

The
Management
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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: 28TH JULY 2026

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:

KIFARU GLOBAL INDUSTRIES PLC (KGI)

Kifar Global Industries Plc (KGI) is a multinational corporation headquartered in Nairobi, Kenya, specializing in agribusiness, consumer goods, and industrial inputs. The company operates production hubs in Kenya, Ghana, and Vietnam, and exports to Europe, Asia, and North America. KGI employs approximately 15,000 people across twelve countries. Its five-year strategic plan focuses on expanding into African Continental Free Trade Area (AfCFTA) markets, integrating digital supply chain platforms, adopting sustainable green technologies, and investing in automation.

KGI faces several operational and strategic challenges. Near-shoring competitors in Europe have eroded its traditional export markets, while trends toward deglobalization and regional protectionism have disrupted raw material sourcing and increased regulatory complexity. The digitalization of supply chains remains uneven across subsidiaries, with delayed deliveries in Ghana and Kenya and limited e-commerce adoption in African and Asian markets, reducing the firm's responsiveness to consumer demand.

Cultural, political, and legal challenges have also emerged. Labor strikes in Ghana and Vietnam have been linked to management style clashes and cultural misunderstandings. Political instability in Southeast Asia threatens regulatory compliance, while European subsidiaries face stringent environmental and labor standards. Cross-cultural management challenges continue to affect leadership integration and productivity. From a trade and factor mobility perspective, KGI faces limitations in labor and capital mobility, affecting production flexibility. The Ghana hub relies on low-cost labor, whereas the Vietnam hub specializes in high-tech processing. Export tariffs and non-tariff barriers in Europe and

North America have increased operational costs, while government subsidies and incentives vary across markets.

Governmental and institutional factors are equally complex. Tariffs, quotas, and subsidies fluctuate unpredictably. Compliance with AfCFTA requires harmonization of standards across African markets, and World Trade Organization (WTO) regulations influence export procedures. In addition, guidance and oversight from the International Monetary Fund (IMF), World Bank, and donor programs introduce reporting obligations, particularly regarding environmental and social compliance.

Financial management and exchange rate risks are significant. KGI earns revenues in multiple currencies, including US dollars (USD), euros (EUR), and British pounds (GBP), while costs are predominantly in local currencies. Currency volatility has affected profit margins, and financing expansion through foreign-denominated debt introduces additional risk. Capital budgeting decisions for automation and green projects are complicated by fluctuating interest rates and political uncertainty.

KGI's international strategy and operations are under review. Joint ventures are being considered for AfCFTA market entry, licensing agreements for Asian markets, and optimized export channels for high-value goods. Supply chain disruptions, political risk, and regulatory differences require careful logistics planning and risk-sharing mechanisms. Transfer pricing audits, profit repatriation restrictions, and multinational finance challenges further complicate the corporate landscape.

Required:

- a) Apply the trends of globalization, digitalization, near-shoring, and deglobalization to demonstrate how KGI can optimize its international operations. **(5 marks)**
- b) Analyze the impact of cultural, political, and legal environments on KGI's management and strategic decision-making across Africa, Asia, and Europe.

(5**marks)**

- c) Formulate trade strategies for KGI using classical and modern trade theories and propose how production hubs and export destinations should be selected. **(5**

marks)

- d) Evaluate the role of government policies, regional agreements such as AfCFTA and the European Union (EU), and international institutions including the WTO, IMF, and World Bank, in shaping KGI's market access, compliance, and financing decisions.

(5 marks)

- e) Assess KGI's financial and currency risk exposure and compose strategies for hedging, financing international projects, and structuring multinational operations for long-term sustainable growth. **(5**

marks)

QUESTION TWO

A European retail chain is planning entry into Kenya and Nigeria. Pre-entry surveys indicate consumer resistance to foreign products, employee strikes due to management practices, and regulatory restrictions on e-commerce and advertising. Imported product pricing has caused customer complaints, and local competition is strong.

- a) Apply your knowledge of cultural frameworks to illustrate how cultural differences may affect consumer behavior, employee relations, and managerial effectiveness. **(5**

marks)

- b) Analyze the ethical and social responsibility challenges facing the firm in these emerging markets. **(5**

marks)

- c) Propose strategies that align profitability with ethical business practices and stakeholder expectations. **(5 marks)**

QUESTION THREE

A Kenyan manufacturer exporting processed goods to the EU has been affected by new tariffs, product quotas, and non-tariff barriers. Customs delays and fluctuating regulations have increased operational costs, and management is considering shifting some production to lower-cost countries.

- a) Apply trade policy principles to demonstrate the operational and cost implications of tariffs, quotas, and non-tariff barriers. **(5 marks)**
- b) Analyze how protectionist policies and liberalization trends affect competitiveness and market strategy. **(5 marks)**
- c) Formulate alternative trade and sourcing strategies that comply with WTO regulations to maintain market access. **(5 marks)**

QUESTION FOUR

A multinational corporation is restructuring its African operations to take advantage of AfCFTA provisions. Challenges include regulatory inconsistencies between countries, inadequate infrastructure affecting logistics, and local competition from small and medium enterprises (SMEs) and informal markets.

- a) Apply regional integration principles to illustrate how operational efficiency and supply chain performance can be optimized. **(5 marks)**
- b) Analyze the risks and benefits of harmonization and participation in trade blocs. **(5 marks)**

- c) Examine how global financial institutions can support compliance, financing, and regional growth initiatives. **(5 marks)**

QUESTION FIVE

A Kenyan exporter earns revenues in USD and EUR while incurring costs in Kenyan Shillings (KES). Recent currency volatility has reduced profit margins, increased foreign debt servicing costs, and created uncertainty in capital budgeting for expansion projects.

- a) Apply exchange rate theory to demonstrate the factors influencing currency volatility and the operational risks posed.

(5 marks)

- b) Analyze the firm's exposure to transaction, translation, and economic risks associated with multiple currencies.

(5 marks)

- c) Compose financial strategies for hedging currency risk and ensuring sustainable multinational operations.

(5 marks)

QUESTION SIX

A multinational operating in multiple African countries faces transfer pricing audits, profit repatriation restrictions, and rising capital costs. Expansion plans are underway, but tax compliance, financial control, and ethical governance are ongoing challenges.

- a) Apply international business strategy principles to illustrate suitable entry strategies that diversify risk and support expansion.

(5 marks)

- b) Analyze challenges related to tax planning, capital budgeting, and financial management across multiple jurisdictions.

(5 marks)

- c) Propose strategies to ensure compliance, manage profits effectively, and sustain long-term growth ethically.

(5 marks)