



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT

EXAMINATION PAPER

COURSE CODE : CBM402
COURSE TITLE : CORPORATE GOVERNANCE
SPECIAL REQUIREMENTS : NONE
DURATION : 3 Hours 04 JUL 2022
LEVEL : 4:1
DATE :

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 []

SECTION A

QUESTION ONE

CASE STUDY: MUNOS LOGISTICS SHARE PRICE

Beginning in late 2007, MUNOS LOGISTICS's share price started declining. The fall persisted through 2008 and established somewhat in 2009. MUNOS LOGISTICS's financial health deteriorated with a negative growth of 20 per cent from 2008 to 2009, and losses increased 9 fold in the one-year period, attributable to the rise in doubtful debt expenses and finance expenses, and the 50 per cent drop in gross profit for its main power plant business. For the second half of 2008, high construction costs in the power plant water purification projects in China and the delay in earnings from two other major projects affected MUNOS LOGISTICS's performance. Furthermore, a major cyclone IDAI in Chimanimani in 2018 threatened the progress of their transport business since it had a major contract of transporting poles from Chimanimani to Chiredzi, and higher maintenance costs and borrowings caused the company to crumble on its feet. . The company's share price fell from over 20 cents to below 10 cents.

Required

In your view, did the MUNOS LOGISTICS board members adequately discharge their duties?

Do you think the board acted appropriately when the business started to deteriorate? **[25 marks]**

SECTION B

ANSWER ANY THREE QUESTIONS

QUESTION TWO

Explain the standard theory of whistleblowing and variables that make it more artificial than practical.

[25 marks]

QUESTION THREE

Describe the concept of shadow directors and discuss the corporate governance practices that help to formalize their relevance in board matters.

[25 marks]

QUESTION FOUR

With reference to a company of your choice show the relevance of corporate governance and business ethics.

[25 marks]

QUESTION FIVE

Define corporate governance and explain its functions in effective strategic management and control of a company of your choice

[25 marks]