



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

DEPARTMENT OF ECONOMICS, MARKETING AND ENTREPRENEURSHIP

EXAMINATION PAPER

MODULE CODE : CBM412
MODULE TITLE : Corporate Governance
DURATION : 3 Hours
LEVEL : 4.130 JUL 2025
DATE :

INSTRUCTIONS TO CANDIDATES:

Answer **Section A** question 1 **Compulsory**

1. Answer any **Three (3)** questions from **Section B**
2. The number of marks for each question or part question is shown in brackets []
3. No cell phones are allowed in the examination venue.
4. Begin each answer on a new page.
5. **DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR INSTRUCTS YOU.**

SECTION A

QUESTION ONE

The Enron scandal was one of the largest corporate fraud scandals in U.S. history, involving Enron Corporation, an American energy company. In the early 2000s, it was revealed that Enron executives had used accounting loopholes and special purpose entities to hide billions of dollars in debt from failed deals and projects. The company falsely inflated its profits, misleading shareholders, employees, and regulators. When the fraud was uncovered in 2001, Enron declared bankruptcy, leading to the loss of jobs and pension funds for thousands of employees, and significant financial losses for investors. The scandal also implicated the accounting firm Arthur Andersen, which was accused of destroying documents related to Enron's financial practices. The Enron scandal led to the Sarbanes-Oxley Act of 2002, a major overhaul of U.S. corporate governance and financial reporting regulations aimed at improving transparency and accountability.

In light of the scandal, critically evaluate the key corporate governance failures at Enron and discuss the lessons that Zimbabwean organizations can learn from the Enron case.

[25 marks]

SECTION B

QUESTION TWO

Analyse the board composition requirements under the Public Entities Corporate Governance Act and how these provisions help address corporate governance problems in Zimbabwe.

[25 marks]

QUESTION THREE

With the use of relevant examples, explain the concept of conflict of interest in corporate governance on how it negatively impacts a company's operations? **[25 marks]**

QUESTION FOUR

Using Stakeholder Theory, discuss how CSR initiatives can be aligned with the interests of various stakeholders, including employees, customers, and local communities.

[25 marks]

QUESTION FIVE

Exposing corruption and related offenses in the private and public sectors is to a large extent dependent on whistleblowers/reporting persons. In Zimbabwe, whistleblowers have been crucial in exposing corruption. A recent example being the COVID-19 related public procurement corruption scandal involving the former Minister of Health and Child Care, also known as the COVIDgate or Draxgate scandal. However, despite the recognition of whistleblowing as an important control mechanism in governance and primarily as an important tool to detect, investigate and prosecute corruption, currently there is no adequate protection afforded to whistleblowers and reporting persons in Zimbabwe. Noting the dangers associated with whistleblowing such as retaliation, especially in a country where there are high levels of impunity, “normalization of corruption” and general disregard for the rule of law, there have been, over the past decade, increasing calls from anti-corruption stakeholders and the general public alike, for the country to develop and adopt a comprehensive and stand-alone whistleblower protection legislation. (A conference paper on Corporate Governance 2022)

- a) In light of the above submission, discuss the effectiveness of whistleblowing as a tool for exposing corruption and related offenses in Zimbabwe. **[10 marks]**
- b) Critically analyse the challenges faced by whistleblowers in Zimbabwe, and suggest legal and governance reforms to be implemented to improve whistleblower protection and encourage the reporting of corruption in both the public and private sectors? **[15 marks]**

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