

The Co-operative University of Kenya

END OF SEMESTER EXAMINATION DECEMBER-2018

**EXAMINATION FOR THE DEGREE OF BACHELOR OF CO-OPERATIVE
COMMUNITY DEVELOPMENT**

UNIT CODE: COCC

UNIT TITLE: CORPORATE GOVERNANCE AND ETHICS

DATE: DECEMBER, 2018

TIME:

INSTRUCTIONS:

- Answer question **ONE (compulsory)** and any other **TWO** questions

QUESTION ONE

Mr. X aged 20 years (son of Mr. Q) is proposed to be appointed as an independent director on the Board of ABC Ltd. Listed company promoted by SUV Ltd. Mr. Q is an independent director on the Board of XYZ Ltd. Which is also a listed company? The matter has come up from a “Whistle blower” and the management of ABC Ltd. Has referred the matter to the ethics committee to evaluate the appointment. As the company secretary.

- (a) Prepare a note for the shareholder highlighting the responsibilities of a member of Board of Directors (5 marks)
- (b) Explain how a company can implement whistle blowing mechanism to protect “Whistle blowers” (5 marks)
- (c) Evaluate the appointment of Mr. X in light of possible conflicts of the listing agreement and advice the board (10 marks)
- (d) Explain FIVE functions of an ethics committee (10 marks)

QUESTION TWO

- (a) Identify and explain FIVE ethical issues that are inherent in any organization. For each, elucidate how they can be managed for the benefit of the organization (10 marks)
- (b) Several factors have converged over the last decade to shape the direction of the CSR field. Explain FIVE major developments in CSR lately (10 marks)

QUESTION THREE

- (a) The code of conduct of a company summarizes its philosophy of doing business. The exact details of this code are a matter of discretion, but there are some common principle sin drafting of the code in most of the companies. Explain FIVE these principles (10 marks)
- (b) “The rapidly growing global economy has created an expanding array of risks to be managed to ensure the viability and success of an enterprise. In view of this statement, explain FIVE principles that facilitate effective risk management (10 marks)

QUESTION FOUR

- (a) “Corporate Governance is about promoting corporate fairness, transparency and accountability” Based on the statement, explain FIVE real benefits of corporate governance to an organization (10 marks)

- (b) Identify and explain TWO major models which can be used to define ethical situations and help manage ethical dilemmas that may occur in the organization
(10 marks)

QUESTION FIVE

- (a) Identify any FOUR theories of business ethics and corporate governance. Discuss their applicability to corporate governance. Explain the corrective measures of the theory in managing corporate ethics
(20 marks)