

# ZIMBABWE EZEKIEL GUTI UNIVERSITY



## FACULTY OF COMMERCE

### COURSE: CORPORATE GOVERNANCE AND PROFESSIONAL ETHICS

COURSE CODE: CBM402/ CAC402

DURATION: 3 HOURS

13 JUNE 2018

#### INSTRUCTIONS TO CANDIDATES

1. No cell phones are allowed in the examination venue.
2. Answer any **four** questions
3. Begin each question on a new page.
4. The number of marks allocated to each question or part question is shown in brackets.
5. All questions carry twenty-five marks

### Question 1

- (a) Describe the relationship between corporate governance and investment. (5 marks)
- (b) Distinguish between the unitary and two-tier board structures clearly showing their merits and demerits. (10 marks)
- (c) Critically evaluate the effectiveness of the Zimbabwean approach to corporate governance. (10 marks)

(Total 25 marks)

### Question 2

- (a) Describe the principal - agent problem in corporate governance. (5 marks)
- (b) Explain the basis for disqualification of Directors. (8 marks)
- (c) 'Since the fall of Enron and other corporate scandals, there is much interest at present in corporate governance and related issues.' Identify a range of stakeholders with an interest in the quality of management and corporate governance, clearly indicating their primary concerns.

(12 marks)

(Total 25 marks)

### Question 3

- (a) Distinguish between the stakeholder and the shareholder value approaches to corporate governance. (5 marks)
- (b) Assess the benefits of appointing experienced and effective non-executive directors to the board. (8 marks)
- (c) Discuss the different approaches to improve the ethical conduct at the workplace.

(12 marks)

(Total 25 marks)

### Question 4

- (a) Explain the roles of the chairman of the board in corporate governance. (5 marks)
- (b) Explain why a separation of the roles of Chairman and Chief Executive Officer is considered best practice in corporate governance. (10 marks)
- (c) Citing practical examples explain how organizations can promote transparency and accountability. (10 marks)

**(Total 25 marks)**

**Question 5**

(a) Outline any **five** issues that compromise the independence of auditors clearly showing how they can be resolved. **(10 marks)**

(c) Explain the roles of the Audit and Remuneration committees of the Board. **(15 marks)**

**(Total 25 marks)**

**END OF PAPER**