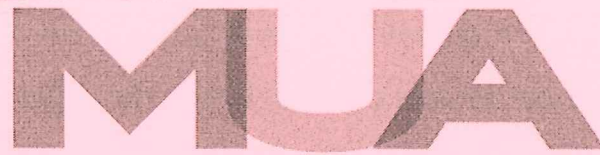


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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**  
**SCHOOL OF MANAGEMENT AND LEADERSHIP**  
**DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP**

**BMT 400 : INTERNATIONAL BUSINESS, TRADE AND FINANCE**

**DATE: 3<sup>RD</sup> APRIL 2025**

**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:

### THE ORGANIZATION OF INTERNATIONAL BUSINESS IN KENYA

Kenya, strategically located on the eastern coast of Africa, serves as a gateway to the African continent. The country has seen significant growth in its international business landscape, particularly in the past two decades. This case study examines the organization of international business within Kenya, focusing on key sectors, the role of government policies, and the impact of globalization on local enterprises.

Kenya's economy is diverse, with agriculture, services, and manufacturing being the primary sectors contributing to its GDP. The agricultural sector, which includes tea, coffee, and horticulture, has been a major player in international trade. The country is among the world's leading exporters of tea and cut flowers. The services sector, particularly tourism and financial services, has also seen a boom, attracting foreign investments and contributing significantly to foreign exchange earnings.

In recent years, Kenya has positioned itself as a regional hub for trade and investment, bolstered by initiatives such as the Vision 2030 development blueprint, which aims to transform the country into a middle-income economy. Nairobi, the capital, has emerged as a center for international business, hosting various multinational corporations and regional offices for global companies. The establishment of the Nairobi International Financial Centre (NIFC) is a testament to this ambition, providing a conducive environment for financial services and attracting foreign investors.

The Kenyan government plays a crucial role in shaping the international business environment. Policies aimed at improving the ease of doing business, such as the Business Environment Reform Program, have led to significant improvements in the country's ranking on the World Bank's Doing Business Index. The government's commitment to fostering a favorable investment climate is evident in the enactment of the Companies Act 2015 and the Investment Promotion Act, which aim to simplify business registration processes and protect investor rights.

Additionally, Kenya's participation in regional trade agreements, such as the East African Community (EAC) has opened up new markets for Kenyan products. These agreements aim to reduce trade barriers, enhance intra-regional trade, and promote

economic integration among member states. As a result, Kenyan businesses have greater access to a larger consumer base, fostering growth and competitiveness.

The rise of technology has transformed the organization of international business in Kenya. The country is often regarded as a leader in mobile technology and innovation, with the success of platforms like M-Pesa revolutionizing financial transactions. This technological advancement has not only facilitated domestic trade but has also empowered small and medium enterprises (SMEs) to engage in international markets.

Kenya's tech ecosystem has attracted significant foreign investment, with numerous startups receiving funding from international venture capitalists. This influx of capital has enabled local entrepreneurs to scale their businesses and compete on a global level. The government's support for the tech industry, through initiatives such as the Konza Technopolis project, further underscores Kenya's commitment to fostering innovation as a catalyst for international business growth.

Despite the promising landscape for international business, several challenges persist. Corruption remains a significant impediment to doing business, as it undermines investor confidence and increases operational costs. Additionally, infrastructural deficits, particularly in transportation and logistics, hinder the movement of goods across borders, impacting the competitiveness of Kenyan products in international markets.

Furthermore, political instability and policy inconsistencies can create an unpredictable business environment. Investors are often wary of sudden changes in regulations or government policies that could adversely affect their operations. To mitigate these risks, Kenyan businesses must adopt adaptive strategies and engage in proactive risk management.

The organization of international business in Kenya reflects a dynamic interplay of opportunities and challenges. With its strategic location, diverse economy, and supportive government policies, Kenya has the potential to become a leading player in international trade. However, addressing challenges such as corruption, infrastructure deficits, and political instability is crucial for sustaining this growth.

As Kenya continues to integrate into the global economy, businesses must embrace innovation and adaptability to thrive in an increasingly competitive landscape.

*Source: World Bank*

**Required:**

- a) Discuss five effects of government policies on the organization of international business in Kenya (10 Marks)
- b) Draw reference from the case study and explain five the main challenges that Kenyan businesses face in the context of international trade, and how can they be addressed (10 Marks)
- c) "The rise of technology has transformed the organization of international business in Kenya." With reference to this statement from the case study, examine five roles of technology and innovation in enhancing the competitiveness of Kenyan SMEs in international markets (5 Marks)

**QUESTION TWO**

- a) Discuss five major legal challenges faced by companies engaged in international business (10 Marks)
- b) Analyze five key differences between international business and domestic business (5 Marks)

**QUESTION THREE**

- a) Describe five ways that the economic environment influences decision making for companies looking to expand globally (10 Marks)
- b) Assess five approaches that companies can utilize to ensure they uphold ethical standards while addressing environmental concerns in their global operations (5 Marks)

**QUESTION FOUR**

- a) Explain five implications of factor mobility for global economic integration and labor markets (10 Marks)
- b) Highlight five risks associated with Government controls on trade (5 Marks)

**QUESTION FIVE**

- a) Discuss five challenges faced by businesses from non-member states when attempting to trade within trade blocs. **(10 Marks)**
- b) Assess five factors that influence the determination of exchange rates **(5 Marks)**

**QUESTION SIX**

- a) Discuss five strategies that companies can use to balance global integration and local responsiveness in order to achieve success in diverse markets **(10 Marks)**
- b) Examine five different types of counter trade agreements **(5 Marks)**

