



UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

BMT 301: CORPORATE GOVERNANCE

DATE: 14TH APRIL 2026

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Read the case study below carefully and answer the question that follows:

GOVERNANCE CHALLENGES AT UMOJA HOLDINGS LTD

Umoja Holdings Ltd is a medium-sized manufacturing company listed on the Nairobi Securities Exchange. Over the past five years, the company experienced rapid growth driven by aggressive expansion strategies approved by the Chief Executive Officer (CEO). While revenues initially increased, recent financial reports show declining profitability, rising debt levels, and weak cash flows.

The Board of Directors largely consists of founding shareholders, most of whom lack independence and relevant industry expertise. Board meetings are irregular, and key decisions are often made by the CEO with minimal oversight. Although board sub-committees exist on paper, they are rarely active, and financial risk assessments are not consistently conducted. The Audit Committee rarely questions management reports, relying heavily on information provided by the CEO and finance director.

Shareholders have raised concerns about transparency, accountability, and the lack of clear governance structures. Minority shareholders feel excluded from decision-making and worry that management decisions prioritize short-term expansion over long-term sustainability. Additionally, there is no formal corporate governance policy, code of ethics, or performance evaluation system for directors and senior management.

As a result, Umoja Holdings Ltd faces declining investor confidence, increasing regulatory scrutiny, and reputational risk. Analysts argue that the company's governance weaknesses rather than market conditions alone are the primary cause of its poor performance. The Board is now under pressure to reform its governance structures to restore trust, improve performance, and ensure long-term viability.

Required:

- a) Applying corporate governance principles, analyze the key governance weaknesses evident at Umoja Holdings Ltd. **(9 Marks)**
- b) Examine the role of the Board of Directors and board sub-committees in addressing the governance challenges facing the company **(8 Marks)**
- c) Suggest practical corporate governance reforms that Umoja Holdings Ltd should implement to improve performance, accountability, and sustainability. **(8 Marks)**

QUESTION TWO

- a) Apply the principles and elements of good corporate governance to assess how an organization can implement effective governance systems. **(8 Marks)**
- b) Examine the relationship between corporate governance, corporate performance, viability, and financial sustainability in modern organizations. **(7 Marks)**

QUESTION THREE

- a) Apply Agency Theory and Stakeholder Theory to explain the relationship between shareholders, management, and other stakeholders in a corporation **(7 Marks)**
- b) Evaluate the importance, benefits, and techniques for improving ethical practices, and explain how ethics strengthens corporate governance. **(8 Marks)**

QUESTION FOUR

- a) Use the concept of Corporate Social Responsibility (CSR) to evaluate its scope, different perspectives, stakeholder orientation, and the various pressures faced by organizations. **(10 Marks)**
- b) Assess the relationship between CSR and corporate governance, including CSR strategies, social responsibility investments, and arguments for and against CSR **(5 Marks)**

QUESTION FIVE

- a) Apply corporate governance theories to explain governance relationships in an organization. **(10 Marks)**
- b) Analyze the objectives, interests, relationships, and potential conflicts between shareholders/owners and other stakeholders. **(5 Marks)**

QUESTION SIX

- a) Using an organizational context, evaluate board structures, sub-committees, including the contribution of non-executive directors and board diversity. **(10 Marks)**
- b) Analyze directors' performance, remuneration, leadership succession planning, and key challenges in corporate governance, and propose appropriate governance solutions. **(5 Marks)**