



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

CITY CAMPUS

MAIN EXAMINATION

AUGUST – DECEMBER 2015 TRIMESTER

FACULTY OF COMMERCE

MBA EVENING PROGRAMME

CMM 610: CORPORATE SOCIAL RESPONSIBILITY AND GOVERNANCE

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Date: DECEMBER 2015

Duration: 3 Hours

INSTRUCTIONS: Answer Question ONE and ANY OTHER TWO Questions.

FERRY CO

- Q1. a) Your firm has recently been approached by ferry Co to carry out a business risk analysis.

Three and a half years ago, Ferry purchased exclusive rights to operate a car and passenger Ferry route for nine years. This offers an alternative to driving an additional 150 kms via the nearest bridge crossing. There have been several ambitious plans to build another crossing but they have failed through lack of public support and government funds.

Ferry refurbished two 20 – year – old roll on roll off (“RO – RO”) boats to service the route. The boats do not yet meet the emission standards of environmental protection regulations which come into force in 18 months time.

Each boat makes three return crossings everyday of the year, subject to weather conditions and has the capacity to carry approximately 250 passengers and 40 vehicles. The ferry service carried just 70,000 vehicles over the last 12 months (prior year 58,000 and 47,000 two years ago)

Hot and cold refreshments and travel booking facilities are offered on the one hour crossing. These services are provided by independent businesses on franchise basis.

Ferry currently receives a subsidy from the local transport authority as an incentive to increase market awareness of the ferry services and its efficient and timely operation. The subsidy increases as the number of vehicles carried increases and is based on quarterly returns submitted to the authority.

Ferry employs 20 full time crew members who are trained in daily operations and customer services as well as a passenger safety in the event of personal accident collision or breakdown.

The management of Ferry is planning to apply for a recognized safety management certificate (SMC) in 12 month's time. This will require a ship auditing including the review of safety document and evidence that activities are performed in accordance with documented procedures. A SMC valid for five years will be issued if no major non-conformities have been found.

Required:

- i Identify and explain any FIVE risks facing Ferry Co which should be addressed.
 - ii Describe the process by which the risks identified in (i) above could be managed and maintained at an acceptance level. **(10 marks)**
 - b) Explain any FIVE key underpinning principles of corporate governance. **(10 marks)**
 - c) Discuss the dimensions of corporate social responsibility (CSR) giving appropriate examples in each case. **(10 marks)**
- Q2. a) There are several theories on which corporate governance is grounded. Explain any FIVE such theories. **(10 marks)**
- b) Briefly explore any FIVE complementary strategies governments can put in place to reduce corruption. **(5 marks)**
- Q3. a) Agency theory only considers the relationship between director and shareholders. It does not take into considerations stakeholders. For an international airport like JKIA identify the potential stakeholders and their possible interests. **(8 marks)**
- b) A nomination committee is a committee of the board of directors with the responsibility of identifying potential new members for the board of director

Suitable candidates are recommended to the board which then makes a decision to their appointments. Explain the duties of the members of the nomination committee. **(7 marks)**

- Q4. a) An audit committee is a subcommittee of the board which provides an independent oversight of the organization systems of internal controls and financial reporting process. In view of this statement; outline any FIVE general responsibilities of this committee. **(5 marks)**
- b) Discuss TWO ethical theories and THREE ethical approaches that help managers make ethical decisions and for each theory and approach give an example of its application in public services. **(10 marks)**

END