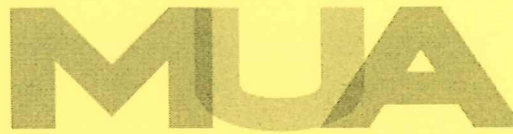


The
Management
University
of Africa



Sponsored by the Kenya Institute of Management

POSTGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF BUSINESS ADMINISTRATION

MBA 503: BUSINESS LAW AND ETHICS

DATE: 3RD DECEMBER 2024

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:

E-COMMERCE

The surging growth of the Internet has spurred changes in business models and fueled the proliferation of e-commerce. When the Internet first came into existence in the 1990s, analysts found a number of advantages that were probably related to e-commerce. E-commerce expanded at a rapid rate, presenting new chances for expansion and economic development as telecommunications and digital capacities were evolving quickly.

Since the mid-1990s, e-commerce has risen to the top of policymakers' agendas at the national, regional, and international/multilateral levels, swiftly becoming a defining characteristic of both domestic and cross-border trade and production processes. At the Second Ministerial Conference in May 1998 in Geneva, ministers adopted the Declaration on Global Electronic Commerce, which called for the creation of "a comprehensive work programme to examine all trade-related issues relating to global electronic commerce, including those issues identified by Members." This marked the first acknowledgment of electronic commerce within the framework of the World Trade Organization (WTO).

The Declaration also stated: "The work program will involve the relevant World Trade Organization ("WTO") bodies, recognize that work is also being undertaken in other international fora, and take into account the economic, financial, and development needs of developing countries." The General Council (GC) created the WTO Work Programme on E-Commerce in September 1998. "The production, distribution, marketing, sale, or delivery of goods and services by electronic means" is how e-commerce was defined (WTO, 1998). Around 20 years after the Second Ministerial of the WTO, e-commerce is growing at an exponential rate worldwide. A recent study conducted by CUTS International found that as of June 2019, 84 regional trade agreements (RTAs) included e-commerce provisions either as standalone chapters or as dedicated articles and 60 per cent of those RTAs entered into force between the years 2014 and 2016 (Gaitan, forthcoming). This shows the growing interest in regulating cross-border e-commerce in recent years.

Required:

- a) Explain any **five** benefits of e-commerce over traditional commerce to Kenyan businesses. **(10 marks)**
- b) Elaborate any **five** e-commerce issues that were part of the discussions of the World Trade Organization Work Program on Electronic Commerce. **(10 marks)**
- c) Enumerate the challenges of cross-border international trade. **(10 marks)**

QUESTION TWO

- a) The Ministry of foreign affairs in Kenya has incorporated a semi-autonomous State Department for Diaspora Affairs. The mandate of the department is to engage the Kenyan Diaspora in a more constructive and productive manner to unlock and unleash their full potential through promotion of continuous dialogue with Kenyans abroad. Briefly outline any **five** services provided by the State Department of Diaspora Affairs to Kenyan businessmen. **(10 marks)**
- b) Critically analyse the liability of the buyer under the Convention on Contracts for the International Sale of Goods (CISG). **(5 marks)**

QUESTION THREE

- a) Kenya is not only a regional business player but a global player on business matters. In view of this statement: Discuss any five advantages of global trade as opposed to regional trade to Kenyan economy. **(10 marks)**
- b) Discuss the implication of the principle of independence of a letter of credit. **(5 marks)**

QUESTION FOUR

- a) In resolving international commercial disputes, arbitration, mediation and negotiation are generally used as opposed to international litigation. Discuss the advantage rendered by adoption of arbitration as a dispute resolution mechanism as opposed to international litigation. **(10 Marks)**
- b) Enumerate on five non-trade barriers imposed by states within the East African Community. **(5 marks)**

