

**COMMERCIAL DIPLOMACY IN INTERNATIONAL BUSINESS AT
KENYA HIGH COMMISSION IN KAMPALA, UGANDA**

BY

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY
OF NAIROBI**

NOVEMBER 2013

DECLARATION

This research project is my original work and has not been presented for the award of any degree or certificate. No part of this proposal may be reproduced without the prior permission of the author.

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ACKNOWLEDGEMENTS

The preparation of this document has been a challenging task which has been made possible through the combined efforts of a number of individuals. I attribute all the success achieved in preparing this document to them with gratitude and delight. Their help enabled the completion and prompt submission of my research project without delay.

I wish to thank the Almighty God for having enabled me to study this degree. My gratitude goes to my parents Mr. and Mrs. Maru for their endless support and in their prayers during my pursuit for education. Their encouraging words and constant support has spurred me to greater heights than could be thought possible.

I am also indebted to Mr. Jeremiah Kagwe, my supervisor, for his guidance and encouragement in ensuring that this project is complete.

Lastly, I would like to thank my fellow MBA students and the lecturers at University of Nairobi who have made my two year program a memorable one.

May Almighty Lord bless you all.

DEDICATION

I dedicate this project to my parents Mr. and Mrs. Maru, my brother and sisters.

Abstract

This research project was carried out to establish the role of commercial diplomacy in facilitating international business at the Kenya High Commission in Kampala and the challenges they faced. Commercial diplomacy is a new avenue for countries to promote international trade with friendly states. To realize the objectives of the research, a case study was conducted at the Kenya High Commission in Kampala. Data was collected by use of personal interviews with open-ended questions administered to the Assistant Commercial Attaché at the Kenya High Commission in Kampala and a Kenyan investor. The information was presented and discussed as per the objectives and research questions of the study. The researcher employed content analysis to make inferences of the information collected. The findings of the study showed that the Kenya High Commission in Uganda has facilitated international business through a number of ways such as export promotion, import promotion, international relations, advisory and consular services as well as tourism promotion. The study recommends that government through the Kenya High Commission in Uganda should encourage public-private partnerships through investment forums and conferences, they should provide regular reports to investors on the investment climate and investment opportunities available in Kenya and sourcing markets for the Kenyan products.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Commercial diplomacy is an activity conducted by state representatives with diplomatic status in view of business promotion between a home and a host country. (Naray, 2008) It helps encourage business development through activities such as business promotion and facilitation activities. Commercial diplomacy may involve high policy level such as president, minister or member of parliament or lower levels such as use of ambassador or special diplomatic envoy. Naray (2008) argues that commercial diplomacy plays an important role in investments, research and development and trade activities yet it is underexplored as an opportunity for promotion of international business development. It involves government actors interacting with the business community in order to promote trade relations between countries. Diplomats are involved in activities such as promotion of a nation's image abroad, business advisory, multi-lateral negotiation, trade consultations and dispute resolution. This can take place at several levels such as bi-lateral level, regional level and the international level. This may be undertaken by ambassadors, special diplomatic envoy or trade promotion agency staff. (Kostecki & Naray, 2007)

Kenya exports her largest share to Uganda for over a decade now therefore forming close trade partnership between the two countries. Kenya exports 20.35% of her total exports to Uganda as of year 2001 (KNBS; Economic Survey, 2008) which was valued at Ksh. 30.04 billion. Kenyan exports to Uganda have grown over the past years therefore enhancing Uganda as a trading partner of Kenya and offering a fallback for Kenyan investors whose traditional markets in America and Europe have been dampened by the global financial crisis. Kenyan exports to Uganda stood at Ksh. 44billion as of year 2012. This increase in exports has been facilitated by Uganda's position as a landlocked country and the bi-lateral trade relationship between the two countries. Starting a new business in Kenya is easier as opposed to Uganda according to a World Bank Group study carried out in 2012 to establish the procedures required and period taken to start a business in various countries around the world. Starting a new business in Kenya will

require 10 procedures and takes an average of 32 days while in Uganda takes 15 procedures and a period of 33 days. However, this does not dampen the prospects of Kenyan investors wishing to invest in Uganda since the Ugandan market offers new opportunities not found in the domestic market. (Kireeva & Buyonge, 2008)

There are 49 Kenyan missions abroad according to the Kenya Statehouse Website. (Kenya Missions data, n,d,) The Kenyan government has set up a number of agencies to help the Kenyan investors reach the global market. The agencies include; Export Promotion Council, Brand Kenya Board, Kenya International Freight and Warehousing Association, Kenya Flower Council, Fresh Produce Exporters Association of Kenya, Kenya National Chamber of Commerce and Industry and Kenya Bureau of Standards. They are responsible for developing and promoting Kenyan exports of goods and services, promoting Kenya into a competitive global brand, promoting tourism, offering information on global markets as well as facilitating access of global markets. This study will focus on bi-lateral trade relations between Kenya and Uganda as a result of having a Kenya High Commission in Kampala and its impact in fostering trade and investment between the two countries. It will seek to identify the benefits realized thereof and the challenges facing the trade relations and ways to improve the relationship. The study seeks to understand if the Kenyan High commission is responding to the needs of the foreign investors such as contract negotiation, requests for information, dispute resolution or advisory needs.

1.1.1 Commercial Diplomacy

Commercial diplomacy involves advisory, information gathering, lobbying, advocacy, negotiation and dispute resolution. (Ruel et al, 2013) It involves interaction between the business community and the public actors in promotion of business activities across regions and countries. Menipaz & Menipaz (2011) state that international business is defined as all business activities, including the creation and transfer of resources, goods, services, know-how, skills and information, which transcend national boundaries. Multinational enterprises are the main drivers and beneficiaries of international business. Multinational enterprise is a company that has a worldwide approach to markets,

production and operation in more than one country. It is a large company which both produces and sells goods and services in various countries.

International business and commercial diplomacy play a critical role for businesses and countries. It helps to create more sales for a company's products by opening up more markets to cater for excesses in the domestic market. It also helps firms to diversify to new markets when there is high competition in the domestic market. Firms can therefore seek new opportunities available in the global market. The differences in consumers' needs and wants help create a diversity of small consumer groups hence making it easy for a company to expand its customer base into inter-regional markets. (Ruel et al, 2013)

International business provides high quality products to consumers due to a wide range of products available in a market therefore producers raise the production standards thereby providing high quality products to consumers to meet the high competition from other producers. International business helps companies make strategic positioning hence improving economic gains by making more profits by operating in the global market as opposed to the domestic market.

Commercial diplomacy leads to infrastructure investment by national governments so as to facilitate transportation of raw materials and finished products to the factory and markets respectively. In attracting more foreign investors, countries invest in better infrastructure so as to reduce the cost of doing business for foreign investors. It countries earn more foreign exchange through exports and profits repatriation to the home countries.

International business has a number of theories that explain the importance of a country to engage in international trade. The theories have been developed over a number of years through research and observation of the global economy. Different theories differ on the factors that stimulate international trade hence no one theory is self-sufficient in influencing international trade. Countries must therefore apply a number of theories so as to encourage inter-regional trade between states. For example, the theory of absolute advantage suggests that a country should specialize in producing goods in areas where it has an absolute advantage and import goods in areas where other countries have absolute

advantages while the theory of comparative advantage suggests that it makes sense for a country to specialize in producing those goods that it can produce most efficiently and buy goods that it can produce relatively less efficiently from other countries. (Hill, 2001)

1.1.2 The Kenyan Embassies and High Commissions

The government through Ministry of Foreign Affairs has established 49 Kenyan missions around the world they are named High Commissions (those in commonwealth countries) or Embassies. Kenyan missions abroad have a mandate to represent the country's interest abroad to build political, social, cultural and economic ties. Kenyan High Commissions and embassies are tasked with continual promotion of friendly bilateral relations which enhance the political and socio-economic relations between Kenya and the host country. They have a mandate to promote Kenya as a tourist destination, launching partnerships with nations and foreign investors for transfer of latest technologies, skills and capital, sourcing export markets for Kenyan products and strengthening Kenya's position on environmental issues and climate change. Kenyan missions also have the role of providing information to foreign investors on the investment opportunities available in the country, promote trade and providing consular services to Kenyan nationals abroad and citizens from the host country wishing to visit Kenya.

Kenya's missions abroad have the following main functions; political affairs, agricultural office, commercial office, consular affairs, education office and trade and investment office. The commercial office has the role of facilitating and promoting trade, investments, tourism and technology transfer as well as engaging with host nation representatives, foreign investors, foreign companies and consumer organizations. The trade and investment office is tasked with sourcing companies to set up foreign investments in Kenya, export promotion, establishing trade linkages with the Kenyan business community, organizing trade fairs and exhibitions, facilitating trade fairs and exhibitions and provision of information on trade and investment opportunities available in Kenya. The education office provides support to Kenyan students enrolled in institutions of higher education abroad and creates networks and linkages with relevant foreign educational institutions. The agricultural office is responsible for promoting and raising exports of Kenya's agricultural products as well as engaging foreign governments

in environmental and climate change issues. The consular affairs department provides legal documents to both Kenyan nationals and visiting foreign nationals such as birth certificates, work permits, marriage certificates, visas and passports among others. The political affairs department is in-charge of promoting Kenya's political interests in the host nation, promoting cordial relations between the host nation and Kenya and providing protocol services to visiting government delegations.

The Kenya missions are led by a high commissioner or ambassador. There are also deputy head of missions, heads of the various functions represented in the mission and administrative staff which comprise of finance, human resources and protocol management staff.

1.1.3 The Kenya High Commission in Kampala, Uganda

The Kenya High Commission in Kampala, Uganda was established in 1981 for the purpose of promoting Kenya's foreign policy. The Mission strives to excel and be effective and efficient in advancing Kenya's strategic political interests, economic interests and providing consular assistance and protection to Kenyans in Uganda. (Kenya High Commission Uganda data, n,d,)

The Kenyan High Commission, Kampala aims to do the following; promote, project and protect Kenya's image and national interests abroad; promote and enhance bilateral relations and trade; safeguard Kenya's sovereignty, territorial integrity and welfare of Kenya nationals in Uganda; promote good neighborliness and maintain friendly relations with the Government and the people of Uganda and promote and support regional and sub-regional economic cooperation and integration arrangements. The mission has a High Commissioner, deputy high commissioner (in-charge of trade), administrator and staff in-charge of various functions in the Kenyan High Commission in Uganda.

1.2 Research Problem

Commercial diplomacy is still a new phenomenon to developing countries therefore the researcher is interested in finding out if developing countries are taking up the opportunities presented by the interaction of the business community and commercial diplomacy and how fast they have adapted to it. There are a number of risks that affect foreign investors in new markets including market risks such as lack of market information on the trends of the market, consumer behavior in response to various products and services, information on available products and services, opportunities available, legal issues arising on work permits, lease of land, business licenses and permits, labor laws of the country and any political or economic risks adherent in the host market.

The researcher sought to identify the specific strategies being implemented by the Kenyan High Commission to derive more trade and increase the value and number of exports to Uganda, any challenges faced and how to overcome them. The study sought to establish the benefits realized by foreign investors such as tax waivers, incentives, public procurement laws and public-private business partnerships. The study was aimed at highlighting the impediments to growth of trade between the two countries and suggesting ways for improving the trade relations.

Studies have been carried out in this area of commercial diplomacy, a study by Kostecki and Naray in 2007 into the three dominant types of commercial diplomats which are the civil servant, generalist and business promoter indicates how elements of informal institutionalism and corporate entrepreneurship might shape the way a commercial diplomat adopts his/her role. The researchers concluded that effective commercial diplomat needed extensive managerial experience, interpersonal skills and contacts. (Kostecki & Naray, 2007)

A further qualitative research study done by Visser in 2011 suggests that the approach toward pro-activity is the main determinant of the commercial diplomat's role as it encompasses the aforementioned authors' elements and provides deeper insight into a commercial diplomat's role. A pro-actor is seen to be pro-active at institutional and

business levels, a reactor is only active at institutional level while a non-actor is rarely active and if at all active then only at institutional level. (Visser, 2011)

A study carried out by Ruel et al in 2013 into whether commercial diplomacy and international business are inseparable. The researchers found out that that commercial diplomacy involves interaction between public and private actors to manage commercial relations using diplomatic channels and processes. The researchers concluded that commercial diplomacy is necessary in order to facilitate international business through communication to create business value. Commercial diplomacy provides support to the business community and helps promote entrepreneurial activity. (Ruel et al, 2013)

Quantitative evidence contained in the study by Rose in 2005 suggests that export promotion is encouraged by diplomatic representations abroad. The researcher used a cross-section of data of both exporters and importers which showed that bilateral exports rose by about 6-10% for each additional mission abroad. The study showed the role of commercial diplomacy in helping governments achieve the objective of economic integration thereby promoting business growth. (Naray, 2008)

A study by Lee & Hudson (2004) carried out to establish the old and new significance of political economy in diplomacy. The study shows the importance of the use of political economy in the interaction of the business community relations and government relations, it is therefore necessary to continuously maintain good relations to facilitate business growth. The researchers concluded that it is necessary to keep up with the contemporary changes in diplomatic sector and the integration of government officials in international business negotiations to promote better relations. (Lee & Hudson, 2004)

This study sought to answer the question, what is the role of commercial diplomacy in facilitating international business at the Kenya High Commission Kampala, Uganda?

1.3 Research Objectives

The objectives of this study are to:

- i. Establish the role of commercial diplomacy in facilitating international business at the Kenya High Commission in Kampala, Uganda?
- ii. Determine the challenges faced by the Kenya High Commission in Uganda in facilitating international business between the two countries

1.4 Value of the Study

The study will be important to other researchers by providing a secondary data source which will help improve their research in international business in the future. In addition, other researchers may need the study findings to stimulate further research in this area of international trade and commercial diplomacy and as such form a basis of good background. It will also create basis for more research to be undertaken about trade in the East African Community member states.

The study will be important to the Kenyan government in determining the benefits and challenges arising from setting up the Kenya High Commission in Uganda and how to improve the trade relations between the two countries. It will also help the Ugandan government in establishing incentives to promote Kenyan trade in Uganda. The study will be helpful to the Kenyan government to establish if the resources set aside in establishing embassies are enough to attract investments to Kenya.

The study will also be important to senior diplomats and ambassadors in helping improve decision making to help increase bi-lateral trade between countries through effective commercial diplomacy. The study will provide new ways of interaction between diplomats and the business community.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses four main international business theories that explain how countries trade with each other and the importance of diplomatic missions in promoting international business.

2.2 Theories on International Business

The theories of international business discussed here include; mercantilism, absolute advantage, comparative and factor proportions theory.

The theory of mercantilism states that the wealth of a nation depends on its reserve of precious metals such as gold and silver. It further states that nation should accumulate financial wealth by encouraging exports and discouraging imports. (Hill, 2001) This is achieved through trade surpluses, government intervention and colonization. Trade surplus is achieved through maximizing exports through subsidies and minimizing imports through tariffs and quotas. Commercial diplomacy helps propagate this theory through co-operation with friendly countries to promote trade between them.

The theory of absolute advantage suggests that a country with absolute advantage is able to produce a product more efficiently than any other nation using the fewer amount of resources. A country is therefore able to reduce production costs while boosting profits therefore raising the living standard of its citizens by being able to obtain goods more cheaply and in greater quantity. The theory of absolute advantage therefore measures a nation's wealth by the living standards of the people and not the accumulated reserves. A country should therefore engage in production of and export of goods that it has absolute advantage to produce and import the goods it cannot produce economically thereby encouraging international trade between countries which is promoted by commercial diplomacy. (Hill, 2001)

Comparative advantage theory suggests that a country should specialize in producing those products that it can produce most efficiently while importing products it can produce relatively less efficiently from other nations. (Hill, 2001) The theory proposes free trade which brings about increased world production by opening up a nation to unrestricted free trade hence stimulating economic growth which leads to all-round gains from trade. Commercial diplomacy highlights the government's responsibility of expansion of socially beneficial international trade ventures by working with diplomatic missions to support home country's business through promotion of investments.

The theory of factor proportions states that a nation should export products to a nation where resources to produce them are in short supply and import products from where resources are abundant. (Obstfeld & Krugman, 2009) The factors of production include land, labor, capital and entrepreneurship. Depending on the resources available to any particular country, the nation will engage in production of those goods that it has abundant resources. A country will specialize in labor products if the cost of labor is lower than capital and land and specialize in capital if the cost is lower than labor and land. If a country has a large amount of land and specializes in exporting agriculture products then they will import the capital products needed to help in the labor of these exports. Countries exporting different items will engage in business so as to acquire the required items therefore diplomacy helps promote international business.

The theories of international business provide ways in which missions around the world can use to help promote international trade. Through the theory of mercantilism, commercial diplomats can source markets for products from their home country hence encouraging exports. Missions can also increase exports by offering subsidies to exporters. Missions can also discourage imports by charging quotas and tariffs; this will increase the cost of doing business for the importers thereby discouraging imports from other countries. The theory of absolute advantage calls for commercial diplomats to encourage export of products that use relatively less resources and importation of goods to home countries that are produced more cheaply abroad. Through the theory of comparative advantage, diplomats encourage exportation of home country products produced more efficiently in locally by sourcing markets for them and importation of

products produced more efficiently abroad. Finally, through the factor proportions theory commercial diplomats can seek foreign investors who are willing to invest in the home country where labor may be cheap and afterwards export the goods to other countries where labor may be expensive.

2.3 Role of Commercial Diplomacy in facilitating International Business

Diplomatic missions abroad are involved in promoting international business through export promotion, investment promotion, advisory services to investors, promoting the country's image, tourism promotion, contract negotiation and conflict resolution. However, diplomatic missions face challenges such as differences in business cultures in the host nation, ineffective management of infrastructure such as roads, rail system and ports, disparity of custom regulations in the host country and lack of proper information flow to the foreign investors thereby reducing the flow of foreign investments to the home country. The diplomats should be armed with comprehensive real-time information on macro policies and incentives availed to foreign companies and micro and technical information on products and investment opportunities to enable them efficiently advice foreign investors. (Rana & Chatterjee, 2011)

Commercial diplomats facilitate international business by encouraging exports through offering subsidies to exporters hence are able to access loans to boost their businesses. Imports to the home country are encouraged by foreign missions through providing investment opportunities information to potential investors.

Commercial diplomats are also tasked with the responsibility of maintaining good relations with the host country. They provide consular services such as issuing visas, work permits, marriage certificates and advice to foreign investors wishing to invest in their home country.

The foreign missions also help facilitate and maintain economic and political ties with the host nation. They organize trade exhibitions, source for investors as well as promoting cordial relations with the host nation. This also involves promoting tourism activities in the home country. (Workneh, 2012)

2.4 The Challenges faced by Embassies in facilitating International Business

Embassies around the world face a wide range of challenges mainly differences in customs regulations. The customs laws differ significantly from country to country though not entirely with the introduction of regional economic bodies which help to harmonize trade between member states by applying standard custom duty rates on certain items. Differences in tax incentives to investors from country to country also pose a challenge to commercial diplomats in facilitating foreign investments. (Kireeva & Buyonge, 2008)

Inefficient and ineffective management of infrastructure such as ports, rail service and roads has cost a lot of businesses their profits which impacts negatively on the country's image to the foreign investors. An example is delays at the port due to the congestion at the port and inefficiencies of road and railway service. Land border crossings are also congested due to the slow use of technology to facilitate faster clearance and inefficiencies in clearing trucks. (Workneh, 2012)

Embassies are also faced with differences in business cultural practices. Different business communities have their own way of conducting contract negotiations and dispute resolution that is different from others. This may cause confusion among the officials engaged in the business talks. Differences in communication and language may also conflicts for all engaging in business talks. (Kireeva & Buyonge, 2008)

Corruption may be defined as the abuse of public power for private gain. This is the greatest risk in facilitating inter-state trade. Some unethical businessmen attempt to bribe government officials to avoid paying custom duties by wrongly declaring goods at customs. In the end, corruption ends up hurting the country's economy by denying the government a source of revenue. (Kireeva & Buyonge, 2008)

Lack of proper institutional arrangements and mechanism for information flow, export promotion as well as tourist attraction and follow-up of inward foreign direct investments is also a challenge. The diplomats should be armed with comprehensive real-time information on macro policies and incentives availed to foreign companies and micro and technical information on products and investment opportunities to enable them efficiently advice foreign investors. (Workneh, 2012)

Another major challenge faced is lack of motivation from the staff. Most diplomats are appointed by the government officials of the day; they therefore lack the zeal to work hard to achieve the goals set for them. Demotivation of diplomatic staff leads to inefficiencies in the service delivery by missions such as slow processing of visas and work permits.

Political instability in the home country is also a challenge to the embassies. Sourcing for investors, foreign partners and funds becomes a challenge when there is political violence, civil war or conflicts in the home country. It poses a challenge to potential investors who would lose all their investment in the midst of the political instability. Foreign investors mostly shy away from war-prone areas due to the high risk posed by civil unrests.

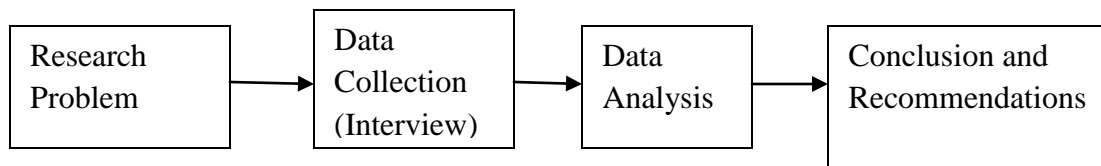
Insufficient funding from government also prohibits missions from achieving their goals. Diplomatic staff will require funds to run the office as well as to perform some of their functions such as sourcing for investors. They also require funds to arrange for forums such as exhibitions, trade fairs and conferences where they inform investors of any new opportunities arising in their home country. (Rana & Chatterjee, 2011)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the design and methodology of the study. It presents the research design, data collection and data analysis.

3.2 Research Paradigm



3.3 Research Design

The researcher used a case study to conduct research, which is defined as an empirical enquiry that investigates a contemporary phenomenon within its real life context when the boundaries between phenomenon and context are not clearly evident and in which multiple sources of evidence are used. (Yin, 1984) A case study was used since it allows detailed understanding of a specific occurrence, in this study particularly it sought to understand the role of the Kenya High Commission in Kampala in facilitating international trade and the challenges it faces.

The researcher choose to conduct a case study as it will provide specific answers as to the strategies used by the Kenya High Commission in Uganda to facilitate international trade between the countries of Kenya and Uganda. Personal interviews will also provide the researcher with an avenue to clarify any answers that may not be clear.

The data collected will be measured for accuracy based on the frequency of results given by respondents. A response repeated by most respondents affirms the accuracy of the results while discrepancies in results will impel the researcher to probe more questions to clarify the results and make a follow-up of the issues raised.

3.4 Data Collection

The researcher collected primary data from the Assistant Commercial Attaché at the Kenya High Commission in Kampala and a Kenyan businessman in Uganda. This is because the researcher wanted first hand data on the role of the embassy and the challenges they face in facilitating international trade.

The researcher collected data by conducting personal interviews. The interview guide had open ended questions. (Appendix 2, pp viii) It was divided into four sections; the first section focused on the background of the respondents, the second section focused on the background of the Kenya High Commission in Kampala, the third section focused on the role of the Kenya High Commission in Kampala in facilitating international trade and the fourth section focused on the challenges it faces and how to overcome them.

The respondent was the Assistant Commercial attaché in the department of trade and investments at the Kenya High Commission in Uganda. This is because he was more experienced and knowledgeable on issues of commercial diplomacy and its role in facilitating international business. The researcher also interviewed a Kenyan businessman operating in Kampala who has invested there for more than five years. They gave information on the importance of the Kenya High Commission in Kampala in facilitating trade in the host country. (Appendix 2, pp viii)

The method of data collection was face-to-face interviews which were all administered by the researcher. The interviews were conducted at the Kenya High Commission in Kampala offices.

3.5 Data Analysis

Data collected will be qualitative and will be analyzed by content analysis techniques. Findings will be then be interpreted and analyzed to help identify the results and to facilitate comparison. Inferences will be made from the summarized and presented data to establish if the objectives of the study have been met.

Content analysis helps to make inferences, describe the conclusions arrived at and make suggestions about the consequences of the research hence it is best suited to be used in this research study. (Holsti, 1969)

3.6 Data Validity and Reliability

Data reliability refers to the degree to which the data collection tool produces stable and consistent results while data validity refers to how well a test measures data collected. (,) The researcher measured reliability of information collected by examining the consistency of the responses given by the respondents. Formative validity was applied whereby the information collected helped improve the issues under study which are the importance and challenges faced by the Kenya High Commission in Kampala in facilitating international business. The researcher gave recommendations to help improve international business between Kenya and Uganda.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the data analysis, results and discussion of the collected data. The findings are presented below in sections. The first section gives the background information of the respondents, the second section gives information on background of the Kenya High Commission in Kampala, the third section gives information on the role of the Kenya High Commission in Kampala in facilitating international business and lastly the fourth section presents the challenges faced by the Kenya High Commission in Kampala in facilitating international business.

4.2 Data Analysis

For purposes of this study, the data was analyzed using content analysis techniques. The responses given were evaluated to ensure logical reasoning of each answer. Answers that were not clear were clarified at this stage. The answers given were also evaluated to ensure that they meet the objectives of the study.

4.3 Findings of the Study

The study came up with the following findings as per the objectives of the study and the information collected.

4.3.1 Background on the Kenya High Commission in Kampala

The Kenya High Commission in Kampala was established in 1981 for the purpose of advancing Kenya's foreign policy in Uganda. The Kenya High Commission in Kampala has 35 employees working in various departments. The Kenya High Commission in Kampala provides the following services; trade and investment services, consular services, education services, agricultural services, commercial services and political affairs services.

4.3.2 The Role of the Kenya High Commission in Kampala in facilitating International Business

The Kenya High Commission in Kampala facilitates export promotion through a number of ways such as establishment of export processing zones, double taxation agreements and access to world markets under bi-lateral agreements such as African Growth and Opportunity Act (AGOA). The Kenya High Commission in Kampala also organizes and facilitates trade fairs and exhibitions where exporters have an avenue to meet investors from the host country

The Kenya High Commission in Kampala facilitates import promotion through a number of ways such as organizing trade fairs for importers who can learn more of investment opportunities in Kenya in the various industries. The government through the Kenya High Commission in Kampala has opened up the capital markets to foreign participation, repatriation of capital and profits and free entry of factors of production following the East Africa Common Markets Protocol.

The Kenya High Commission in Kampala establishes and maintains international relations with the host country in effort to promote international business. The Kenya High Commission in Kampala engages in negotiation of bi-lateral agreements with the host government, attending joint security meetings with the host nation, providing work permits and visas to Ugandan citizens who wish to work in Kenya. They also maintain political ties and friendly relations with the Ugandan government officials.

The Kenya High Commission in Kampala provides advisory and consular services in the facilitation of international business. The High Commission provides support to firms in dispute settlement. It also provides legal assistance through a list of approved legal service providers. They facilitate trade agreements between the public and private sectors and it also facilitates issuance of legal documents such as visas and passports and also provides information to investors wishing to invest in Kenya.

The Kenya High Commission in Kampala promotes tourism in the facilitation of international business. In conjunction with Brand Kenya and Magical Kenya, the Kenya

High Commission in Kampala promotes Kenya as a tourist destination. With the help of companies in the tourism industry, the Kenya High Commission in Kampala facilitates exhibitions and tourism promotion conferences in a bid to grow the Kenyan tourism sector.

4.3.3 The Challenges faced by the Kenya High Commission in Kampala in facilitating International Business

The Kenya High Commission in Kampala faces a number of challenges in facilitating international business; there is difficulty in sourcing funds and investors to help promote exports and imports. Conflicts in international relations pose a challenge in facilitating international business. The Kenya High Commission in Kampala also faces the challenge of poor infrastructure and delays in clearing goods at the port and at land border crossings such as Gilgil and Malaba which discourages investors who would wish to export goods to Uganda. The staff of Kenya High Commission in Kampala also has low morale at work leading to low performance.

The challenges can be resolved by encouraging more private-public partnerships and provision of information to the relevant interested parties on time to help improve the number of foreign investments in Kenya. Infrastructure should also be improved to minimize the delays due to poor roads, rail service and slow clearance. Employees should sign performance contracts so as to improve their working efficiencies and help provide employment stability.

4.4 Discussion

The findings of the study showed that the commercial diplomats are tasked with the responsibility to facilitate trade and investments which is a major task assigned to them as seen from the literature. Diplomats have the responsibility to provide consular services, advisory, commercial affairs, agricultural affairs, education affairs, trade and investment and political affairs services. (Rana & Chatterjee, 2011) The findings were parallel to the literature from earlier researchers on the main responsibilities of diplomats. The staff at the Kenya High Commission in Kampala provides these services as well as actively

promoting international business between Kenya and Uganda. The high commission facilitates international business through the services it provides to foreign and Kenyan nationals. The Kenya High Commission in Kampala promotes Kenya's image and national interests abroad, promotes bilateral relations, safeguard Kenya's sovereignty and welfare of Kenya nationals in Uganda. It also promotes good neighborliness and maintains friendly relations with the Government and the people of Uganda and supports regional and sub-regional economic cooperation.

According to Rana & Chatterjee (2011) commercial diplomats are tasked with the function to promote exports and imports as well as providing consular services and maintaining political relations with the host government. The study found out that the Kenya High Commission in Kampala facilitates international business through export promotion, import promotion, international relations, advisory and consular services as well as tourism promotion. The Kenya High Commission in Kampala also engages in a number of activities such as arranging trade fairs and investment conferences to help boost international business. This also helps provide linkages between various investors leading to formation of investment partnerships.

According to (Kireeva & Buyonge, 2008) embassies are faced with the problem of differences in custom regulations between the host nation and the home nation. The study found out that the Kenya High Commission in Kampala faces a number of challenges in facilitating international trade such as differences in custom regulations and conflicts in international relations. There is also a challenge sourcing for funds from foreign investors. According to Rana & Chatterjee (2011), embassies face the challenge of low morale from staff which was also seen in the Kenya High Commission in Kampala. Poor infrastructure leading to delays in clearance and slow transportation was also a challenge cited by the Kenya High Commission in Kampala staff just as documented by Workneh in 2012. The solutions provided were encouraging more private-public partnerships and provision of information to the relevant interested parties on time to help improve the number of foreign investments in Kenya. Infrastructure should also be improved to minimize delays in transport and clearance and employees should sign performance contracts which will ensure employment stability and efficiency in work performance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter outlines the summary and conclusions that were drawn from the findings. It further provides recommendations as a basis of addressing issues raised through the study as well as limitation of the study.

5.2 Summary of the Findings

The Kenya High Commission in Kampala was set up in 1981 to facilitate Kenyans wishing to work, learn or travel to Uganda. Over the years, it has provided other services such as trade and investment, tourism promotion, advisory services and agricultural affairs. In recent years, the Kenya High Commission in Kampala has been involved in facilitating international business.

The Kenya High Commission in Kampala plays a critical role in facilitating international business. It accomplishes this role by promotion of exports and imports, facilitating international relations, providing advisory and consular services as well as tourism promotion. International business is an income earner for the government in forms of taxes levied, business permits and licenses. It also provides employment for many Kenyan citizens and creates an avenue for entrepreneurs to access markets and engage in trade.

The Kenya High Commission in Kampala faces challenges in facilitating international business such as differences in business regulations and difficulty sourcing for investors. The respondents suggested that public-private partnerships should be encouraged and information on investment opportunities available in Kenya should be readily available.

5.3 Conclusion

The data collected shows that the government needs to improve on the provision of information on investment opportunities available in Kenya. The Kenya High Commission in Kampala also needs to help iron out differences in business regulations between the two countries through bi-lateral agreements.

The study objectives in this study have been met, the objectives of the study was to establish the role of commercial diplomacy in facilitating international business at the Kenya High Commission in Kampala and its challenges. The Kenya High Commission in Kampala has increased its trade and investment activities by engaging more with the private sector and encouraging investors to take up the opportunities available in Kenya thereby increasing the internal business between the two countries.

The results implied that the Kenya High Commission in Kampala has played a critical role in improving international business between Kenya and Uganda. The Kenya High Commission in Kampala has achieved its mandate which is to advance Kenya's strategic political, economic and social interests in Uganda. The challenges identified showed gaps in performance by the Kenya High Commission in Kampala which should be resolved to help improve the efficiency of the Kenyan mission in facilitation of international business.

5.4 Recommendations for Policy and Practice

Taking into account the suggested solutions, government should encourage public-private partnerships through investment forums and conferences. The government through the Kenya High Commission in Kampala can provide regular reports to investors on the investment climate and investment opportunities available in Kenya.

The government through Kenya High Commission in Kampala can organize more investment forums and conferences to help promote the country's image as a destination for investment and tourism. They can also source markets for the Kenyan products to encourage exportation and ensure exporters earn maximum profits from their business

activities. Importers on the other hand should be encouraged by eliminating import duty on goods that are short in supply in a country.

5.5 Limitation of the Study

The research is limited in a number of ways such as it only covers one country and only one Kenyan mission as opposed to all the 49 Kenyan missions around the world. The study is also limited to the number of respondents as it focuses on those in the trade and investment department.

5.6 Recommendation for Further Studies

This study recommends the need for further research on how commercial diplomacy facilitates international business. The research can look at other Kenyan foreign missions as well as missions of other countries around the world.

This research can be improved by increasing the number of respondents to also cover diplomatic staff in other departments such as agricultural attachés, consular attachés and attachés involved in tourism promotion. This would give more information on the various activities diplomatic staffs engage in promotion of international business.

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APPENDICES

Appendix 1: Letter of Introduction

Elsie Nyawira Maru,

University of Nairobi,

P.O. Box 30197-00100,

Nairobi.

Dear Respondent,

RE: INTERVIEW GUIDE

I am a graduate student at the University of Nairobi pursuing a Master of Business Administration degree. This research project is in partial fulfillment of the requirements for the award of a degree. This interview seeks to obtain information on the importance of the Kenya High Commission in Kampala in facilitating of international business between Kenya and Uganda and the challenges it faces.

All information received will be treated with utmost confidentiality and the identity of the respondents is optional but where given will also be treated confidentially. Thank you very much for your time and support.

Yours Sincerely,

Elsie Nyawira Maru.

Appendix 2: Interview Guide

Topic: Commercial Diplomacy in International Business at Kenya High Commission in Kampala, Uganda

Section I: Respondents' Background

1. Position
2. Period in office

Section II: Background on the Kenya High Commission in Kampala

3. When was the Kenya High Commission in Kampala established?
4. What is the number of employees working here?
5. What are the services offered by Kenya High Commission in Kampala?

Section III: The Role of the Kenya High Commission in Kampala in facilitating International Business

6. What is the role played by the Kenya High Commission in Kampala in facilitating international trade in these areas:
 - (a) Export promotion
 - (b) Import promotion
 - (c) International relations
 - (d) Advisory and consular services
 - (e) Tourism promotion

Section IV: The Challenges faced by the Kenya High Commission in Kampala in facilitating International Business

7. What are the main challenges faced by the Kenya High Commission in Kampala in facilitating international trade in these areas:
 - (a) Export promotion
 - (b) Import promotion
 - (c) International relations
 - (d) Advisory and consular services
 - (e) Tourism promotion

8. How can the challenges faced by the Kenya High Commission be overcome?

THANK YOU