japan's Exclusive Economic Zone (EEZ) into the high seas. There, they become vulnerable to over-exploitation by international fleets operating under weaker regulations.

This situation exposes a regulatory gap in which Japanese firms, bound by strict sustainability standards, lose access to their primary resources while others profit in a largely unregulated global commons. Ethical governance, therefore, requires corporate leaders to transcend short-term economic objectives and champion international cooperative frameworks. Such efforts would treat these migratory “climate refugees” (fish stocks) as shared global assets rather than resources to be exploited on a first-come, first-served basis.

The unfolding situation off Japan's coast serves as a global warning about the intersection of “peak glacier extinction,” oceanic instability, and economic vulnerability. Corporate entities in affected regions now face a moral choice between “extractive persistence”—depleting remaining local stocks for temporary gains—and “regenerative adaptation.” The latter path calls for investments in resilient coastal infrastructure, diversification of income sources, and retraining programs to help fishing communities transition to sustainable livelihoods beyond wild-catch fisheries. Ultimately, environmental ethics in the 21st century is no longer just about reducing a carbon footprint; it is about the corporate responsibility to lead community transition and protect human livelihoods in an era where the “normal” climate has been permanently lost.

Source adapted: <https://edition.cnn.com/2025/12/17/climate/japan-sea-level-fishing-impact>

- (a) Identify two primary stakeholders affected by this shift. and discuss the ethical conflict that arises when domestic fishing companies.
- (8 marks)
- (b) Recent Japanese legal perspectives suggest that climate change is now a "material risk" that directors cannot ignore. Explain how a board of directors' fail to implement a climate adaptation strategy in response to rising sea levels.
- (7 marks)
- (c) Evaluate the ethical dilemma faced by a Japanese fishing cooperative: In your opinion, should they invest remaining capital in Mitigation carbon-neutral vessels or adaptation, building new inland aquaculture facilities?
- (10 marks)

Question 5**Case Study: The Crisis of Long-Term Financial Sustainability and Institutional Responsibility**

The rising cost of living and medical inflation in Malaysia have created a systemic risk where a significant portion of the workforce only 44% of whom feel prepared for retirement, faces potential financial insolvency in their later years. This case study examines the intersection of individual financial literacy and the ethical obligations of corporate and national institutions. As experts advocate for retirement savings rates of 20% to 25% and diversification beyond the Employees Provident Fund (EPF), the gap between current savings behaviors and future economic realities poses a challenge to the "Social" pillar of Environmental, Social, and Governance (ESG) frameworks within the corporate sector.

From a governance perspective, the over-reliance on mandatory statutory contributions like the EPF highlights a potential failure in institutional risk communication. While the EPF provides a safety net, it is no longer sufficient to combat rapid medical inflation and longer life expectancies. Boards of directors and management teams must consider whether their responsibility to employees ends at statutory compliance or if ethical governance dictates a more proactive role in employee financial wellness. Failure to address this could lead to a "silver tsunami" of elderly poverty, which creates broader socio-economic instability and impacts a firm's long-term operational environment.

Ethically, the situation raises questions regarding "Informed Consent" and "Duty of Care" in the employer-employee relationship. If corporations are aware that current wage structures and benefit packages are insufficient for long-term survival post-employment, is there an ethical mandate to integrate financial education into corporate culture? Financial literacy is not merely a personal choice but a systemic necessity. A governance framework that ignores the post-retirement viability of its workforce may be viewed as prioritizing short-term labor exploitation over long-term human capital sustainability.

Ultimately, investment managers and financial advisers serve as key "gatekeepers" of public trust. However, declining confidence in long-term financial planning poses a significant challenge. From an ethical standpoint, financial institutions must emphasize transparency and capital preservation rather than pursuing high-risk growth that could endanger a client's secure retirement. Therefore, effective governance within the financial sector should ensure that the advice offered—whether to individuals in their 30s or 50s—is free from conflicts of interest and upholds the fiduciary duty to protect retirees from market instability.

Source adapted
: <https://www.thestar.com.my/news/nation/2025/12/18/start-planning-for-early-for-a-comfortable-retirement#openShareModal>

- (a) Explain how the "Social" component of ESG (Environmental, Social, and Governance) relates to a corporation's duty to support employees' retirement preparedness and why the board of directors should view this responsibility as more than just a matter of legal compliance.

(8 marks)

- (b) From a governance perspective, to what extent should a firm be held accountable for the long-term financial survival of its employees? Discuss.

(10 marks)

- (c) From your opinion, what specific governance mechanisms should be in place to ensure that "capital preservation" for those in their 50s is prioritized over high-commission, high-risk products?

(7 marks)

END OF EXAMINATION PAPER