



**PAN AFRICA CHRISTIAN UNIVERSITY
BACHELORS OF BUSINESS LEADERSHIP
END TERM EXAMINATION-ONLINE
DEPARTMENT: BUSINESS**

COURSE CODE: BUS 4013 CORPORATE GOVERNANCE

ANSWER FOUR QUESTIONS ONLY

{10 MARKS EACH}

SECTION A

QUESTION ONE { COMPULSORY}

{10 MARKS}

- a. Other than Inside and Outside directors, name **Two** types of directors in a Corporation
(2mks)
- b) Utamu Corporation Limited is a company with a very strong market presence. However, the company is being scrutinized after an anonymous whistle blower revealed to the public through the media that several board members without due diligence approved a high-value acquisition. This acquisition has led to great financial losses. In addition, the CEO is being accused of conflict of interest as the acquired company had indirect ties to his family. All these affected the confidence and trust of the stakeholders.
- i) Apart from conflict of interest, explain **Three** corporate governance principles violated in Utamu corporation
(6mks)
- ii) Discuss **two** strategies Utamu corporation would put in place to restore the trust and confidence of the stakeholders
(2mks)

SECTION B: ANSWER THREE QUESTIONS ONLY

{10 MARKS EACH}

QUESTION TWO

10 MARKS

- a) Discuss **Two** powers of the Audit committee in a corporation **(2mks)**
- b) Explain **two** reasons why you would encourage the separation of the roles of the Board chairman and those of the company's chief executive officer as a good corporate governance practice **(4mks)**
- c) In the U.S boardrooms, the ratio of the members is 80% non-executives and 20% executives. Giving **two** reasons, explain the reasons for encouraging more non- executive members **(4mks)**

QUESTION THREE

10 MARKS

- a) Discuss **Two** roles played by a whistle blower policy in regard to corporate governance in an organization **(2mks)**
- b) Giving examples in each case, discuss **two** contents included in the code of corporate governance in Kenya **(4mks)**
- c) Agency theory suggests that Corporate managers would require some form of enforcement to ensure that they pursue shareholder objectives rather than self- interest. Explain **three** ways in which these managers may be forced to maximize the shareholder wealth **(4mks)**

QUESTION FOUR

10 MARKS

- a) Highlight **Two** types of shareholder meetings in corporations **(2mks)**
- b) Discuss **Four** rights you would have as a shareholder with Safaricom Public Limited company **(4mks)**
- c) Giving examples, explain **two** types of economic risks business organizations are likely to face in their operations **(4 mks)**

QUESTION FIVE

10 MARKS

- a) Discuss **two** consequences of governance failure in an insurance company **(2mks)**
- b) As one of the candidates who has been voted in by shareholders in an annual meeting to join their Board, discuss **two** reasons you would have in support of corporate evaluation of your performance as a Board member **(4mks)**
- c) Explain **two** current global trends in corporate governance today **(4mks)**

QUESTION SIX

10 MARKS

- a) Discuss the importance of transparency in corporate governance (2mks).
- b) You have been appointed as the chairman of the Board in XYZ corporation. Discuss **four** roles you would play in that capacity (4mks)
- c) Citing relevant examples, discuss **four** challenges facing corporate governance reform efforts in Kenya today (4mks)

END OF EXAM