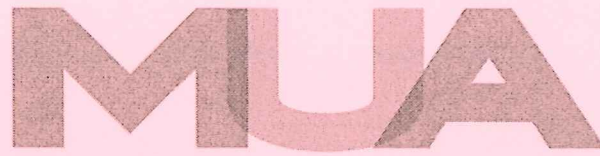


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

BML 203: CORPORATE LEADERSHIP & ETHICS

DATE: 2ND AUGUST 2023

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 questions that follow:

ABC CORPORATION

This case study focuses on the central issues related to corporate governance within a hypothetical company, ABC Corporation. Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled. It involves balancing the interests of various stakeholders, such as shareholders, management, employees, customers, suppliers, and the community. In this case, we will analyze some of the key corporate governance issues that ABC Corporation is facing.

One central issue in ABC Corporation is the lack of board independence. The board of directors plays a crucial role in overseeing the company's operations and making strategic decisions. However, in this case, the board is dominated by the company's founder and members closely associated with the founder. This lack of independence can lead to conflicts of interest and compromise the board's ability to provide effective oversight.

Effective risk management is an essential aspect of corporate governance. ABC Corporation has failed to implement robust risk management practices. The company operates in a highly regulated industry, but it lacks a comprehensive risk management framework. This exposes the company to various risks, including legal, operational, and reputational risks. Without proper risk management, the company's long-term sustainability and profitability could be jeopardized.

Internal controls are necessary to ensure the accuracy and reliability of financial reporting, as well as to prevent fraud and mismanagement. However, ABC Corporation has weak internal controls in place. There is a lack of segregation of duties, inadequate monitoring mechanisms, and insufficient oversight of financial transactions. This creates an environment that is vulnerable to fraud and financial irregularities, undermining the company's integrity and reputation.

Transparent and effective communication with shareholders is a vital aspect of corporate governance. However, ABC Corporation has been criticized for its poor communication practices. The company fails to provide timely and accurate information to shareholders, making it difficult for them to make informed decisions. This lack of transparency erodes trust and confidence in the company's management, potentially leading to shareholder activism and legal challenges.

The issue of executive compensation is another central concern in ABC Corporation's corporate governance. The company's executive compensation packages are excessive and not linked to performance metrics. This misalignment between pay and performance creates a moral hazard, where executives may prioritize short-term gains over the long-term interests of the company and its shareholders. It also raises concerns about fairness and equitable distribution of rewards within the organization.

Required:

- a) Analyse the main corporate governance issues identified in the case of ABC Corporation **(10 Marks).**
- b) Discuss the consequences of ineffective communication with shareholders for ABC Corporation **(10 Marks)**
- c) Identify five possible potential legal and regulatory implications of the identified corporate governance issues for ABC Corporation **(5 Marks)**

QUESTION TWO

- a) Describe the five ways that a moral leader might exert authority **(10 Marks).**
- b) Assess four interpersonal aspects that influence the unethical conduct of leaders **(5 Marks).**

QUESTION THREE

- a) Evaluate the sources of influence that leaders can use in their interactions with followers. **(10 Marks).**
- b) Explain measures leaders use to influence his follower's relationship. **(5 Marks).**

QUESTION FOUR

- a) Examine the factors to be taken into account before forming a board of a company. **(5 Marks).**
- b) Evaluate the procedure for creating a code of conduct. **(10 marks).**

QUESTION FIVE

- a) Examine three elements taken into account when evaluating a board of directors. **(9 marks).**
- b) Evaluate the information supply and disclosure process as outlined in the Capital Markets Act. **(6 Marks).**

QUESTION SIX

- a) Examine the role that ethical leadership plays in achieving good governance. **(8 Marks).**
- b) Describe the aspects of followers that lead to unethical leadership and provide examples leadership. **(7 Marks).**