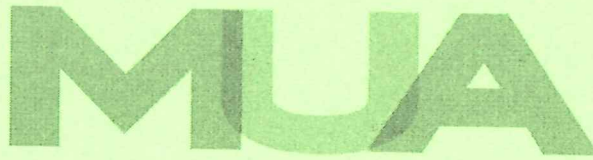


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

BMT 301: CORPORATE GOVERNANCE

DATE: 6TH AUGUST 2024

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:

**CORPORATE GOVERNANCE AND MANAGEMENT SUCCESSION AT
MINTO CORPORATION**

MINTO Corporation is a global conglomerate with diverse business interests ranging from technology to manufacturing. The company has enjoyed a successful history but is facing a critical juncture with the imminent retirement of its long-serving CEO, John Thompson. The board of directors is tasked with ensuring a smooth management succession process while upholding strong corporate governance principles. MINTO Corporation has been led by CEO John Thompson for the past two decades, during which the company experienced significant growth and success. However, with Thompson's impending retirement, the board recognizes the need for a comprehensive management succession plan to sustain the company's trajectory.

John Thompson has been a charismatic and influential leader, and there are concerns about the potential leadership vacuum that his departure may create. The board needs to identify a successor who can seamlessly transition into the CEO role and provide effective leadership. The board acknowledges the importance of maintaining a robust corporate governance framework to uphold transparency, accountability, and ethical practices. There is a need to assess and enhance governance mechanisms to align with best practices and ensure the board's effectiveness in overseeing the succession process. Stakeholders, including employees, investors, and customers, have high expectations regarding the future leadership of the company. Maintaining stakeholder trust and confidence is crucial during the succession process.

The board establishes a committee specifically focused on succession planning, comprising both internal and external members. A thorough assessment is conducted to identify potential internal candidates and evaluate external candidates with the right skills, experience, and cultural fit. The board engages external consultants to conduct a comprehensive review of the company's governance

practices. Recommendations are implemented to strengthen the board's composition, independence, and oversight functions. A communication plan is developed to keep stakeholders informed about the succession process, emphasizing transparency and openness. Regular updates are provided to employees, investors, and customers, addressing concerns and showcasing the commitment to a smooth transition.

In parallel with the CEO succession, the company invests in leadership development programs to groom and prepare potential successors for key executive roles. A focus on talent development ensures a pipeline of capable leaders who can contribute to the company's long-term success. Town hall meetings and feedback sessions are organized to engage employees in the succession process. Employee input is considered in the selection process, fostering a sense of inclusion and aligning the new leadership with the organizational culture. The board successfully navigates the challenges associated with CEO succession and corporate governance. A new CEO, chosen through a rigorous and transparent process, takes the helm, ensuring a smooth transition. The enhanced governance practices contribute to a more effective and accountable board. The company's commitment to stakeholder communication and engagement strengthens trust, and the leadership development initiatives position the organization for continued success in the evolving business landscape.

Succession planning is an ongoing process that requires continuous attention and adaptation. Transparent communication and stakeholder engagement are critical during periods of leadership transition. Corporate governance practices should evolve to meet the changing needs of the organization and industry. Leadership development is integral to building a sustainable talent pipeline for future success.

Required:

- a) In the context of enhancing governance practices, identify specific recommendations that the external consultants might propose to strengthen the board's composition and oversight functions. **(10 Marks)**
- b) Discuss the potential impact of these recommendations on ensuring effective corporate governance during the management succession process. **(10 Marks)**

- c) Examine five importance of leadership development programs in the context of the succession plan at MINTO Corporation. (5 Marks)

QUESTION TWO

- a) Examine the key elements of good governance practices for a Board of Directors explaining how the implementation of these elements contributes to the effectiveness and ethical decision-making of a Board. (8 marks)
- b) Examine the diverse interests of shareholders and stakeholders in the realm of corporate governance. (7 marks)

QUESTION THREE

- a) Examine the principles and implications of Stewardship Theory in corporate governance. (9 Marks)
- b) In today's dynamic business landscape, the concept of Corporate Social Responsibility (CSR) has gained increasing prominence. Organizations worldwide are incorporating CSR into their business strategies. Explore and discuss the significance of CSR for businesses, both large and small (6 marks)

QUESTION FOUR

- a) In the contemporary business landscape, ethical considerations are paramount for organizations seeking sustainable success. Examine and discuss the key characteristics that define ethical organizations. (10 marks).
- b) Explain the essential pillars of corporate governance and their role in shaping ethical, transparent, and sustainable business practices (5 Marks)

QUESTION FIVE

- a) Remuneration for non-executive directors (NEDs) differs from that of executive directors in several key ways, reflecting the distinct roles and responsibilities of NEDs in corporate governance. Discuss five of remuneration and compensation considerations for non-executive directors (10 marks)
- b) Explain four essential pillars of corporate governance and their role in shaping ethical, transparent, and sustainable business practices (5 marks)

QUESTION SIX

- a) Discuss how Compensation Committee contribute to the determination of executive in a corporate governance **(10 marks)**
- b) Explain elements of directors remuneration **(5 marks)**

