

The
Management
University
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POST GRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF MASTER OF MANAGEMENT AND LEADERSHIP/
MASTER OF MANAGEMENT AND LEADERSHIP

MML 5103/SMO 509: TRANSFORMATIONAL LEADERSHIP

DATE: 1ST APRIL 2025

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE** is **compulsory**.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 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:

THE RISE AND FALL OF GLOBALCOM

Benta Kosy built GlobalCom, Inc. one of the world's largest telecommunications firms. Yet he and chief financial officer (CFO) Salma Sitwa have become better known for creating a massive corporate accounting fraud that led to the largest bankruptcy in U.S. history. Two investigative reports and subsequent court cases concluded that GlobalCom executives were responsible for billions in fraudulent or unsupported accounting entries. How did this mammoth accounting scandal occur without anyone raising the alarm? Evidence suggests that Kosy and Sitwa held considerable power and influence that prevented accounting staff from complaining, or even knowing, about the fraud.

Kosy's inner circle held tight control over the flow of all financial information. The geographically dispersed accounting groups were discouraged from sharing information. Kosy's group also restricted distribution of company-level financial reports and prevented sensitive reports from being prepared at all. Accountants didn't even have access to the computer files in which some of the largest fraudulent entries were made. As a result, employees had to rely on Kosy's executive team to justify the accounting entries that were requested.

Another reason why employees complied with questionable accounting practices was that CFO Salma Sitwa wielded immense personal power. He was considered a "whiz kid" with impeccable integrity who had won the prestigious "CFO Excellence Award." Thus, when Sitwa's office asked staff to make questionable entries, some accountants assumed Sitwa had found an innovative—and legal—accounting loophole. If Sitwa's influence didn't work, other executives took a more coercive approach. Employees cited incidents where they were publicly berated for questioning headquarters' decisions and intimidated if they asked for more information. When one employee at a branch refused to alter an accounting entry, GlobalCom's controller threatened to fly in from GlobalCom's Mississippi headquarters to make the change himself. The employee changed the entry.

Kosy had similar influence over GlobalCom's board of directors. Sources indicate that his personal charisma and intolerance of dissension produced a passive board that rubber-stamped most of his recommendations. As one report concluded: "The Board of Directors appears to have embraced suggestions by Mr. Kosy without question or dissent, even under circumstances where its members now readily acknowledge they had significant misgivings regarding his recommended course of action."

Required:

- a) Examine power bases Benta Kosy and Salma Sitwa did rely on to get away with accounting fraud. (8 marks)
- b) Assess the influence tactics Benta Kosy and Salma Sitwa did use to control employees and the company's board. (10 marks)
- c) Did Benta Kosy and Salma Sitwa engage in organizational politics? Explain your answer. (12 marks)

QUESTION TWO

- a) People who exhibit transformational leadership often have a strong set of internal values and ideals, and they are effective at motivating followers to act in ways that support the greater good rather than their own self-interests. Evaluate transformational leadership factors. (8 marks)
- b) Identify seven clear indicators that suggest you are facing an adaptive challenge, and explain why recognizing these indicators is crucial for effectively addressing complex organizational issues. (7 marks)

QUESTION THREE

- a) Describe the agency theory as it relates to corporate governance, and analyze how this theory can be applied to address conflicts of interest between shareholders and management within an organization. (6 marks)
- b) Evaluate three factors that contribute to political behavior in the organization. (3 marks)
- c) Describe three important conditions that need to be fulfilled for a successful coaching relationship. (6 marks)

QUESTION FOUR

- a) Assess two characteristics of green businesses. (2 marks)
- b) Discuss the key phases of the e-transformation value chain and explain how each phase adds value to the overall process. (8 marks)
- c) Examine five guiding principles for achieving cultural change in an organization. (5 marks)