



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF ECONOMICS AND BUSINESS SCIENCES

EXAMINATION PAPER

COURSE CODE : CBM402
COURSE TITLE : CORPORATE GOVERNANCE
SPECIAL REQUIREMENTS :
DURATION : 3 Hours
LEVEL : 4.1
DATE : 14 FEB 2022

INSTRUCTIONS TO CANDIDATES:

- 1 No cell phones are allowed in the examination venue.
- 2 Question one is compulsory
- 3 Answer any **THREE (3)** questions from section B.
- 4 Begin each question on a new page.
- 5 The number of marks for each question or part question is shown in brackets []

QUESTION ONE

CASE STUDY

JIT in Action

A new phenomenon called 'Apparel on Demand' is slowly making its presence felt. It is an extension of JIT linking retailers and manufacturers for a just-in-time responsiveness. MUNOS Clothing Inc., promoted by a young management graduate has recently ventured into the business of making reasonably priced custom jeans for women. It has partnered with many stores selling women garments. In the stores, women are electronically measured and information like colour, fabric, style, etc., are recorded. The information reaches the MUNOS manufacturing facility at Karoi town almost immediately through a state-of-the-art information system. MUNOS guarantees delivery of the custom jeans within 10 days. With the growing acceptance of jeans among the women in Zimbabwe, especially in the urban areas, the market for women's jeans is growing at a fast pace. MUNOS with its unique business model hopes to garner a significant share of this market. The promoter of MUNOS Fashions along with his top executives is confident that their concept of JIT jeans would work.

- a) In cases of companies where there are controlling shareholders, explain why the interest of controlling and minority shareholders may diverge, using the MUNOS LOGISTICS case as an example [15 marks]
- b) Should independent directors be primarily concerned with the interests of the minority shareholders? [10 marks]

SECTION B: ANSWER ANY THREE QUESTIONS.

QUESTION TWO

With reference to a company of your choice discuss the purpose of corporate governance and why is it important to that particular company? [25 marks]

QUESTION THREE

Discuss the roles /functions of board members in corporate governance and suggest factors that affect their decision-making.

[25 marks]

QUESTION FOUR

Explain and give examples the applicability of a stakeholder theory to Econet Zimbabwe. [25 marks]

QUESTION FIVE

Examine the impact of corporate governance to National Railways of Zimbabwe as a company [25 marks]

THE END