



COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND GOVERNANCE

NMMS 413: BUSINESS ETHICS AND CORPORATE GOVERNANCE

END OF SECOND SEMESTER EXAMINATIONS

MAY 2021

LECTURER: DR FARAI CHIGORA

TIME: 7 HOURS

INSTRUCTIONS

You are required to answer questions as instructed

Choose and answer **ONE** question.

Start **each** question on a new page

Credit will be awarded for logical, systematic and neat presentations

Case Study (The scandalous appointment of ZESA Executive Chairman)

Read the following case study and answer the questions below

This appointment is most unfortunate and scandalous for the following reasons;

Sydney Gata has previously been appointed to head ZESA as its first black Chief Executive Officer but then known as General Manager. He was dismissed from that position around 1994 or 95 thereabout after a commission of inquiry headed by Justice Smith (Rtd) made a finding that he was unfit to hold the position of Chief executive officer. The report by Justice Smith made some serious and damning findings on the way Gata was running the affairs of ZESA. This left the then Minister of Energy Herbert Ushewokunze with no choice but to fire Gata (I implore Chasi to urgently look for that commission of inquiry report and read it for the sake of his legacy)

In the year 2000 Sydney Gata bounced back as Executive Chairman of Zesa and oversaw the unbundling of ZESA into the entity that it currently is. In 2006, General Nyambuya (Rtd) the then Minister of Energy, fired or relieved Gata of his position as Executive Chairman after he became disillusioned at the manner Gata was running ZESA. What is clear here and important to note is that on both occasions and stints Dr Gata left ZESA unceremoniously.

What boggles the mind is that Chasi has again appointed the very same person who spearheaded the unbundling of ZESA to again rebundle it. Dr Gata is now 73 years old and surely is he the only person in the whole of Zimbabwe suitable to head ZESA? What new ideas would he bring at such an old age that he failed to bring during his other 2 stints? ZESA is currently embroiled in a corruption scandal involving almost half of its senior management. How then is a man deemed through a commission of inquiry report to be unsuitable to head ZESA, be the very person appointed to clean up ZESA?

Most importantly Chasi should also explain to the people of Zimbabwe in terms of which law did he appoint Sydney Gata as Executive Chairman? The Public Entities and Corporate Governance Act chapter 10:31 does not provide for the appointment of an Executive Chairman. In fact what Chasi has done is to tear to shreds this noble piece of legislation, which coincidentally was only promulgated into law in 2018, after much pomp and fanfare albeit after a lot of money and time were spent on research and outreach programs.

Suffice to say that the Act is very clear as it provides for the appointment of a non-Executive Chairman. The Act also provides that it is the Board's responsibility to appoint a CEO subject to approval by the President. An Executive Chairman is a CEO and Board Chairman put into one. Such a scenario is very undesirable in terms of good Corporate Governance for the simple reason that to whom does the Executive Chairman account to when he is both CEO and Board Chairman.

If for example, he is presenting his operations report to the Board as CEO, is he not actually reporting to himself since he is both Board Chairman and CEO? Clearly that's the mischief that the Public Entities Corporate Governance Act sought to address. Sadly Chasi a respected lawyer who came into Government as a voice of reason and common sense now seems to have turned rogue and has put political considerations above reason and the law.

Source: The Zimbabwean 25 February 2021

Questions 1

Briefly provide a report on any **five** issues that should be considered for an effective board composition so as to eliminate the issues raised in the case study above **[100 marks]**

Questions 2

Discuss the **four** pillars of good corporate governance and explain how each has been violated as presented in the case study above. **[100 marks]**

Questions 3

Explain any **four** unethical business practices that have resulted in poor corporate governance as presented in the case study above. **[100 marks]**

END OF EXAMINATION
