Strathmore
UNIVERSITY

STRATHMORE LAW SCHOOL
MASTERS OF LAW (LL.M)
SUPPLEMENTARY EXAMINATION
LLM 8101: CORPORATE GOVERNANCE AND BUSINESS ETHICS

Date: **Monday, 11th May 2026** Time: 3 Hours

Instructions:

a) Question One is Compulsory
b) Answer Question One and any other Two

QUESTIONS

Question One

One of the principles that came out of the case of ***Salomon vs A Salomon & Co Ltd AC 22*** is that a company is a separate entity from its members and officers. Due to this separatism, it is now possible for members and officers of the company to enter into transactions, contracts and or arrangements with the company.

a) From a corporate governance perspective, discuss the advantages and disadvantages of such transactions, contracts or arrangements. **(20 marks)**
b) What measures has the law put in place to mitigate the governance risks posed by such transactions, contracts or arrangements. **(10 marks)**

Question Two

A. Corporate boards play a crucial role in corporate governance. While the effectiveness of the Board depends on various factors, the chairperson of the Board plays a critical role in shaping that effectiveness. Discuss this statement **(10 marks)**

B. The members or shareholders of the company contribute capital to start their company. However, these members or shareholders do not take part in the day to day running of their company. This is a role reserved for the management. This creates opportunities for efficiencies far beyond what any one shareholder could accomplish. But, it also creates opportunities for abuse. To prevent this abuse, the members or shareholders appoint the board to oversee the managers as they run the day to day affairs of the corporation.

From a corporate governance perspective, discuss the role of the board in ensuring effective management of the company **(10 marks)**

Question Three

Good corporate governance is crucial for universities as it enhances their performance, builds stakeholder trust, and optimizes resource management. Using Kenya as an example, discuss four factors that affect good corporate governance in universities. In your discussion, describe two ways universities can use to address any of the factors discussed so as to contribute to effective corporate governance of their institutions. **(20 marks)**

Question four

In the contemporary society, there is increased recognition that social media plays a significant role in enhancing good corporate governance practices. Using relevant examples, discuss this statement **(20 marks)**

Question Five

A. Discuss the concept of market for corporate control **(5 marks)**

B. Elaborate three mechanism companies that are subjects of market for corporate control use to fight back **(15 marks)**