



SCHOOL OF LIBERAL ARTS

FINAL EXAMINATION

Student ID (in Figures) : [grid of 14 empty boxes]

Student ID (in Words) : _____

Subject Code & Name : BCS3301 Contemporary Ethics and Corporate Citizenship
Semester & Year : January – April 2016
Lecturer/Examiner : Ms. Siti Intan Nurdiana Wong bt Abdullah
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

- 1. This question paper consists of 2 parts: PART A (60 marks) : FOUR (4) structure-type questions. Answer ALL questions. Answers are to be written in the Answer Booklet provided. PART B (40 marks) : TWO (2) scenario questions. Answer ALL questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College of Hospitality regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College of Hospitality.

Total Number of pages = 6 (Including the cover page)

PART A : STRUCTURE-TYPE QUESTIONS (60 MARKS)

INSTRUCTION(S) : **FOUR (4)** structure-type questions. Answer ALL questions. Answers are to be written in the Answer Booklet provided.

1. Explain the principles of utilitarianism, universalism and social justice ethical theories.

(15 marks)

2. You have been hired as an Ethics Officer for Gop Inc., a garment manufacturing company. One of your main duties is to develop the code of ethics for Gop Inc.'s suppliers. As a condition of doing business with Gop Inc., each and every supplier must comply with the code of ethics. Construct and write **FIVE (5)** main principles of the Code of Supplier Conduct for Gop Inc.

(15 marks)

3. Differentiate between tort law and contract law perspectives in terms of product safety. List and describe **FIVE (5)** product safety principles that can be practised by a company.

(15 marks)

4. Discuss **THREE (3)** ethical issues arising in a Human Resource (HR) department in the hotel industry. Provide suitable examples to support your answer.

(15 marks)

END OF PART A

PART B : SCENARIO-BASED QUESTIONS (40 MARKS)

INSTRUCTION(S) : Read the **TWO (2)** scenarios below. Answer **ALL** questions. Answers are to be written in the Answer Booklet provided.

Scenario 1: Rainbow Hotel

Rainbow Hotel is a public listed company which was recently facing a lot of negative publicity. A group of shareholders have expressed their concern in the media and seemed to blame Rainbow Hotel's chairman, Mr. Laki. Although the hotel's management had made a number of poor strategic decisions that brought the company down, the shareholders blamed Mr. Laki for failing to hold the senior management members responsible. In particular, they were upset that Mr. Laki did not challenge the hotel's chief executive officer (CEO), Ms. Girly Lee who was regarded as arrogant and an autocratic. Rumors were that Mr. Laki was afraid of Ms. Girly.

Some of the shareholders wrote a letter to Mr. Laki last year demanding that he hold Ms. Girly responsible for a number of poor strategic decisions. They also asked him to explain why these problems were not highlighted to them during the annual meeting held earlier this year. Being the chairman of the hotel, they felt that Mr. Laki was supposed to scrutinise the CEO's performance on their behalf. In particular, the shareholders even asked if Mr. Laki could remove Ms. Girly from the position due to her incompetence. Mr. Laki replied that while he understood their concerns, it was legally difficult to remove a chief executive officer.

The shareholders believed that Ms. Girly may have performed better in her role had her reward package been better designed in the first place. Previously, there was a remuneration committee at Rainbow Hotel but when 2 of its 4 non-executive members left the company, there were no replacement and so the committee slowly collapsed, leaving the final decision in Mr. Laki's hands as the chairman. Due to this, Ms. Girly was able to propose her own remuneration package and Mr. Laki could not refuse her then. She massively increased her proportion of the basic salary, rewarded herself a new company car and a new condominium. Some shareholders regarded the car and the condominium as excessively expensive and unjustified. In addition, suspecting that the company's performance might deteriorate this year, she immediately sold all of her shares in Rainbow Hotel. It was noted that Ms. Girly would spend long periods of time travelling away on the pretext of company business whilst other senior management members struggled with the hotel's operational issues.

a. Define 'corporate governance'.

(4 marks)

b. Assess Mr. Laki's performance as the Chairman for Rainbow Hotel.

(6 marks)

c. Do you agree that Ms. Girly's compensation package is justified? Why or why not?

(4 marks)

d. Suggest **THREE (3)** methods to develop effective corporate governance in Rainbow Hotel.

(6 marks)

(Total: 20 marks)

Scenario 2: Entrapment

After graduating, Jack worked for a private investigation agency called XYZ Sdn. Bhd. Their clients are mainly large corporations and insurance companies. Most of the work that Jack does involves going for undercover operations, mobile surveillance and background searches to determine the whereabouts of manufacturers that produce counterfeit merchandise.

Jack's job requires that he lie every day. Each task Jack handles requires some sort of a deception. Recently, he has become very conscious of the fact that he has to lie frequently in order to obtain concrete evidence for clients. To assist in the investigation, he has to be a very good 'actor'. Working for an investigation agency engages him in different tasks that vary on a day-to-day basis. He chose to work for XYZ because it is not a routine desk job and he loves challenging tasks. But to continue working for the agency means he will constantly need to develop new untruthful stories in order to collect information. The longer he decides to stay at XYZ, the more involved he gets. He is contemplating to leave XYZ but due to a recent economic downturn, he would have difficulty finding another job.

Last month, a client, Mr. Rajoo was hit by a truck in an accident. Because of the accident, Mr. Rajoo refused to involve in any strenuous activity and he filed for disability compensation from AAA Insurance. However, AAA Insurance felt that Mr. Rajoo's injury was not so serious as to be claimed as a 'disabled person' and hired XYZ Sdn. Bhd. to look into this matter. Jack was assigned to obtain evidence for AAA Insurance against Mr. Rajoo's claim. In order for AAA Insurance to reject Mr. Rajoo's claim, Jack's supervisor instructed him to fake a flat tire and seek for Mr. Rajoo's assistance. The whole incident of Mr. Rajoo helping him to change the flat tire would be recorded and given to AAA Insurance as evidence to reject Mr. Rajoo's claim.

Although Jack did not feel comfortable with this act, his supervisor assured him that it was not a trap and it was not against any law. His supervisor even told him that it was a standard 'industry practice'. He was told, "*Do you think every business does its work and makes profits in a purely ethical way? I don't know what they taught you in college, but this is the real world!*" It was either Jack performs the tasks as instructed or ends up jobless.

(Source: Weiss, J., Business Ethics, 2005)

- a. Assuming you are in Jack's position, explain what you would do next. Give **TWO (2)** reasons to support your answer.

(6 marks)

- b. Jack's supervisor commented, "*Do you think every business does its work and makes profits in a purely ethical way? I don't know what they taught you in college, but this is the real world!*" Do you agree or disagree with this comment? Justify your answer using **ONE (1)** relevant ethical theory.

(8 marks)

- c. Describe **TWO (2)** methods that XYZ Sdn. Bhd. can use to encourage a more ethical culture among its employees.

(6 marks)

(Total: 20 marks)

END OF EXAM PAPER