

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: 2ND APRIL 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:

THE ROLE OF GLOBALIZATION IN THE EXPANSION OF KENYAN MULTINATIONALS

Globalization has significantly influenced the evolution of international business, shaping how companies engage in cross-border trade, investment, and competition. Kenyan multinational enterprises (MNEs) have increasingly embraced globalization, expanding their operations beyond domestic markets and accessing new opportunities. However, this shift comes with both benefits and challenges, including regulatory barriers, cultural differences, and economic volatility.

Kenyan firms such as Safaricom, Equity Bank, and Bidco Africa have successfully expanded into regional and international markets by leveraging competitive strategies, digital innovation, and trade agreements such as the African Continental Free Trade Area (AfCFTA) and Common Market for Eastern and Southern Africa (COMESA). While globalization has driven economic growth and business expansion, these companies also face challenges such as trade restrictions, currency fluctuations, foreign regulations, and labor market differences.

Kenya's strategic location in East Africa, coupled with technological advancements and improved trade policies, has enabled local firms to expand internationally. One of the most successful examples of global expansion is Safaricom, Kenya's leading telecommunications company. Through its M-Pesa mobile money platform, Safaricom has transformed financial transactions across Africa, extending services to Tanzania, South Africa, Ghana, and the Democratic Republic of Congo. This expansion was facilitated by strategic partnerships with Vodafone and local financial institutions, ensuring compliance with regulatory frameworks and addressing currency risks.

Another example of globalization's impact is Equity Bank, which has established a strong presence in Uganda, Rwanda, Tanzania, and South Sudan by offering financial inclusion programs and digital banking solutions. The bank's expansion strategy emphasizes low-cost lending models, accessible credit services, and mobile banking, allowing it to compete with international financial institutions.

Similarly, Bidco Africa, a leading manufacturer of consumer goods, has leveraged economies of scale to export its products across Africa, Asia, and the Middle East. Bidco's success is attributed to modern manufacturing processes, brand positioning, and trade facilitation policies that support regional exports.

While these firms have benefited from globalization, they also face market entry barriers, including protectionist policies in some countries, stringent foreign regulations, and fluctuating exchange rates. Governments impose trade restrictions to protect local industries, making it difficult for Kenyan firms to expand seamlessly.

Kenyan multinationals must adopt risk management techniques, conduct foreign market research, and build adaptive business models to navigate global business challenges. Trade agreements such as AfCFTA and COMESA can facilitate market access, but Kenyan firms must optimize their trade strategies by negotiating better trade terms, diversifying investment portfolios, and strengthening financial resilience.

Additionally, addressing cultural differences is crucial. Companies expanding internationally must understand consumer behavior, legal requirements, labor laws, and taxation policies in foreign markets. Investing in cross-cultural training and international business education can enhance business success.

For long-term sustainability, Kenya's government must focus on policy reforms that promote local enterprises, enhance competitiveness, and support innovation-driven growth. Reducing bureaucratic obstacles, improving infrastructure, and creating investment-friendly regulations will allow more Kenyan firms to thrive in global markets.

Source: World Trade Organization (WTO) Trade Policy Reviews

Required:

- a) Critically assess the effect of globalization on Kenyan multinational enterprises (MNEs) as presented in the case study **(10 Marks)**

- b) In the case study, it has been presented that Kenya engages in international business with various countries. Discuss the challenges faced by Kenyan firms when engaging in international business **(10 Marks)**

- c) Analyze the role of regional trade agreements such as AfCFTA and COMESA in facilitating the expansion of Kenyan businesses into global markets as highlighted in the case study **(5 Marks)**

QUESTION TWO

- a) Cultural differences can significantly impact international business operations. Assess five behavioral practices that influence negotiations, partnerships, and workplace dynamics in global markets **(10 Marks)**
- b) Companies engaging in international business must navigate diverse cultural norms. Evaluate five strategies for effectively managing cultural differences and fostering successful business relationships **(5 Marks)**

QUESTION THREE

- a) Governments implement trade policies to regulate international commerce. Examine five economic rationales for governmental intervention in trade **(10 Marks)**
- b) Trade control instruments are used to influence imports and exports. Discuss five instruments of trade control, explaining how they shape business strategies and global trade flows **(5 Marks)**

QUESTION FOUR

- a) International trade agreements play a crucial role in global commerce. Evaluate five contributions of the World Trade Organization (WTO) in promoting fair trade and resolving disputes **(10 Marks)**
- b) Regional economic integration strengthens trade relationships between countries. Analyze five advantages of regional trade agreements, illustrating their impact on business expansion and economic stability **(5 Marks)**

QUESTION FIVE

- a) Companies use various foreign-exchange instruments to manage financial risks. Identify and describe five major foreign-exchange instruments, explaining their role in international financial transactions **(10 Marks)**
- b) Exchange-rate fluctuations affect global business operations. Analyze five determinants of exchange rates, assessing their influence on international trade and investment **(5 Marks)**

QUESTION SIX

- a) Businesses must balance global integration and local responsiveness when expanding internationally. Compare and contrast five key factors influencing this balance, discussing their significance in strategic decision-making **(10 Marks)**
- b) Companies adopt different strategies to compete in international markets. Evaluate five international business strategy types, explaining how firms leverage on them for global success **(5 Marks)**