

# Commercial Diplomacy and Economic Growth: An Empirical Assessment for Diplomacy between Kenya and Uganda

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**Abstract:** Using commercial diplomacy, Kenya and Uganda are likely to influence others economic growth. The recent Kenyan development in foreign policy calls for adoption of new trade-centered diplomatic position that enabled the country to deploy foreign nationals to be leaders in various commercial departments relating to its missions globally. The study was carried out in Kampala the capital city with a case study design. The study population comprised of the top management staff in the Uganda's Ministry of Foreign Affairs and Ministry of trade in the country. Random sampling was used to select the top-level managers and departmental heads stratified sampling on employees in different departments. A sample of 20 respondents was drawn at random from staff members the Uganda's Ministry of Foreign Affairs, 20 from Uganda's Ministry of trade, 15 respondents from the 35 staff members of Kenya's High Commission in Uganda. The remaining 20 respondents were sampled from traders that are based in Uganda. The research instruments used in data collection for this study was self-administered questionnaires. The study found that commercial diplomacy is an engine that any developing country should employ to drive its economy. It can be argued that taking an economic front and keeping it low on political affairs will help the country advance its economic interests. The involvement of other stakeholders in Kenya's pursuance of commercial diplomacy is an effective strategy adopted by the government in promoting its commercial diplomacy.

**Key words:** *Diplomacy, Economy, Diplomatic relations, Economic growth, Kenya*

## 1. Introduction

Primarily, the function of diplomacy at different levels and throughout ages of societal evolution, whether at inter-communal, international level, or at interpersonal, has often been to spur the nation's interests abroad. That effort has resulted to a continuous international relationship development aimed at promoting tolerance and understanding although with minimal success. From that time, there have been emergence of new factors, including an increasing number of diverse players in current complicated structure of international relations, wired together with the exemplary trait of modern media and the speed with which news are shared in today's world (Abbink, 2014). Basically, these two essential developments; the concept of state representation achieves transformation gradually. Additionally, the traditional function, which until now was the responsibility of diplomatic envoys as exclusive representatives of the interests of a sending nation in a receiving state or in an international forum, is being efficiently eroded (Abbink, 2014).

Kenya exports her largest share to Uganda for over a decade now therefore forming close trade partnership between the two countries. By 2001, approximately 20.35% of Kenyan exports were being exported to Uganda (KNBS; Economic Survey, 2008) which was valued at Ksh.30.04 billion. Interestingly, Kenyan exports to Uganda have augmented over the past years thus heightening the chances of Uganda to qualify to be a trading partner as well as offering a fall back 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. 44 billion as of the 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).

Commercial diplomacy involves advisory, data collection, advocacy, lobbying, negotiation as well as dispute resolution (Ruel et al, 2013). It encompasses an interaction by the business community interacting with the public actors to promote business endeavors in all parts of the world. According to Menipaz & Menipaz (2011) international business refers to business activities such as creating and transferring resources, goods, services, technical knowledge, skills as well as information, which are capable of exceeding national boundaries. Multinational businesses undertakings are the primary drivers and beneficiaries of international business. Multinational business enterprise is a company that approaches the market with worldwide perspective. Moreover, production and all the operations embrace the same worldwide approach in different countries. Notably, it is a big company which manufactures products, and also sells their goods and services in various countries.

International business allows for high quality products to clients as it helps a business enterprise to embrace diverse products available in the market thus producers raise the manufacturing standards. As a result, a company achieves high quality products to its consumers and benefits from the competitive advantage as compared to other producers in other companies. Embracing international business is a means towards achieving a strategic positioning for the company which is translated in improving economic development through profits maximization by expanding activities in the global market besides the domestic market.

Commercial diplomacy leads to investing in infrastructure by national governments to ease transportation of both raw materials and finished products to factories as well as to the markets. In fact, by investing in infrastructure, countries become more favorable for foreign investors. This is because costs of doing business reduce and at the same time through foreign investment, the country benefits from earning foreign exchange exports as well as profits from the repatriates.

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 efficient in boosting Kenya's integral political interests, economic interests as well as providing consular assistance to protect 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; encourage and intensify bilateral relations and trading; secure Kenya's sovereignty, regional integrity and benefits of Kenyan citizens in Uganda; advocate for good neighborliness and keep up friendly connections and partnership with the Government and the people of Uganda and also allow and support the regional and sub-regional economic cooperation as well as 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.

The recent Kenyan development in foreign policy calls for adoption of new trade-centred diplomatic position that enabled the country to deploy foreign nationals to be leaders in various commercial departments relating to its missions globally. This was announced on 11th July 2011 at the Pan African Hotel, when the former Kenyan acting Minister for Foreign Affairs Professor

George Saitoti and the Kenya Private Sector Alliance (KEPSA) unveiled a partnership to improve Economic and Commercial diplomacy for Trade and Investment. In the last two presidential regimes, there has been clear shift of Kenya's shift from the political to commercial diplomacy. However, despite the efforts by the government to entrench the economic aspect of diplomacy the concept has not yet been well articulated and fully realized. The government has merged the Ministry of Foreign Affairs and Trade and has also entrenched the pillars of economic diplomacy in its foreign policy. In spite of these changes the country is still in dire need of an efficient centralized foreign policy path regarding the pursuit and advancement of external trade. Essentially, studies have depicted that all resources spent on both economic and commercial diplomacy have been spent accordingly in relation to returns based investment (New York Times). In Kenya for instance, there are low commercial diplomacy activities, and though on the rise in the past two regimes, economic opportunities have not been fully realized.

In this case, the research identified 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 researcher identified the existing commercial diplomacy policies and their effectiveness in promoting economic growth between the two countries. This study is aimed at highlighting the impediments to growth of trade between the two countries and suggesting ways for improving the trade relations.

Based on this background, the study entailed answering four research questions. Namely; What are the roles of commercial diplomacy in facilitating international business at Kenyan High Commission in Kampala, Uganda? What challenges do commercial diplomats in the Kenyan High Commission in Kampala, Uganda face? What are the roles of commercial diplomacy in promoting balance of trade between Kenya and Uganda? And What are the roles of commercial diplomacy in enacting foreign policies in Kenyan High Commission in Uganda?

## 2. Literature Review

Basically, diplomacy is not a new concept; however, incorporating diplomacy into international business is a modern concept. All the international business scholars as well as the practitioners ought to fully discern the concept of diplomacy, though the international business scholars have made use of diplomatic ideas colloquially. Notably, diplomacy is fundamental in accessing foreign market and expansion, having foreign firms invests in your home country, and it should be performed by both businesses as well as the business leaders in an attempt to address foreign market environments. Essentially, it is crucial as a means of survival in day-to-day's world business environment (Freixanet, 2012).

Predominantly, commercial diplomacy depicts a government-driven approach which applies a network of both government and business representatives in an attempt to encourage successful home country business overseas while making use of diplomatic transmissions and procedures. Since diplomacy is relatively new concept in business, it can be described as an international business-driven approach that aims at developing and maintaining positive relationships with all the foreign government representatives as well as the non-government stakeholders (Bayne & Woolcock, 2007).

Significantly, both public and private actors ought to conduct commercial diplomacy in all the new and unfamiliar markets while making use of diplomatic techniques and channels for maximum commercial benefits. First, most diplomatic networks bring forth economic intelligence that relies heavily on diplomacy. Second, embracing diplomatic activities is essential as they are visible in the media and may therefore be advertised at extremely low costs. Third, all diplomatic networks assume an easier and an influential access to high-level contacts compared to what many businesses embark on individually, particularly the small and also medium-sized firms. Fourth, the diplomatic networks assume a great 'trust factor' which makes it possible and also easier to attract foreign direct investments. Fifth, the intelligence that is gathered by both foreign missions and diplomatic networks is ultimately centralized, creating effectiveness for the diplomatic sector; usually, it ensures that businesses are barred from reinventing the wheel (Ruel and Visser, 2012).

Recently, international business surrounding is increasingly assuming a significant complex and also a global trait because of the increased economies that are emerging; enterprises face various challenges while conducting international trade and hindrances to scoop profits in the foreign markets' potential that they always offer. In response, so many governments are coming up with many services, although differing greatly in professionalism and the business players involved, whose primary objective is to support endeavors in businesses in internationalization that might have experienced regular increment in use (Richardson, Yamin & Sinkovics, 2012). The 'desire to diversify and also develop commercial diplomacy is essential' for four reasons (Lee & Ruel, 2012). First, advanced economies' future prosperity is solely dependent on how far successful advanced economies internationalize. Second, how markets that are emerging influence businesses in the Western countries to participate in making ventures into various unknown territories whereby all high-tech exports and also innovations require to be advertised to keep up the benefit assumed by businesses in the Western countries. Third, considerably, a lot of markets that are emerging are controlled greatly by their governments. Fourth, the emerging markets are capable of maneuvering developed economies as well as all other emerging markets. Surprisingly, the governments and businesses found in countries with an already developed economy observe this with mixed feelings.

Diplomatic missions abroad are involved in promoting international business through export promotion, investment promotion, and 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 ought to be fully knowledgeable with comprehensive real-time data on both the macro policies and incentives that are of help to foreign organizations, micro and technical data 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 boast 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).

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 (Kireevav & Buyonge, 2008).

Inefficient management and poor maintenance of infrastructure such as ports, rail service and roads make most businesses to direct business profits to managing infrastructure. This impacts the country's image negatively to the foreign investors. One of the examples is delay at the port because of congestion at the port and inefficiencies of both road and railway services. Additionally, congestion of land border crossings because of slow technology usage which is meant to ease clearance as well as inefficiencies that occur when clearing trucks (Workneh, 2012).

Further, embassies assume diverse business cultural practices. Consequently, various business communities adopt a unique method of pursuing contract negotiations as well as achieving dispute resolution. This may confuse the officials who engage in taking part

in business talks and also negotiations. Since different countries communicate differently, language barrier may be because conflicts for those engaging in any business talk (Kireeva & Buyonge, 2008).

Mostly, foreign investors shy away from all the war-prone areas as they pose high risks in terms of civil agitations. Moreover, insufficient financing from the government also hinders missions to accomplish their objectives. Diplomatic workers require finances which are meant for running the office and perform functions such as sourcing for the investors. Additionally, they need finances for pursuing arrangements pertaining to forums for instance, exhibitions, trade fairs as well as conferences during when they inform investors on the new opportunities that have arisen in various home countries (Rana & Chatterjee, 2011).

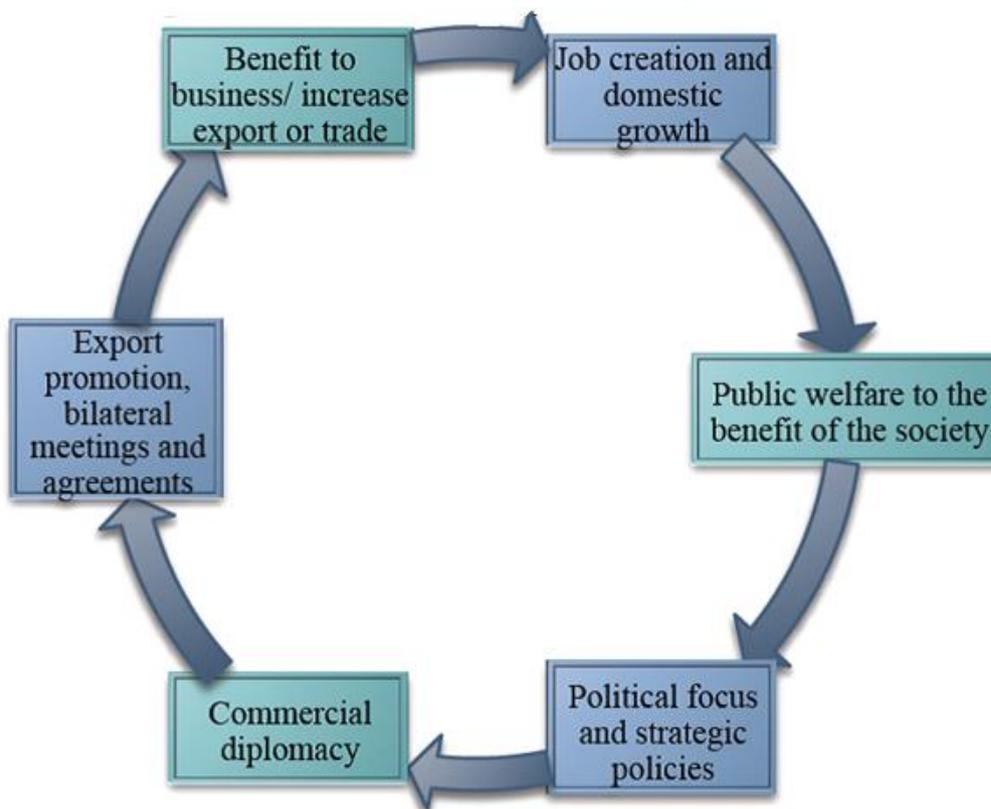
## **2.1 Theoretical Framework**

The theories of international business discussed here include mercantilism, absolute advantage, comparative and factor proportions theories. The study used the theory of comparative advantage, to encourage diplomats to export home country products produced more efficiently locally by sourcing markets for them and importation of products produced more efficiently abroad (Hill, 2001). This theory suggests that free trade leads to increased world production as it helps open up a nation to participate in an unrestricted free trade which in turn stimulates economic development which contributes to maximum all-round gains associated with trade, thus becoming the most preferable than the other two. Though through the theory of mercantilism and factors of production, commercial diplomats can source markets for products from their home country hence encouraging exports, however they do not exploit the opportunities of free trade which are key in economic integration (for this study). Without this trade benefits are bound to be limited than all rounded.

Comparative advantage theory proposes that any given nation ought to specialize in production of products that it is capable of producing effectively while importing those products it produces less efficiently from any other country (Hill, 2001). According to comparative theory, a free trade leads to world production increase by opening up a country to an unrestricted free trade which in turn accelerates economic growth which calls for all-round benefits associated with trade. Basically, commercial diplomacy emphasizes on the government's responsibility of expanding socially significant international trade investments through diplomatic missions which enhance a home country's business by promoting business investments.

### **The process of commercial diplomacy**

Efficient successful commercial diplomacy is a national interest of all states as it leads to job creation and economic growth through overseas trade and inbound investments increment. The process of commercial diplomacy is illustrated below (Kopp, 2004; Reuvers and Ruel, 2012).



**Figure 1: Processes of commercial diplomacy**

Source: Reuvers and Ruel, 2012

Economic and commercial diplomacy activity, aimed at attracting foreign direct investment and promoting trade and tourism, is achieved through various promotional activities, bilateral meetings and agreements. This results in creation of jobs in the home country, which is a crucial goal, as it enhances societal welfare.

### 3. Materials and Methods

The study was carried out in Kampala the capital city and main commercial town of Uganda. It targeted the Ministry of Foreign affairs of Uganda, Kenya High Commission in Uganda and Kenyan businessmen in Kampala. The overall approach to this study was both quantitative and qualitative. The researcher used a case study method to conduct the research, which is defined as an empirical enquiry that aims at investigating a contemporary phenomenon in its real-life context whereby the boundaries between the phenomenon and context are barely clear in presenting evidence since multiple sources of evidence are used (Yin, 1984).

The study population comprised of the top management staff in the Uganda’s Ministry of Foreign Affairs and Ministry of trade in the country, the Diplomatic Mission staff in the Kenyan High Commission in Uganda and Kenyan traders in various sectors in Kampala. Random sampling was used to select the top-level managers and departmental heads and stratified sampling on employees in different departments. A sample of 20 respondents was drawn at random from staff members the Uganda’s Ministry of Foreign Affairs, 20 from Uganda’s Ministry of trade, 15 respondents from the 35 staff members of Kenya’s High Commission in Uganda. The remaining 20 respondents were sampled from traders that are based in Uganda. A known assistant Commercial Attaché at the Kenya High Commission in Kampala and a Kenyan businessman in Uganda were selected for in-depth case studies on the role of the commercial diplomacy in promoting economic growth between the two countries and the main challenges they encounter.

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The research instruments used in data collection for this study was self-administered questionnaires. The researcher measured reliability of information collected by examining the consistency of the responses given by the respondents. For validity of the research instruments, a pilot study was done at Ministry of Foreign Affairs and trade in the country, findings from the pilot study were subjected into a reliability test, using coefficient alpha, a reliability index of 0.7 was deemed appropriate. Data collected was qualitative and quantitative which was analyzed by content analysis techniques and SPSS methods of data analysis.

#### 4. Results

##### 4.1 Opinion on Kenya’s positive economic relations with Uganda

Almost all the respondents interviewed (99%) noted that there exist positive economic relations between Kenya and Uganda (Figure 2 below). The remaining 1% was undecided. They could not say whether the relationship is positive or not. The respondents that stated the economic relationships were positive noted that Kenya has promoted its agricultural products, manufacturing products like soaps, paper, fertilizers, crude vegetable oil, cement and plastics. Respondents also felt that Kenya’s economic diplomacy relationship between it and Uganda was being promoted through investment promotion. They noted that this is responsible for the existence of Kenyan based companies in Uganda. There was special mention of Banking and Retail services namely, Nakumatt Holdings Company Limited which had Kenyan based chain of supermarkets, Kenya Commercial Bank, Equity Bank and NIC Banks also were also noted to have branches in Uganda.

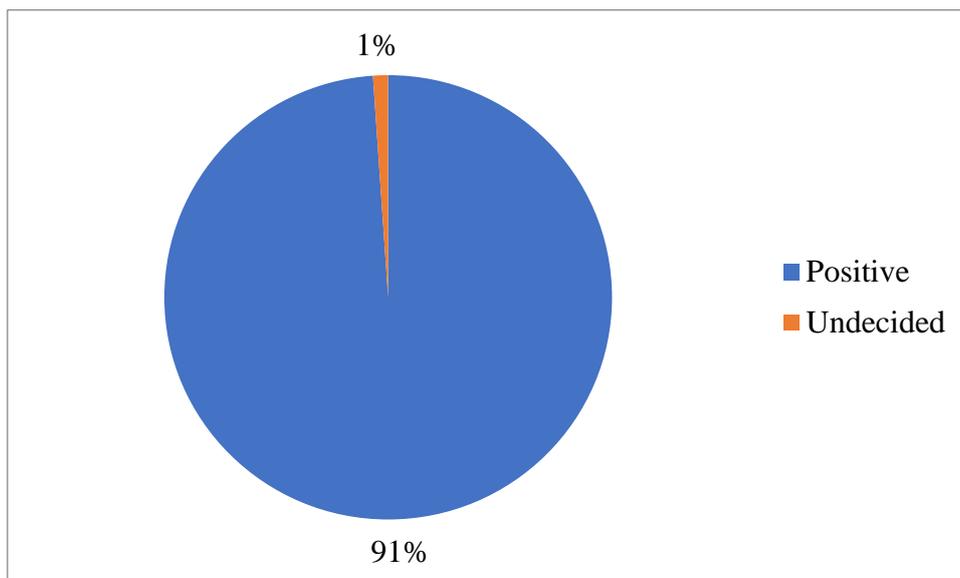


Figure 2: Views of respondents on Kenya’s economic relationship with Uganda

A Kenyan transportation company was also noted to have established branches in Kampala – Uganda. Some of the private sector organizations were noted to assist in promoting economic relations in the country and these are; the Kenya Association of Manufacturers and the Kenya Private Sector Alliance, the Kenya National Trading Corporation and the Export Processing Zones. The government was noted to assist the private sector by providing information about available opportunities in the region for investment.

#### 4.2 Push factors behind Kenya's trade relations with other economies

The respondents were asked to rank push factors behind Kenya's trade relations with other economies. Majority (96%) of the respondents ranked the factors illustrated in table 1 below. Only 1 person placed peaceful political environment at number one, and it was established this was a businessperson who had earlier been affected by the 2007/2008 Kenya's post-election violence and had based his ranking purely on that one incident where he lost property while transporting his goods to Uganda and was caught in the mayhem.

*Table 1: Ranking the push factors behind Kenya's trade relations with other economies*

| Push Factor                          | Rank |
|--------------------------------------|------|
| Geo location                         | 1    |
| Ready market                         | 2    |
| Market liberalization in East Africa | 3    |
| Availability of resources            | 4    |
| Improved infrastructure              | 5    |
| Peaceful political environment       | 6    |

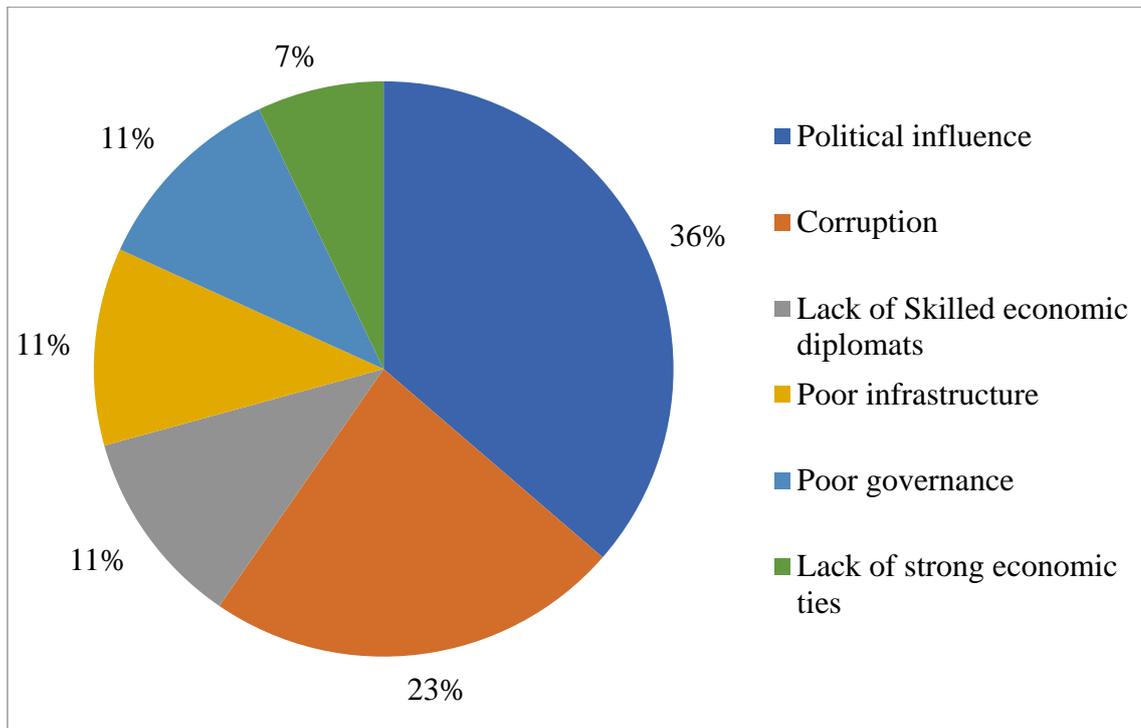
Geo location and ready market were established as the two main motivating factors when it came to Kenya's pursuance of commercial diplomacy. The respondents also noted that Kenya had taken advantage of the locally available market citing Uganda as its immediate customer and this coincides with the World Economic and Social Survey Report (2012) that stated that Uganda is Kenya's top export market.

Market liberalization closely followed, being ranked at number three as one other motivating factor. The respondents felt that with the establishment of the East African Community Common Market Protocol there were fewer barriers towards traders marketing their goods within the region. Availability of resources and improved infrastructure were ranked at position four and five respectively. The respondents felt that Kenya had the available resources though majorly produced agricultural products which were also being produced by the other countries making it difficult to be a sole provider of goods of agricultural nature.

#### 4.3 Kenya's greatest challenge in pursuing economic diplomacy with other economies

The respondents were asked to provide their opinion of Kenya's and its commercial diplomat's greatest challenge in pursuing its economic diplomacy. In figure 3 below 59 percent of the respondents felt that corruption and poor governance were the main reasons. The border point clearance points were noted to be the most notorious with corrupt immigration officials. Lack of skilled

economic diplomats was also noted by 11 percent of the respondents as a challenge. The country lacked enough specialized policy makers in this area and hoped that the government would look into this since they seemed to major their strategy around this area. As the economic powerhouse in East Africa, some of the respondents expressed fears that Kenya would become autonomous ruling over the other states economically. 11 percent felt that the country had a poor infrastructure that it needed to improve to facilitate transportation of goods. They stated the need to improve the railway system and stop over reliance on road transport.



**Figure 3: Kenya’s greatest challenges in pursuing economic diplomacy**

#### 4.4 On Corruption and Poor governance

36 percent of the respondents felt that poor governance and corruption (23%) among Kenyan officials greatly contributed to the slow growth of economic diplomacy between Kenya and Uganda. The areas of concern that were mainly identified by the respondents as greatly affected by corruption were the immigration procedures, during issuance of licenses and permits and in the police checks and roadblocks. The process of obtaining all these was lengthy and tiring with officials demanding to be paid extra money to hasten the processes. It was also established that there were several police checks and roadblocks for the long-distance truck drivers transporting goods through Kenya to Uganda. Drivers experienced a hard time on the roads with the Kenyan traffic police. The existence of weighbridges along the way was identified to be one area where many truck drivers spent a lot of time just to get cleared. Respondents noted some officials demanded bribe in order to skip queues. The long queues were noted to be a great challenge and the respondents wondered if the government was aware and wanted action to be taken on the corrupt officials. It was also established the two countries had not harmonized the gross vehicle mass to allow ease of transport. The countries non-

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harmonization of their trade documentation causes delays and respondents wanted the respective governments to act swiftly on harmonization of all documentation concerning trade to avoid duplicative goods' inspections.

#### **4.5 Lack of strong economic policies and economic diplomats**

Seven percent of the respondents established that Kenya lacked strong economic policies to govern economic diplomacy in the country. Trade policy was established to be the main instrument of economic diplomacy. Previously Kenya's trade policy did not pay key attention to this important tool of diplomacy. The respondents however acknowledged that the government had put in place trade policies concerning import and export management, licensing and registration, investment and privatisation incentives among others. There was also concern for lack of skilled economic diplomats (11%) who would advise the government on economic policies. The respondents felt that it would be a good thing if the government established specialized institutions to train economic diplomats.

#### **4.6 Role of commercial diplomacy in promoting balance of trade**

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 department. The Kenya high commission to Kampala provides the following services; trade and investments services, consular services, education services, agricultural services a, commercial services and political affairs services

Using extended case study approach with the Assistant Commercial attaché in the department of trade, and three Kenyan businessmen the researcher sought to establish the role of commercial diplomacy in promoting balance of trade. The study findings show that the Kenya high commission in Kampala has facilitated export promotion through a number of ways such as establishment of export processing zones, double taxation agreements and access to the 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 affairs 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 negotiating bi-lateral agreements with the host government, attending joint security meeting with the host nation, providing work permits and visas to Uganda 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.

#### **4.7 Challenges in facilitating International Business**

In an in-depth interview with Assistant Commercial attaché in the department of trade, the study found out that the Kenya High Commission in Kampala faces a number of challenges in facilitating international business. There is a 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 crossing as Gilgil and Malaba which is discourages investors who would wish to export goods to Uganda. 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

#### **4.8 Discussion of the study findings**

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 mirrored the literature from earlier researchers on the main responsibilities of diplomats. The staffs at the Kenya High Commission in Kampala provide 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 neighbourliness 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

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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.

## 5. Conclusion

The study concludes that commercial diplomacy is an engine that any developing country should employ to drive its economy. Kenya is maximizing on the availability of the regional market for trade and through this the country has become a regional hub. Commercial diplomacy has become the centre stage of its African affairs and by this move; the country is expected to grow drastically in the next five years. It can be argued that taking an economic front and keeping it low on political affairs will help the country advance its economic interests. It can also be concluded from the study that there is a rising need of Kenya to expand its manufacturing industry to continue having an upper hand. Kenya ought to be on the forefront in improving and increasing its manufactured products and improve the quality of its products.

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 concluded that the involvement of other stakeholders in Kenya's pursuance of commercial diplomacy is an effective strategy adopted by the government in promoting its commercial diplomacy. Commercial diplomacy cannot be conducted by the government alone. For its full effectiveness involving third parties ensures that the country is achieving its full potential between the countries and global market. The researcher therefore observed that, the ministries of Foreign Affairs and that of East African Affairs, Commerce and Tourism, Cabinet Secretary in the Ministry of Industry, Trade and Cooperatives headed by Hon Peter Munya are working hard in coordinating with the private sector to enhance strong economic relations.

## 6. Recommendations

Considering 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.

There is need for streamlining the Kenyan policy implementation strategies to curb corruption and improve on governance. The country may have excellent trade policies put in place but when it lacks implementers, the whole process is flawed. The government needs to establish anti-corruption monitoring devices and conduct strict disciplinary action against those found guilty of corruption. There is a great need to improve border policies and procedures. For instance, if goods are cleared at the Port of Mombasa by Kenyan officials, the officials from Uganda should not be involved in the clearing of the goods again. The harmonization of customs procedures in the region will see to it that goods travel faster to their destination countries and cut down on delays.

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