

CONFIDENTIAL

DECEMBER 2025/SET B/CGE4023



FINAL EXAMINATION

**BACHELOR OF CORPORATE ADMINISTRATION (HONOURS)
BACHELOR OF ACCOUNTANCY (HONOURS)**

COURSE : RISK GOVERNANCE

COURSE CODE : CGE4023

DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **THREE (3)** questions.
2. Answer **ALL** questions in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of:
 - i. The Question Paper
 - ii. An Answer Booklet
4. Do not bring any material into the examination hall.
5. Please write your answer using permanent ink.

MYKAD/ PASSPORT NO. : _____
ID. NO. : _____
LECTURER : _____
SECTION : _____

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This question paper consists of 5 printed pages including the front page

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QUESTION 1

Toyota Motor Thailand (TMT) is a key pillar of the ASEAN automotive industry and one of Thailand's largest vehicle producers and exporters. The company operates major manufacturing and supplier facilities in industrial estates such as Ayutthaya and Pathum Thani, which are located in low-lying flood-prone areas. Thailand has experienced recurring monsoon floods for decades, but the frequency and severity of flooding increased between 2022 and 2024, consistent with climate change trends and rapid urbanisation that has strained drainage infrastructure (World Bank, 2021; Asian Development Bank, 2022).

During these flood events, rising water levels disrupted Toyota's production operations by damaging machinery, interrupting electricity supply, and limiting access to transportation networks. Temporary plant shutdowns led to production delays, higher repair and recovery costs, and challenges in meeting export commitments. These impacts were magnified by disruptions among Tier 1 and Tier 2 suppliers clustered in the same regions, resulting in shortages of critical components. Toyota's reliance on just-in-time (JIT) inventory systems, while efficient under stable conditions, increased vulnerability, as even short-term interruptions caused cascading shutdowns across the supply chain (Sheffi, 2015; Natarajarathinam et al., 2009).

Despite Toyota's global reputation for operational excellence, the repeated flood incidents revealed structural weaknesses in flood preparedness and coordination within Thailand's automotive ecosystem. Limited cross-functional communication, insufficient engagement with local authorities and logistics partners, and an over-concentration of suppliers heightened exposure to environmental risk. The experience compelled Toyota Motor Thailand to reassess its approach to enterprise risk management, infrastructure resilience, and business continuity planning. This case illustrates how environmental and climate-related risks, if not systematically managed, can escalate into major operational and financial challenges, reinforcing the need for long-term adaptation strategies and integrated risk management practices in flood-prone industrial zones (ISO, 2018; OECD, 2023).

Required:

- a. Determine **FIVE (5)** effective communication and stakeholder consultation could have reduced Toyota Motor Thailand's flood-related disruptions. (10 marks)
- b. Identify the scope, context and criteria that Toyota Motor Thailand should consider when evaluating flood risks. (9 marks)
- c. Demonstrate risk assessments process for flood-related risks that Toyota Motor Thailand should conduct. (9 marks)

- d. Analyze the effectiveness of Toyota Motor Thailand's in the following managing flood incidents:
- i. Risk treatment
 - ii. Monitoring
 - iii. Review

(12 marks)

(Total: 40 marks)

QUESTION 2

Samsung Electronics Vietnam is a strategic manufacturing base within Samsung's global value chain and one of the largest contributors to Vietnam's export economy. The company operates major production complexes in Bac Ninh and Thai Nguyen, supplying smartphones and electronic components to international markets. Vietnam's attractiveness as a manufacturing hub is driven by cost efficiency, skilled labour, and favourable trade agreements. However, heavy reliance on geographically concentrated facilities and suppliers has increased Samsung's exposure to operational and supply chain risks (OECD, 2023).

During the COVID-19 pandemic (2020–2022) and the subsequent global semiconductor shortage, Samsung Electronics Vietnam experienced significant operational disruptions. Government-imposed lockdowns restricted worker mobility, while border controls and logistics congestion delayed inbound raw materials and outbound finished goods. These disruptions triggered cascading risks, including production slowdowns, increased operating costs, and revenue volatility. Studies on global supply chains highlight that firms with highly integrated and lean systems are particularly vulnerable to such systemic shocks (Sheffi, 2015; Natarajarathinam et al., 2009).

The situation exposed the limitations of relying solely on historical data and efficiency-driven models in risk analysis. Quantitative assessments underestimated the likelihood and impact of extreme events, while simplified assumptions failed to capture interacting and compound risks. As a result, Samsung was required to supplement quantitative risk analysis with expert judgment and scenario-based analysis, reassess its risk appetite, and strengthen governance over model risk. This case illustrates how modern risk analysis must integrate quantitative and subjective approaches to manage complex, interconnected risks effectively in a volatile global environment (ISO, 2018; Aven, 2016).

Required:

- a. Illustrate **FOUR (4)** advantages if Samsung Electronics Vietnam successfully managing its risk appetite. (10 marks)
- b. Analyze the quantitative and subjective risk analysis that could Samsung Electronics Vietnam apply to assess supply chain disruption risks. (10 marks)
- c. Identify **TWO (2)** interactions and model risk that Samsung Electronics Vietnam's may encounter during the disruption period. (10 marks)

(Total: 30 marks)

QUESTION 3

Manufacturing industries in ASEAN countries such as Malaysia, Vietnam, Thailand, and Indonesia play a crucial role in global supply chains, particularly in electronics, automotive, and commodity-based industries. However, recent global disruptions caused by the COVID-19 pandemic, geopolitical tensions, and rising interest rates have exposed significant operational and financial risks within the region. Factory shutdowns, delays in logistics, and shortages of raw materials led to reduced production capacity, increased operating costs, and unstable cash flows. These challenges heightened exposure to financial risks such as liquidity risk, market risk from exchange rate volatility, and credit risk due to delayed customer payments (World Bank, 2021).

To address these challenges, ASEAN manufacturing firms adopted various risk treatment strategies aligned with Enterprise Risk Management (ERM) principles. Risk reduction measures included diversifying suppliers across multiple ASEAN countries, improving operational processes through automation, and conducting scenario planning to anticipate future disruptions. Risk transfer strategies were implemented through trade credit insurance, outsourcing logistics to third-party providers, and hedging foreign exchange exposure using financial derivatives. In some cases, firms chose risk acceptance for minor disruptions where the cost of mitigation exceeded the potential losses. While these treatments reduced exposure to major risks, they also introduced unintended consequences such as higher compliance costs and increased operational complexity (ISO 31000:2018).

Financial flexibility played a critical role in strengthening the resilience of ASEAN firms during periods of uncertainty. Companies with adequate cash reserves, access to credit lines, and strategic use of debt were better able to manage short-term liquidity pressures and continue operations despite disruptions. Financial flexibility allowed firms to absorb shocks, maintain business continuity, and invest in recovery opportunities as market conditions improved. Overall, the integration of financial flexibility with coordinated risk treatment strategies helped ASEAN manufacturing firms stabilize their risk profiles and enhance long-term sustainability in a volatile global environment (COSO, 2017; ASEAN Secretariat, 2022).

Required:

- a. Identify **FIVE (5)** interrelationships between operational risks and financial risks faced by ASEAN manufacturing firms.
(10 marks)
- b. Determine **FOUR (4)** risk treatment strategies applied by ASEAN firms to influence their risk profile.
(10 marks)
- c. Analyze **FIVE (5)** roles of financial flexibility in supporting and evaluating risk treatment decisions made by ASEAN manufacturing firms during supply chain disruptions.
(10 marks)

(Total: 30 marks)

(TOTAL: 100 MARKS)

END OF QUESTION PAPER

