

FINAL
Examination Paper

(COVER PAGE)

Session : APRIL 2019

Programme : Diploma in Business (DIB)

Course : LAW2103: Business Ethics

Date of Examination : 2 August 2019, (Friday)

Time : 5:00pm – 7:00pm Reading Time : Nil

Duration : 2 Hours

Special Instructions :

SECTION A: Answer any **THREE (3)** questions.

SECTION B: Answer any **ONE (1)** question.

Materials permitted : Nil

Materials provided : Nil

Examiner(s) : Vasudevan Arumugam, Yee Aik Phoay, Gary Solibun and
Nurnazida

Moderator : Dr Chan Wai Meng

This paper consists of 5 printed pages, including the cover page

DIPLOMA IN BUSINESS PROGRAMME (DIB)
LAW 2103: BUSINESS ETHICS
FINAL EXAMINATION: APRIL 2019 SESSION

Instruction: This paper consists of **SIX (6)** questions. Answer any **THREE (3)** questions in **SECTION A** and **ONE (1)** question in **SECTION B** in the answer booklet provided.

SECTION A: Answer any **THREE (3)** questions in the answer booklet provided. **(75 marks)**

Question 1

- a) Describe the utilitarian theory of ethics described by Mill and Bentham.
(5 marks)
- b) Elaborate how utilitarian principles can be applied in moral decision making.
(10 marks)
- c) Identify and explain **FIVE (5)** benefits of business ethics.
(10 marks)

Question 2

- a) Define the concept of 'Caveat emptor'.
(5 marks)
- b) Describe the implication of **TWO (2)** key cases in setting the doctrine of strict product liability.
(20 marks)

Question 3

- a) Elaborate **THREE (3)** Nozick's Entitlement Theory.
(15 marks)
- b) Describe **FIVE (5)** criticism of Libertarian View – Nozick Entitlement Theory.
(10 marks)

Question 4

- a) Describe the **FOUR (4)** deception and unfairness that arises from false advertisement. Provide suitable examples to support your answers.

(16 marks)

- b) Explain **THREE (3)** responsibilities of the business when it comes to ethical consideration of product safety. Provide suitable examples to support your answers.

(9 marks)

SECTION B: (25 marks)

Instruction: Answer any **ONE (1)** question in the answer booklet provided.

Question 5

Your classmate, Alex was the key project manager of XYZ Bhd. charged with responsibility to submit the working paper and tender for a project under the Ministry of Transport. Although Alex was not a stock market player, he has always followed the price trend of XYZ Bhd's price in the Malaysia stock market. Alex had received some internal information that the Ministry of Transport would be announcing the successful bid from his company to secure this project. He shared this information with you on a friend to friend basis. You however decide to inform your broker to buy 500,000 shares of XYZ Bhd. in anticipation of a big surge of the share price based on the successful bid announcement. Following the announcement, the share price shot up by more the 40% making you an overnight millionaire based on the private information shared by your classmate.

Required:

- a) With reference to the above-mentioned scenario, discuss the concept of Insider Trading.
(10 marks)

- b) Discuss whether your actions constitute to an act of Insider Trading.
(10 marks)

- c) Analyse the critics and defenders of Insider Trading.
(5 marks)

Question 6

Following recent building works at a factory, the factory grounds require landscaping work. The management engages Ah Boo, a local landscape gardener. The management is really pleased with the work and they retain Ah Boo to regularly maintain the garden and grounds. The Human Resource Director is carrying out work on her home property and would like to engage Ah Boo to design and maintain her garden on a free of charge basis as she was very responsible to select Ah Boo for the factory contract. Ah Boo decided to repay this favour to the Human Resource Manager.

Required:

- a) Describe the potential conflict of interest in terms of gratification that could arise from the scenario above.

(5 marks)

- b) Elaborate **TWO (2)** applicable Acts within Malaysian legal framework on conflict of interest related to gratification.

(10 marks)

- c) If you were Ah Boo, identify and explain **FIVE (5)** course of action that you would take.

(10 marks)

~ The End ~

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