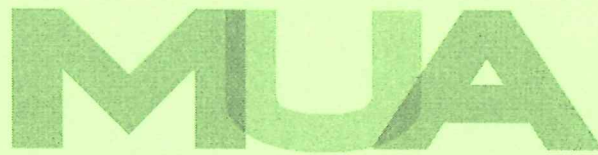


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

BMT 400 : INTERNATIONAL BUSINESS TRADE AND FINANCE

DATE: 8TH AUGUST 2024

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:

UNLOCKING GROWTH THROUGH INTERNATIONAL BUSINESS TRADE AND FINANCE IN KENYA

Kenya, a country located in East Africa, has witnessed significant economic growth in recent years, driven by its diverse economy, political stability, and strategic geographic location.

Kenya boasts a mixed economy, with agriculture, services, and industry playing pivotal roles. The country's trade policies have been instrumental in fostering international collaborations and attracting foreign investments. Key sectors include tea, coffee, horticulture, and tourism, contributing significantly to export revenue. Kenya's participation in regional trade blocs, such as the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), has facilitated the growth of cross-border trade. Additionally, the African Continental Free Trade Area (AfCFTA) has opened new avenues for Kenyan businesses to explore markets beyond the continent.

Kenya has become an attractive destination for FDI, with sectors like technology, energy, and infrastructure witnessing substantial inflows. The government's efforts to improve the business environment, coupled with financial reforms, have created an investor-friendly atmosphere. Despite progress, challenges persist in accessing capital for small and medium-sized enterprises (SMEs).

Fluctuations in currency exchange rates pose a significant risk for businesses engaged in international trade. The study analyzes how Kenyan businesses navigate these challenges and implement effective risk management strategies. Despite its economic successes, Kenya faces challenges in international trade and finance, such as infrastructural limitations, bureaucratic hurdles, and occasional political uncertainties. The study discusses how these challenges impact businesses and explores potential solutions.

Required:

- a) Explain five ways that international trade agreements, such as the African Continental Free Trade Area (AfCFTA), affects the strategic decisions of Kenyan businesses (10 Marks)
- b) Describe five roles that financial institutions in Kenya play in supporting the growth of SMEs engaged in international trade as observed in the case study above. (10 Marks)
- c) Highlight five best practices and strategies for businesses to mitigate the impact of currency exchange fluctuations on their international operations as explained in the case study (5 Marks)

QUESTION TWO

- a) Examine five ways that consistent practice of ethical behavior affects the long-term sustainability and reputation of a business in the global environment (10 Marks)
- b) state five key concepts of the theory of comparative advantage (5 Marks)

QUESTION THREE

- a) Analyze five roles of government in facilitating smoother international trade in the presence of trade barriers (10 Marks)
- b) Assess five impediments of regional economic integration in West Africa (5 Marks)

QUESTION FOUR

- a) Explain five ways that emerging technologies (e.g. cryptocurrency platforms) are disrupting traditional foreign exchange instruments (10 Marks)
- b) State five roles of the Central Bank in any of the East Africa member states (5 Marks)

QUESTION FIVE

- a) In the context of globalization, discuss five challenges that arise in managing a globalized value chain (10 Marks)
- b) Highlight five export strategies that can be adopted by developing countries (5 Marks)

QUESTION SIX

- a) Describe five disadvantages of collaborative arrangements in international business **(10 Marks)**
- b) In the context of geopolitical uncertainties, outline five risk management strategies that multinational corporations can adopt to mitigate political risks in their international business ventures **(5 Marks)**