

UNIVERSITY OF GREATER MANCHESTER
GREATER MANCHESTER BUSINESS SCHOOL
MSC ACCOUNTANCY AND FINANCIAL MANAGEMENT
SEMESTER ONE EXAMINATIONS 2025/2026
STRATEGIC BUSINESS LEADER
MODULE NO: ACC7530

Date: Monday 12th January 2026

Time: 2.00 – 5.00pm

INSTRUCTIONS TO CANDIDATES:

There are Four questions on this paper.

Answer All questions.

All questions carry equal marks.

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Case Study – NorthSeaLink Ferries (NSL)

NorthSeaLink Ferries (NSL) is a UK-based passenger and freight ferry operator serving routes between Britain, Ireland, and mainland Europe. Established in 1985, it once symbolised reliability, safety, and steady employment along the British coast. It operates 12 vessels and employs around 2,200 staff, including sailors, port staff, and head-office personnel in Dover.

During the last decade, NSL has faced significant turbulence. Increased competition from low-cost operators, environmental regulations, and the lingering effects of Brexit and COVID-19 have eroded profitability. The firm's traditional model of high staff retention, generous benefits, and fixed schedules has become difficult to sustain as fuel prices rise and freight customers demand cheaper, more flexible services.

Financial performance has declined sharply: revenues fell by 18% over three years, operating margins dropped from 12% to 4%, and debt now exceeds 60% of total capital. Two years ago, the company posted its first operating loss in decades. The share price has halved, and private equity investors—who acquired a majority stake five years ago—are pushing for rapid restructuring.

Strategic Pressures and Choices

The board is divided over strategy. The Chief Executive Officer, Martin Connors, argues for a “**cost-restructuring strategy**” that includes outsourcing catering, reducing crew sizes, and moving some vessels to “flags of convenience” jurisdictions to cut employment costs. The Chief Operating Officer supports investment in **greener hybrid vessels**, believing NSL can capture a new environmentally conscious customer base. The CFO is cautious, warning that the company cannot afford both cost reduction and green investment simultaneously.

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Case Study continued

Externally, NSL faces strong competition from budget ferry lines and Channel Tunnel freight services. Technological disruption is reshaping logistics, with digital freight platforms bypassing traditional brokers. Environmental groups are criticising NSL's ageing, diesel-heavy fleet, calling for greater transparency and emissions reporting. Regulators in the UK and EU are tightening sustainability and safety requirements for maritime operators.

Governance and Leadership

NSL's board consists of nine directors—six executives and three non-executives. Two non-executives are former shipping executives, and the third is a representative of the private equity owners. The Chair is also the CEO, a structure justified historically by "industry expertise," but now increasingly criticised by corporate governance advisers for undermining independence. The internal audit function is small and reports indirectly to the CFO rather than the audit committee. Risk management is fragmented, with no dedicated Chief Risk Officer. Health and safety incidents have increased by 25% in the last year, mainly due to staff shortages and fatigue.

When the company recently terminated 500 crew members via online briefing, replacing them with temporary contractors, the decision provoked national outrage. Politicians accused NSL of disregarding ethical standards, while unions called for boycotts. Customer trust plummeted, and several freight clients suspended contracts temporarily. Although the cost savings were significant, reputational damage has been severe.

In response, the board launched a new "**Cultural Renewal Programme**" aimed at rebuilding trust, improving safety, and promoting ethical leadership. However, implementation has been inconsistent across departments. Surveys show employees feel "disengaged and distrustful," and only 37% believe senior management acts in line with company values.

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Risk Environment

NSL's **strategic risks** include shrinking passenger numbers, environmental regulation, and the entry of agile digital competitors. **Operational risks** involve crew shortages, safety incidents, cyberattacks on booking systems, and maintenance failures. **Financial risks** arise from high gearing, volatile fuel costs, and potential regulatory fines. **Reputational risks** stem from the dismissals, social media backlash, and perceived unethical conduct.

The internal control system remains weak. Maintenance logs are incomplete; IT controls are outdated; and whistle-blowing procedures are rarely used. The internal audit team has limited resources to monitor operations across all routes. The audit committee meets quarterly but focuses mainly on financial reporting rather than risk oversight.

Culture, Ethics, and the Public Interest

For decades, NSL was regarded as a "family company" that cared for staff and communities. That image has been replaced by a perception of profit-driven, investor-led behaviour. Local councils near port towns complain that NSL no longer supports community projects. Environmental activists have begun campaigns urging consumers to choose greener competitors.

The CEO insists that short-term pain is necessary to secure long-term survival. He argues that automation and flexible crewing are "unavoidable realities." Others in the boardroom warn that the company's ethical reputation, brand equity, and stakeholder confidence are being eroded faster than costs can be saved.

Meanwhile, the Department for Transport has opened an inquiry into NSL's employment practices and compliance with maritime labour standards. Several MPs have publicly suggested withdrawing NSL's port access licences unless the company demonstrates improved governance and ethical standards.

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Case Study continued

As the inquiry approaches, the Chair-CEO faces mounting pressure from investors, regulators, unions, and the public to prove that NSL can recover both commercially and reputationally. The future of the company depends on whether it can rebuild trust, reform governance, and execute a coherent, sustainable strategy.

Question 1

Critically evaluate NSL's current strategic position and external environment, *discuss* the main strategic and operational risks facing the company, and *recommend* how NSL should balance cost efficiency with long-term sustainability.

(25 marks, including 5 marks for Analysis)

Question 2

Critically discuss the effectiveness of NSL's governance structure, including the dual Chair/CEO role and board composition. *Evaluate* how governance weaknesses have contributed to recent crises, and *recommend* reforms to strengthen oversight, accountability, and stakeholder trust.

(25 marks, including 5 marks for Scepticism)

Question 3

Evaluate the impact of NSL's recent actions on organisational culture and ethical reputation, *discuss* how culture influences risk behaviour and decision-making, and *recommend* measures to embed ethical leadership and rebuild an integrity-based culture.

(25 marks, including 5 marks for Communication)

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Question 4

Critically evaluate how weaknesses in risk management and internal control systems have affected NSL's strategic execution, *discuss* the interrelationship between governance, culture, and risk oversight, and *recommend* an integrated framework for strategic risk governance that supports long-term value creation.

(25 marks, including 5 marks for Evaluation)

END OF EXAM PAPER