

**FINAL EXAMINATION**

**BACHELOR OF BUSINESS ADMINISTRATION (HONOURS)
BACHELOR OF BUSINESS ADMINISTRATION (HONOURS) HUMAN
RESOURCE MANAGEMENT**

COURSE : RISK MANAGEMENT

COURSE CODE : MGT4353

DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **TWO (2)** parts : PART A (2 questions)
: PART B (3 questions)
2. Answer **ALL** questions from PART A and PART B.
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 : _____

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

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

PART A: LONG STRUCTURED

Instruction: Answer ALL questions.

1. Top Glove Corporation Berhad, one of the world's largest glove manufacturers, has recently expanded its production capacity to meet global demand. However, the company is now facing frequent production delays, rising operational costs, and inconsistent decision-making across its factories. Employees demonstrate differing attitudes toward risk, and there is no formal system to identify, assess, or respond to risks such as raw material shortages, machine breakdowns, and labor constraints. In addition, weak communication between departments has resulted in slow responses to operational disruptions.

As a risk management consultant, assess **FIVE (5)** the company's weaknesses in the current system that contribute to the problems and recommend improvements based on the second layer of COSO ERM Cube. Support your answer with an appropriate example of each.

(20 marks)

2. Petronas Chemicals Group Berhad operates a large chemical processing plant in Malaysia. Recently, the company experienced a near-miss incident where a pressure valve malfunctioned, causing a temporary shutdown of part of the plant. Although no injuries occurred, the incident raised concerns about potential safety hazards, equipment reliability, and operational risks.

According to the case study, apply the HAZOP and FMEA techniques to identify and assess risks related to the pressure valve near-miss incident. Show how these methods help to reduce risks, improve safety and enhance operational efficiency.

(15 marks)

(TOTAL: 35 MARKS)

PART B: LONG ESSAY

Instruction: Answer ALL questions.

1. The Selangor Water Crisis is a recurring environmental and operational issue in Malaysia, primarily caused by river pollution in the Sungai Selangor basin, which supplies treated water to millions of consumers in the Klang Valley. Rapid industrialisation, urban expansion, and inadequate pollution control have increased pressure on this critical water resource, leading to frequent disruptions in water supply services. In 2020 and 2021, contamination incidents in Sungai Selangor resulted in the temporary shutdown of several water treatment plants operated by Air Selangor, including facilities at Rantau Panjang and Sungai Selangor Phase 1, 2, and 3, affecting households, businesses, and essential services across major urban areas.

The main causes of these disruptions are linked to illegal industrial discharge, improper chemical waste management, and suspected illegal dumping activities upstream of the river. These pollution sources highlight weaknesses in environmental monitoring and enforcement, particularly in detecting contamination early before it reaches critical levels. As a result, authorities often respond reactively by shutting down treatment plants once pollution thresholds are exceeded, rather than preventing contamination at the source.

The impacts of these incidents are significant, affecting public health, economic activities, and operational stability. Millions of residents experienced water shortages, while businesses such as food services, healthcare facilities, and manufacturing sectors faced operational interruptions and financial losses. Although immediate shutdowns of treatment plants are necessary to protect public health, they also reveal the vulnerability of the water supply system to external environmental risks.

In response, authorities and water operators have introduced measures such as real-time water quality monitoring systems, improved enforcement of environmental regulations, and enhanced inter-agency coordination. However, the Selangor Water Crisis demonstrates the need for a more proactive and integrated risk management approach involving industries, regulators, and water operators to prevent pollution at its source and ensure long-term water security.

(Air Selangor, 2021)

Based on the case study, assess how Selangor water disruption risks can be identified, assessed, and managed using the principles of risk management. Additionally, propose appropriate risk control strategies and explain how they improve service reliability and public safety.

(20 marks)

2. Press Metal Aluminium Holdings Berhad is one of Malaysia's leading aluminium producers, operating major manufacturing facilities in Sarawak. Due to strong global demand, the company often runs under tight production schedules with strict daily output targets. Although safety policies are in place in line with the Department of Occupational Safety and Health (DOSH) Malaysia, their enforcement at the operational level has not always been consistent.

In June 2023, a serious accident occurred at one of the company's extrusion plants involving a 32-year-old machine operator. The worker was operating a hydraulic press when he noticed that the machine's safety guard was malfunctioning. Despite the issue being reported earlier, repairs had been delayed to avoid production downtime. To continue working and meet targets, the operator bypassed the faulty safety guard, a practice that had become common among workers.

While adjusting a misaligned aluminium piece inside the press, the machine suddenly activated and trapped the worker's hand, causing severe crushing injuries and partial amputation. The incident led to immediate medical emergency response and temporary shutdown of the production line. It also resulted in significant emotional and financial consequences for the worker and operational disruptions for the company.

An investigation conducted with involvement from the Department of Occupational Safety and Health (DOSH) Malaysia revealed multiple contributing factors, including defective equipment, lack of maintenance, unsafe work practices, inadequate training, and supervisory negligence. Production pressure was identified as a key underlying issue that encouraged workers to prioritize output over safety. Following the incident, the company implemented corrective measures such as repairing equipment, strengthening safety enforcement, and improving training and maintenance systems.

(Department of Occupational Safety and Health (DOSH) Malaysia, 2023)

Based on the workplace accident at Press Metal Aluminium Holdings Berhad, assess how the organisation could respond to the identified hazards using the 4T hazard responses and recommend ways to improve safety using the 4E strategy.

(25 marks)

3. In 2016, Samsung Electronics faced a major product safety crisis involving its flagship smartphone, the Samsung Galaxy Note 7. Reports emerged globally that some devices were overheating and catching fire due to battery defects. The issue quickly escalated into a global recall, affecting millions of units and raising serious safety concerns among consumers and regulators.

The defect posed serious safety risks to consumers, including burns, property damage, and airline safety concerns. As the manufacturer, Samsung faced potential legal liabilities, financial losses, and reputational damage. Samsung has shifted some financial responsibility to other parties. Through supplier contracts and indemnification agreements, some responsibility for the defective batteries was shifted to battery manufacturers. Besides, insurance policies helped cover part of the recall costs and compensation claims. Moreover, product warranties ensured that customers received replacements or refunds, transferring the financial burden of defects away from consumers. Despite these measures, Samsung still bore significant direct and indirect costs due to the scale of the failure.

Samsung recalled and discontinued the Galaxy Note 7, incurring billions of dollars in losses. The incident highlighted the importance of effective risk transfer strategies but also demonstrated that risk cannot be fully eliminated. Following the crisis, Samsung strengthened its quality control systems, supplier management, and safety testing procedures.

(Samsung Galaxy Note 7 Recall Report, 2016)

Based on the case study above, assess how risk transfer was applied by Samsung Electronics and its effectiveness in managing the financial consequences of the crisis.

(20 marks)

(TOTAL: 65 MARKS)
(TOTAL: 100 MARKS)

END OF QUESTION PAPER

