FACTORS AFFECTING THE PERFORMANCE OF SUPPLY CHAIN FINANCING IN KENYA: A CASE STUDY OF COMMERCIAL BANK OF AFRICA, KENYA

BY
EUSTER SEGHETE GERALD

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

FALL 2016
FACTORS AFFECTING THE PERFORMANCE OF SUPPLY CHAIN FINANCING IN KENYA: A CASE STUDY OF COMMERCIAL BANK OF AFRICA, KENYA

BY
EUSTER SEGHETE GERALD

A Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree in Master of Organizational Development for Executives (MOD)

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

FALL 2016
STUDENT’S DECLARATION

I declare that this research report is my original work which has never been submitted to any other institution, university or college except the United States International University - Africa in Nairobi for the purposes of the award of academic credit.

Signed: _____________________________  Date: ____________________________

Euster S. Gerald
ID NO. 648300

This research report has been prepared and presented for examination subject to my approval as the appointed University supervisor.

Signed: _____________________________  Date: ____________________________

Prof. Amos Njuguna

Signed: _____________________________  Date: ____________________________

Dean, Chandaria School of Business
ABSTRACT

This examines the factors affecting the performance of supply chain financing in Kenya. The study was driven to answer the following research questions: what factors affect the adoption of supply chain financing by Commercial Bank of Africa?; what challenges are faced by supply chain financing stakeholders in Kenya?; and what mitigating strategies are available for supply chain financing stakeholders in Kenya?

The study adopted a descriptive research design. The target population of interest for this study consisted of all employees of Commercial Bank of Africa (CBA) who were 119 in total. The sample frame for the study was a complete list of employees that worked at CBA and was sourced from the organization’s human resource office. This study adopted stratified sampling technique and from the total population, the researcher used 75% of the total population selected from each strata that brought the total to 89. Descriptive statistics was computed whereby frequencies, percentages, means and standard deviations were presented in the form of both tables and figures. Inferential statistics was computed with the aid of regression analysis and was used to examine the factors that affect the adoption of supply chain financing in Kenya.

The study revealed that the adoption of supply chain financing was geared towards improving the operational efficiency of both sellers and buyers and that close collaborations between stakeholders was an important factor for banks in enhancing the performance of supply chain financing. Banks enhancing information transparency could facilitate the alignment of incentives geared to enhance sound supply chain financing performance and information sharing in the supply chain could be used to enable accurate and faster business decision-making and enhance the adoption of supply chain financing. The study also showed that, supply chain financing could only be adopted through seamless flow of both physical and non-physical assets among all firm stakeholders and through formulation of clear frameworks that facilitated its adoption between the involved stakeholders.

The study showed that lack of knowledge and information among supply chain stakeholders, the lack of skilled personnel and training on supply chain financing tools, the lack of
technology that facilitates the processing of financial transactions taking place along the supply chains, the inability to have technology that showed the visible movement of goods and services along supply chains, the lack of automation in the payment processes made it difficult for banks to implement working capital and third party financing programs were all factors that hindered the adoption of supply chain financing in Kenya.

The study showed that, SCF could be improved with the presence of a framework that readily incorporated infrastructure, strategy, governance and process among all stakeholders, as well as provision of policies that focused on showing how different stakeholders were to interact along the supply chain, and through the formulation of procedures aimed at safeguarding internal organizational consistency in terms of its operations. The study showed that, an organizations ability to enhance internal processes by ensuring they were flexible enough to respond to market changes and that were in harmony with those of its customers and suppliers could facilitate the easy adoption of supply chain financing.

The study recommended CBA bank to build a good picture of the supply chain in which its clients operate if they are to provide effective SCF products. Banks often do not understand the workings of these supply chains, thus the study recommends CBA managers to recognize that acquiring such ‘know how’ requires dedication and sophisticated staff, and thus it needed to build its employees’ knowledge gradually through incremental improvements - starting with a product or two and gaining experience through these.
ACKNOWLEDGEMENT

Firstly, I would like to express my sincere gratitude to my advisor Prof. Amos Njuguna for his continuous support of my MOD research study, for his patience, motivation, and immense knowledge. His guidance helped me in all the time of research and writing of this thesis. I could not have imagined having a better advisor and mentor for my research study.

Besides my advisor, I would like to thank my family, for their commitment and words of encouragement that made me ask myself the hard questions which incented me to pursue my education and widen my perspective towards education and family.

To all my friends, thank you for your understanding and encouragement in my many, many moments of crisis. Your friendship makes my life a wonderful experience. I cannot list all the names here, but you are always on my mind.
DEDICATION

Thank you, Lord, for always being there for me and for seeing me through my studies.

This project report is dedicated to my brilliant and outrageously loving daughter Amanda

This project report is only a beginning of my academic journey.
TABLE OF CONTENTS

STUDENT’S DECLARATION ............................................................................................................ ii
ABSTRACT .................................................................................................................................. iii
ACKNOWLEDGEMENT .................................................................................................................. v
DEDICATION ................................................................................................................................. vi
TABLE OF CONTENTS .................................................................................................................. vii
LIST OF FIGURES ........................................................................................................................ ix
LIST OF TABLES .......................................................................................................................... x
LIST OF ABBREVIATIONS ........................................................................................................... xi

CHAPTER ONE ............................................................................................................................... 1
1.0 INTRODUCTION ....................................................................................................................... 1
1.1 Background of the Study ......................................................................................................... 1
1.2 Statement of the Problem ....................................................................................................... 4
1.3 Purpose of the Study ............................................................................................................... 5
1.4 Research Questions ............................................................................................................... 5
1.5 Significance of the Study ....................................................................................................... 5
1.6 Scope of the Study ................................................................................................................ 6
1.7 Definition of Terms .............................................................................................................. 6
1.8 Chapter Summary ................................................................................................................. 7

CHAPTER TWO .............................................................................................................................. 8
2.0 LITERATURE REVIEW .......................................................................................................... 8
2.1 Introduction .......................................................................................................................... 8
2.2 Factors Affecting the Adoption of Supply Chain Financing ................................................ 8
2.3 Adoption Challenges of Supply Chain Financing Faced by Commercial Banks ............... 13
2.4 Mitigating Strategies Available for Supply Chain Financing Stakeholders ....................... 18
2.5 Chapter Summary ............................................................................................................... 22
CHAPTER THREE ......................................................................................................................... 23
3.0 RESEARCH METHODOLOGY ................................................................................................. 23
3.1 Introduction ............................................................................................................................ 23
3.2 Research Design .................................................................................................................... 23
3.3 Population and Sampling Design .......................................................................................... 23
3.4 Data Collection Methods ...................................................................................................... 25
3.5 Research Procedures .............................................................................................................. 25
3.6 Data Analysis Methods .......................................................................................................... 26
3.7 Chapter Summary ................................................................................................................... 26

CHAPTER FOUR ............................................................................................................................ 27
4.0 RESULTS AND FINDINGS ....................................................................................................... 27
4.1 Introduction ............................................................................................................................. 27
4.2 Response Rate ........................................................................................................................ 27
4.3 Demographic Information ....................................................................................................... 27
4.4 Factors Affecting the Adoption of Supply Chain Financing .................................................. 29
4.5 Adoption Challenges of Supply Chain Financing by Commercial Banks ............................. 36
4.6 Mitigating Strategies Available for Adoption of Supply Chain Financing .............................. 43
4.7 Chapter Summary ................................................................................................................... 51

CHAPTER FIVE ............................................................................................................................. 52
5.0 SUMMARY, DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS ................ 52
5.1 Introduction ............................................................................................................................. 52
5.2 Summary of Findings ............................................................................................................. 52
5.3 Discussions ............................................................................................................................ 55
5.4 Conclusions .......................................................................................................................... 61
5.5 Recommendations ............................................................................................................... 62
REFERENCES ............................................................................................................................... 64
APPENDICES ............................................................................................................................... 68
APPENDIX I: COVER LETTER .................................................................................................. 68
APPENDIX II: QUESTIONNAIRE ............................................................................................... 69
LIST OF FIGURES

Figure 4.1 Study Response Rate ................................................................. 27
Figure 4.2 Education Level .................................................................. 28
Figure 4.3 Years with the Organization .................................................. 28
Figure 4.4 Employee Department ............................................................ 29
Figure 4.5 Presence of Factors Affecting Supply Chain Financing .......... 29
Figure 4.6 List of Factors Affecting Supply Chain Financing .................... 30
Figure 4.7 Corporate Application of SCF ............................................... 31
Figure 4.8 Existence of Challenges ....................................................... 36
Figure 4.9 List of Challenges .................................................................. 37
Figure 4.10 Effect of Challenges Faced .................................................. 38
Figure 4.11 Existence of Mitigation Strategies ....................................... 44
LIST OF TABLES

Table 3.1 Population Distribution .............................................................................................................. 24
Table 3.2 Sample Size Distribution ............................................................................................................ 25
Table 4.1 Rating of Factors Affecting Supply Chain Financing ................................................................. 32
Table 4.2 Correlations for Factors Affecting Supply Chain Financing ..................................................... 34
Table 4.3 Model Summary for Factors Affecting Supply Chain Financing .............................................. 35
Table 4.4 Regression Coefficients for Factors Affecting the Adoption of SCF ........................................ 36
Table 4.5 Rating of Factors Impeding Adoption of Supply Chain Financing .......................................... 39
Table 4.6 Pearson Correlations for Factors Impeding Adoption of SCF ................................................ 41
Table 4.7 Model Summary for Factors Impeding the Adoption of SCF .................................................. 42
Table 4.8 Regression Coefficients of Factors Impeding the Adoption of SCF ......................................... 43
Table 4.9 List of Mitigation Strategies Employed ....................................................................................... 44
Table 4.10 Effect of Mitigation Strategies ................................................................................................ 45
Table 4.11 Rating of Mitigating Strategies for Adoption of Supply Chain Financing .............................. 46
Table 4.12 Pearson Correlations for Supply Chain Financing Mitigating Strategies ............................. 48
Table 4.13 Model Summary for SCF Mitigating Strategies ...................................................................... 50
Table 4.14 Regression Coefficients for SCF Mitigating Strategies ............................................................ 50
LIST OF ABBREVIATIONS

C2C: Cash-to-Cash
CBA: Commercial Bank of Africa
DSO: Days Sales Outstanding
HR: Human Resource
IT: Information Technology
PIC: Prior Informed Consent
PWC: PriceWaterhouse Coopers
SCF: Supply Chain Financing
SMEs: Small and Medium Enterprises
SPSS: Statistical Package for the Social Sciences
UK: United Kingdom
USA: United States of America
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study
The current global economic unpredictability and the resulting tightening of credit is impacting trade flows and extending financial pressure not only on global buyers, but also on a growing number of global suppliers (Brigham & Ehrhardt, 2010). The result is an increase in risk that firms need to proactively manage. Financial supply chain programmes get more popular as a way for large buying entities to protect strategic components of their supply chain (Arnold, 2008; Dalmia, 2008).

The goal of financial supply chain management is to obtain visibility over processes, such as purchase-to-pay and order-to-cash cycles, as well as processes involved in ordering, invoicing, reconciliation and payment. Companies often overestimate their ability to extend payment terms with their suppliers. They lack awareness of financing opportunities which may add value to the firm, and most companies do not know how working capital is optimized (Bragg, 2010). According to Kristoffik (2010), companies generally focus on their supply chains when they are interested in issues concerning: obtaining visibility over all the processes involved in the financial supply chain, increasing efficiencies throughout the chain, reducing costs throughout the chain, freeing up working capital by obtaining a clearer picture of where funds are required, and adopting a collaborative approach towards other parties in the chain.

Supply Chain Financing (SCF) is a product offered by banks to realize lower prices for credits. Hofmann (2005) defines SCF as an approach for two or more organizations in a supply chain, including external service providers, to jointly create value through the means of planning, steering, and controlling the flow of financial resources on an inter-organizational level. Kerle (2009) defines SCF as a combination of trade financing provided by a financial institution, a third-party vendor or a corporation itself, and a technology platform that unites trading partners and financial institutions electronically and provides the financing triggers based on the occurrence of one or several supply chain events. Camerinelli (2011) defines SCF as the name attached to the collection of products and services that
financial institutions offer to facilitate the physical and information flow of a supply chain. Hofmann and Belin (2011) state that, this product is offered to the supplier on the basis of the creditworthiness of the buyer. Credits can therefore be offered at a lower rate of financing than the supplier would be able to negotiate on its own.

SCF can therefore be used to refer to the set of solutions available for financing specific goods or products as they move from origin to destination along the supply chain. The SCF is also called supplier finance, and mainly it is used to deal with the financial issues in supply-side value chain management (Camerinelli, 2011). Kerle (2009) states that SCF aims at improving the financial efficiency of the supply chain and substantially reduces the working capital of both buyers and suppliers. It allows buyers to extend payment terms while providing suppliers access to better financing rates. Kristofík (2010) notes that, SCF creates a true win-win for all the parties involved as one of the most attractive tools for companies to diversify funding sources, enrich and solidify the relationships with their trade partners. The impact of SCF on corporate performance reflects in the improved supply chain efficiency in terms of cost saving payable processes and payment term extension.

According to Dalmia (2008), SCF programmes are most prominently developed in the United States of America (USA), followed by Europe, particularly in the United Kingdom (UK) and Germany. Asia is gaining momentum especially in India and China and is expected to become the fastest-growing market in SCF in the coming years. Whilst SCF is an increasing popular area of financing, it is still relatively underdeveloped in emerging economies.

There is an increasing interest throughout Africa by banks and corporates to develop SCF solutions that really work, are cheap to access, and create innovative financial solutions that take advantage of credit ratings of the strongest players in the chain (Hughes, 2010). Reverse factoring programmes stands to benefit all stakeholders since no software investments are required at either buyer or supplier side. Accessibility of Reverse Factoring stand to have a positive impact on the smaller Small and Medium Enterprises (SMEs) that currently have
ongoing off-take agreements with buyers but find it difficult to access working capital or expand operations due to stretched credit limits (Kerle, 2009).

Commercial Bank of Africa (CBA) Limited provides financial services to individual, small and medium enterprises (SMEs), and corporate banking customers in Kenya. It offers savings accounts, term deposits, salary plus accounts, current accounts, and freedom accounts; and lending solutions comprising property financing, home loans, equity release and or take over, construction loans, mortgages, plot purchase loans, home line of credit, and insurance premium financing, as well as asset finance, term loans, and working capital financial solutions (Van Swinderen & Mungai, 2015).

As part of its SME transformation agenda, CBA offers a Reverse Factoring programme by working with key buyers and established supplier base to automate the early payment of approved invoices. The programme is a buyer led invoice discounting method and is based on the buyer introducing it to his/her suppliers. Reverse Factoring allows the bank to accelerate payments to suppliers at extremely fast turn-around-times, and provide timely liquidity for entrepreneurs to build and grow their businesses (Hughes, 2010).

The operations of many businesses throughout the world, in particular SMEs, are influenced and to some degree shaped by the management of their supply chains (Bragg, 2007). How effectively a supply chain is managed can impact significantly on the working capital of those operating within it. To understand the need for and the opportunities open for SCF options in the country, it is important to understand supply chains, their management and the typical challenges faced by businesses operating within these chains. To help better understand the nature and complexity of a supply chain it is useful to think about three parallel flows along the chain: the flow of goods and services, the flows of information/documents and the financial flows throughout the chain and this study was driven to examine the factors that affected the performance of SCF in Kenya.
1.2 Statement of the Problem

Mulure (2013) studied the effects of supply chain finance on small and medium manufacturing enterprises performance with a case of Nairobi County. Research findings showed that supply chain financing positively impacts sales growth, gross margin, cash flow, operating and net margin, return on investments and return on assets. Westbrook and Frohlich (2001) examined the effects of supply chain finance on firm performance. The research findings revealed that outward-facing companies were more defined to have the most all-inclusive supply chain finance level had better organizational performance in terms of different evaluation criteria as compared to the other companies in the other classes.

Kim and Narasimhan (2002) explored the impacts that supply chain finance has on the relationship between firm diversification and competitive performance. The researchers compared the major interaction effects of SCF and diversification on firm performance. Research findings showed that the adoption of supply chain finance strategies modifies existing relationships in between firm diversification and performance. Additionally, the coordinated use of SCF in conjunction to diversification strategies significantly affects firm performance.

Rosenzweig, Roth and Dean (2003) explored the effects of supply chain finance on business performance with a case of consumer products sector. It was further established that the producers of consumer products who possesses high integration density had better delivery reliability, product quality, cost leadership and process flexibility. Ozdemir (2009) concluded that supply chain finance has a positive effect on product quality. It was further mentioned that SME’s encouragement of close relationship and high integration within their departments enjoyed positive impacts on product quality. Seifert and Seifert (2015) explored supply chain finance with a perspective for managers. The study established that banking partner was the factor that has a great influence on supply chain finance performance.

The discussed studies undertook to examine the effects of supply chain finance on firm small performance including; manufacturing enterprises, small and medium enterprises and banks. The studies also assessed the impacts of supply chain finance on the relationship between
that exists between firm diversification and competitive performance, the effects of SCF on business performance in the consumer products sector and lastly the supply chain finance with a perspective for managers. These studies therefore majorly touched on the effects of supply chain financing on firm performance and did not endeavor to establish the various factors that affect the performance of supply chain financing. The studies were also conducted outside the country hence the research findings cannot reasonably apply in the current Kenyan business environment. This study therefore undertook the goal to establish the factors that affected the performance of supply chain financing in Kenya.

1.3 Purpose of the Study
This study was driven to examine factors affecting the performance of supply chain financing in Kenya. The study limited its focus to Commercial Bank of Africa - Kenya.

1.4 Research Questions
The study was driven to answer the following research questions:

**1.4.1** What factors affect the adoption of supply chain financing in commercial banks in Kenya?

**1.4.2** What challenges are faced by supply chain financing by commercial banks in Kenya?

**1.4.3** What mitigating strategies are available for supply chain financing by commercial banks in Kenya?

1.5 Significance of the Study

**1.5.1 Commercial Bank of Africa Customers**
Customers at the targeted bank may find the research findings from this study useful regarding the various factors that affect supply chain financing. They may be better placed to understand how banks devise various products designated to improve the supply chain performance. They may be better placed to expect more in terms of efficient supply chain delivery services hence strive to assess better supply chain financing services.
1.5.2 Banking Industry
The banking industry at large may derive immense benefits from the research findings from this study as it shall reveal the critical factors that hinder optimal supply chain financing among firms. They may be better placed to formulate products and services that target firms so as to enhance adequate returns and success of supply chain financing in the near future. Flaws may be identified thus increasing the odds of success of supply chain financing. The identified factors have revealed how the different stakeholder partake the offered products in terms of both acceptance and rejection.

1.5.3 Researchers and Academicians
Study results emanating from this study have immensely contributed to the currently limited body of knowledge with regards to factors that influence supply chain financing in Kenya. Future researchers and scholars have been furnished with imperative information that they may use as a benchmark and even compare their research findings to be able to identify trends in supply chain financing.

1.6 Scope of the Study
This study examined the factors that affect the performance of supply chain financing in Kenya with a case of Commercial Banks of Africa, Nairobi at its headquarters in Nairobi, Kenya. This study relied on primary data as the preferred source of research data. This collected data was sought from target respondents including bank managers and customers of Commercial Banks of Africa, Nairobi. The results of the study were limited to Commercial Banks of Africa. Data was collected between the months of October and November 2016.

1.7 Definition of Terms
1.7.1 Supply Chain
Supply chain is defined as the optimization of inter-company financing and the overall assimilation of adopted financing linkages with firm suppliers, customers as well as service providers so as to increase on the overall value of all participating stakeholders in the company (Hofmann & Belin, 2011).
1.7.2 Supply Chain Financing
Supply chain financing is defined as the combination of commerce financing that are provided by a financial institutions, corporation itself, or third-party vendors as well as a technology platform that serves to unite all the firm trading partners and relevant financial institutions electronically hence providing crucial financing triggers on the basis of occurrence of various supply chain events (Kerle, 2009).

1.7.3 Supply Chain Integration
Supply chain integration is defined as the alignment of all supply chain objectives between various enterprises and departments through the establishment of a linkage in between these functions and enterprises through information transparency, people as well as through electronic means (Camerinelli, 2011).

1.8 Chapter Summary
This chapter discussed the background of the problem with regards to supply chain financing as well as factors that impede its successful implantation. The chapter also discussed the statement of the problem whereby the research gap that this study intends to fill was identified. In addition, the research objective was stated including all the research questions. The significance of the study, scope and lastly definition of key terms were discussed. Chapter two discussed the literature review, while chapter three reviewed the methodology used. Chapter four presented the results and findings of the study, while chapter five offered the study summary, discussions, conclusions and recommendations of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This study was driven to examine factors affecting the performance of supply chain financing in Kenya. The study was driven to answer the following research questions: what factors affect the adoption of supply chain financing by Commercial Bank of Africa?; what challenges are faced by supply chain financing stakeholders in Kenya?; and what mitigating strategies are available for supply chain financing stakeholders in Kenya?

2.2 Factors Affecting the Adoption of Supply Chain Financing

The rising modern business trend of cross-functional relationships as well as inter-firms interactions have provided new opportunities to enhance the way firms interact with each other both as buyers and sellers in supply chains. The adoption of supply chain financing geared towards improving on sellers as well as buyers operational efficiency serves to improve on overall supply chain performance as these parties are able to interact with each other at a more functional and tangible level hence improving on overall supply chain performance (Hong & Jeong, 2006).

Close collaborations between the parties have emerged to be an important factor that bank managers consider to enhance optimal performance of supply chain financing. By adopting a financing system that does not isolate these stakeholders, the bank is better placed to realize sound performance between these stakeholders after adoption. In essence, adopting a financing program that readily aligns operational flows to financial flows between firm stakeholders enhances SCF performance (D’Avanzo, Von Lewinski, & Van Wassenhove, 2003). This section examines factors that affect the adoption of SCF in commercial banks.

2.2.1 Availability of Collaborative Platforms

Demica (2010) examined the collaborative platforms for supply chain integration by looking at assimilation of platforms and results and trajectory. The research findings showed suppliers who are essentially firm stakeholders play a key role in determining the success of supply chain financing integration. PWC (2014) established that in order for firms to attain
potential benefits from engaging in SCF, they need to enhance cooperation between all organizational external stakeholders if they are to benefit from optimal supply chain finance program performance. These external stakeholders entail; banks, suppliers, distributors’ customers, investors and agencies. Demica (2010) observes that, banks need to recognize that different stakeholders have different priorities as well as conflicting objectives hence the need to uniquely address each stakeholder’s specific needs in the supply chain financing.

The existence of business to business stakeholder relationships can be able to support large value transactions hence further spread SCF support on the basis of automation, particularly in e-invoicing. Corporate suppliers and buyers need to collectively endeavor to eliminate any existing tension that exists between suppliers and buyers to enhance successful SCF implementation (Demica, 2010). When suppliers and buyers interact, they need to perceive that SCF offers tangible benefits that further strive to enhance their interactions. Collaboration between organizational stakeholders is therefore a key factor that has an effect on SCF performance within organizations (Dyckman, 2009). The acceptance by organizational stakeholders to electronically exchange invoices as well as purchase orders dramatically enhances successful SCF implementation.

2.2.2 Financial Incentives

Commercial banks can offer financial incentives needed by firms to enhance SCF performance by intertwining all the stakeholders in a harmonized system to enhance prompt financing (Liz, 2009). More specifically, banks and other financial institutions can enhance information transparency, rationalize internally held resources hence align incentives so as to implement practices geared to enhance sound supply chain financing performance (Perez, 2012).

Dyckman (2009) identified key areas that need to be addressed if firms are to realize great SCF performance. In essence, the treasury, procurement, credit risks, accounts payables that manages quick introductions of new payment methods to banks directly and lastly information technology that is needed to develop varying forms of electronic interface with
adopted financial institutions to support e-invoicing that is imperative to achieve success in the performance of SCF (Pfohl, 2009).

2.2.3 Information Sharing
The act of information sharing in the supply chain enables accurate and faster business decision making that translates to enhanced performance of the supply chain in terms of financing (Moberg, Cutler & Gross, 2003). Information sharing is essentially regarded as the bullwhip effect terminator (Fiala, 2005). This sharing of supply chain information essentially enhances stakeholders total cost reduction hence improving on overall chances of optimal performance of supply chain financing (Gavirneni, 2006). In other words, a successful sharing of useful information between the supply chain partners can result in a reduction in inventory and manufacturing cost, better understanding of customer needs, and faster response to market changes (Li, Nathan, Ragu-Nathan & Rao, 2006).

The proposition is that supply chain financing success will only be feasible if there is seamless flow of both physical and non-physical assets among all firm stakeholders. This is because it enhances pooling of synergy hence enhances the optimization of both intangible and tangible organizational assets. Moreover, the three primary components of supply chain management are logistics, information and finance (Tan, 2002). For SCF to be successful, information and materials flow needs to be readily adopted in addition to ensuring mass customization. Mentzer and Min (2004) adds that, information sharing with all organizational partners is an imperative factor that enhances desirable supply chain capabilities. Moreover, exchange of information is a crucial construct that significantly affects the performance of supply chain financing capabilities.

2.2.4 Supply Chain Framework Integration
Fantazy, Kumar and Kumar (2010) opine that, supply chain integration requires various organizational frameworks to be put in place to enhance overall success of all activities carried out in the supply chain, financing activities being included. Fellenz, Cara, Augustenborg and Greene (2009) state that, these organizational frameworks are instrumental in the management of individual supply chain functions and processes needed to
integrate all relevant activities by the different stakeholders in order to achieve sound supply chain performance.

The presence of a supply chain harmonization process that spurs from procurement, manufacture, storage and then to distribution enables prompt performance of the firm as it is able to derive operational efficiency as a result of adhering to the value chain (Li et al., 2006). Introducing supply chain financing at such a harmonized system with clear frameworks will definitely spur success directly attributable to the financing of the stakeholders at the supply chain (Fellenz et al., 2009). In essence, if the organizational supply chain is involved in an upstream and downstream form of linkage at the diverse supply chain activities and processes, introducing financing in the supply chain would in turn produce desirable firm value as such financing would operate in an already established system that has a clear flow right from the onset (Farrington & Lysons, 2006).

2.2.5 Technology and Infrastructure

The best way to ensure SCF success is to adopt technology and have capable infrastructure that, first, aligns the organization (bank) with a roadmap that details the incremental phases of internal supply chain development. This roadmap should support the retailer’s strategic objectives and also identify the sequence of phased organization, process and technology changes that are needed for successful SCF development (Harps, 2000). The ability to develop and sustain standardized processes due to adoption of new processes and procedures due to technology acceptance is a critical business capability that affects the performance of the SCF in commercial banks (Farrington & Lysons, 2006).

Technology enhances the provision of ready and accurate information needed to keep the firm up to date (Harps, 2000). The utilization of this information during SCF by the help of dedicated experts so as to update supply trade information on real-time basis will definitely improve on chances of sound performance of the supply chain especially where firms adopt SCF (Farrington & Lysons, 2006). This will be more useful for market-driven information for instance pricing and supply levels in the trade chain. The utilization of advanced
knowledge as gathered from new technologies in the value chain management systems serves to enhance overall success of financing in the supply chain (Harps, 2000).

2.2.6 Supply Chain Financing Knowledge and Transfer

In supply chain financing, knowledge needs to be; consistent, instant and not dependent on the skills of a few organizational experts (Koh et al., 2007). In a supply chain that integrates financing to all stakeholders, trade expertise and knowledge is institutionalized and programmatic implying that formal programs and actions are in place to store, codify, and disseminate supply chain financing information as it is needed (Frohlich & Westbrook, 2001). This presence will in turn impact on overall performance of SCF as adopted in the firm if expertise is properly merged with emerging technologies.

Technology transfer is critical to enhance supply chain financing performance since it provides new business capabilities that the firm can exploit in financing and consequently enable other stakeholders in the chain to adopt (Hughes, 2010). Information based decision making as a result of technology transfer ensues in the value chain hence significantly increasing on the probability of success of SCF adoption (Devaraj, Krajewski & Wei, 2007). The adoption of new capabilities in the value chain as a result of applications of analytical data provides insight into the supply chain hence immensely increasing on supply chain finance performance management metrics (Chan, Lee & Goyal, 2008). The integration of technological platforms across the entire supply chain definitely affects the performance of adoption of supply chain financing that touches on all buyers and sellers in the technologically enhanced supply chain. This integration further enhances more supply chain financing performance as evidenced by faster paces with fewer errors in the chain (Wu & Olson, 2008).

2.2.7 Payment Terms

Willingness to issue payment terms extension as well reduce costs among trading partners seriously affects the performance of any adopted supply chain financing mechanisms adopted by firms. Frequent changing of firm suppliers is likely to disrupt optimal SCF performance as new suppliers may be receptive to adopting such a financing system as advocated for by the
firm. Supplier replacements essentially lead to periods of time needed to build up mutual relationship between suppliers and buyer hence impeding the success of SCF performance (Sezen, 2008).

The presence of long lead times in the firm production process hinders optimal SCF performance as it leads to disruptions in the delivery process. The nature of responsiveness of traders involved in the supply chain also influences the success of supply chain financing. The presence of long cycle times between firm traders that is from the suppliers and the buyers influences financial performance of the supply chain. The presence of strategic planning that serves to increase on integration between buyers and sellers within the organization enhances the performance of SCF. The presence of close relationships with suppliers and buyers has a significant influence on SCF performance (Sezen, 2008).

2.3 Adoption Challenges of Supply Chain Financing Faced by Commercial Banks

There are many difficulties that stand up to effective execution of SCF programs at both the organization as well as at the supply chain levels. The degree of impact every test upholds on the supply chain partners differs and often leads to inefficient processing of transaction exercises (Dalmia, 2008). SCF challenges confronted by a firm can be internal and also external. The internal difficulties might be consequences of absence of knowledge and organizational structure and procedures required for effective SCF implementation (Lee, Kwon & Severance, 2007). The external difficulties might be connected to complexity of technology, procedures, geographical areas and culture. A portion of the difficulties may not be under the domain of administration control and may initiate the supply chain partners to take inventive activities to react to the changing environment with a specific end goal to keep up the fancied cash flows in the supply chain (Mulure, 2013).

The elements of difficulties constantly change the limitations that add to challenges in overseeing and controlling operations and actualizing successful strategies in the supply chains to enhance SCF (Dalmia, 2008). It is in this manner critical to recognize the basic difficulties so as to chalk out the following developments in the rising field of SCF and for its widespread application in worldwide supply chains. The difficulties of SCF can in general be
classified into six categories based on organizational concentration areas as: human resource (HR); information technology (IT) and innovation; finance; organizational policy, strategy and practices; and full scale institutional (Lee, Kwon and Severance, 2007; Mulure, 2013).

2.3.1 Human Resource
One of the main challenges that go up against SCF is the absence of knowledge and data among supply chain managers about SCF programs (Hofmann & Belin, 2011). There is an absence of the general awareness among corporate experts about SCF initiatives. The absence of learning of best practices of SCF is the key challenge to optimizing an association's working capital. Because of this absence of widespread awareness, SCF has not yet completely understood its potential in dealing with the end-to-end SC costs. Absence of gifted faculty and training on SCF tools and techniques likewise add to the difficulties confronting SCF execution (Deloitte, 2009).

2.3.2 Information Technology and Technology Challenges
Apart from the absence of awareness, other significant hindrances towards widespread acceptance of SCF originate from the inefficiencies present in the internal and in addition external processing of financial transactions occurring along the supply chains (Hausman, 2005; He, Jiang & Wang, 2010). Innovation has turned into an inherent piece of present day supply chains (Walton and Gupta, 1999). However, with regards to processing financial transactions dominant part of partnerships still practice paper-based manual procedures (Fairchild, 2005; Aberdeen, 2006). These manual intensive payment processes add delays to the receipt of payment and increases the days sales outstanding (DSO) of the suppliers prompting to extra working capital requirements.

Poor deceitability into development of products along the supply chain additionally adds to the challenges. Deceivability into development of products is critical for effective usage of SCF keeping in mind the end goal to make suggestions and decide procedures to enhance and reinforce the financial supply chains. A few sellers offer financial incentives to tempt their clients to pay early (Burkart &d Ellingsen, 2004; Lee & Rhee, 2011; Luo & Zhang, 2012). In many cases, the individual adds up to be gained may appear to be little; however for
organizations working on razor-thin edges, this issue turns out to be much more critical as this additional return can have a gigantic effect in all that really matters (Burkart & Ellingsen, 2004). Notwithstanding, numerous companies have awkward and wasteful procedures that it is difficult to get the invoice turned around in the requisite time (Luo & Zhang, 2012).

2.3.3 Finance related Challenges

There are various financial issues that challenge the across the board execution of SCF. Absence of mechanization in the payment processes alongside poor deceivability makes it troublesome for SCF suppliers to actualize working capital and third party financing programs (Siddall, 2010). The total impact of all these is problematic and unusual cash flows all through the supply chain. Delays in invoice reconciliation are a specific reason for extra working capital that delay receipt of payment and increment DSO of receivables (Hausman, 2005; Lindeen, 2010). Moreover, uncoordinated financial aspects of the supply network cause numerous issues which brings about the inability to gain by the full economic value, proficiency and adequacy (Camerinelli, 2009; Siddall, 2010).

Absence of institutionalized settlement components through a limited number of trusted suppliers connected with the cash management instruments additionally add to the difficulties (Denecker & Helms, 2010). Cash management systems that give an all-encompassing perspective of financial transactions occurring in the supply chain with the concentration of amplifying the profits for the whole esteem arrange considering payments to providers, short term borrowing, pledging decisions, buys/sales of marketable securities with budgetary requirements is the need of great importance (Croom, 2000; Handfield, 2006; Desai, 2009). The greater part of the cash management frameworks that are utilized by treasuries today have a nearsighted target of maximizing the profits for their organizations without considering the effect of the choices on the whole supply chain. For bookkeeping purposes treasuries focus on decreasing their cash-to-cash (C2C) cycle which measures liquidity and organizational valuation. One of the approaches to accomplish shorter C2C is to expand average records payable (Farris II & Hutchison, 2002). However, frequently this nearsighted practice has unfavorable impact on the providers as they get compelled on money.
2.3.4 Organizational Policies, Strategies and Practices
In today’s business world, a supplier's internal procedures and administration of those procedures, have expanded in significance on the grounds that the provider now impart the business risk to the firm it services (Hald & Ellegaard, 2010). Execution of the providers specifically impacts the execution of different other supply chain accomplices and the entire supply chain as a unit. Commonly, organizations select providers principally in light of their operational abilities. Yet, in today's falling apart credit environment, a provider's operations and finances should be given equivalent weight (Ambrose, Marshall, & Lynch, 2010; Hald & Ellegaard, 2010). A financially unstable supplier can have detrimental effect on the whole value chain.

Stock management practices likewise affect the budgetary prosperity of a firm. Stock is one of the significant resources for a business and speaks to a venture that is tied up until the thing is sold. It likewise costs cash to store, track and guarantee stock. Frequently firms amass over the top stock because of their business diversity. This diversity expands the intricacy of the supply chain, and much of the time builds the measure of manual preparing and custom programming. This can make improvement, deployment, maintenance, and upgrading of the stock management systems extremely troublesome. Non-effective stock management methods and high business diversity act challenges for an organization like well as its supply chain (Fawcett, Magnan & McCarter, 2008; Birou, Fawcett & Magnan, 2011).

The lack of a clear legal framework in regards to sale of receivables impedes optimal supply chain financing in instances where the scope of operations is global. The absence of national registries that can be used to assess purchased receivables hence allowing persons to easily transact on receivables would enhance performance of supply chain financing due to inventory harmonization (Fawcett, Magnan & McCarter, 2008). In essence, poor technological adoption in most supply chains has hampered the extent to which SCF can obtain higher success rates. The adoption of the concept of e-invoicing allows for electronic data exchange hence improving on performance of supply chain financing as transaction documents are processed in real time despite significant differences in terms of distance (Milne, 2009).
The lack of a clear understanding of the various supply chain finance options and their benefits to buyers, financiers and suppliers impedes the extent to which supply chain financing can yield optimal results. This has therefore created a gap as to the expectations as well as the scope of financing in supply chains hence minimizing its potential positive outcomes (Hald & Ellegaard, 2010). Chaos exists in most procurement teams due to the presence of unstructured payment methodologies to suppliers. This therefore creates supply chain risks that are eventually translated to higher pricing by suppliers. If supply chain financing is adopted in the future, the previously experienced unstructured methodologies may go against new change hence minimizing the potential to achieve desirable results as a result of adoption of supply chain financing (Bosman, 2013).

2.3.5 Macro-Institutional Challenges

Some large scale institutional factors, for example, geographical expanse, cultural differences and government laws and regulations likewise force genuine difficulties for executing SCF activities (Camerinelli, 2009; Siddall, 2010). The cross-fringe exchanges are in this way complex in nature with various difficulties, for example, numerous currencies, diverse dialects and different lawful purviews. These cross-fringe exchanges are regularly moderate and wasteful and prompt to challenges for the worldwide supply chains for banks.

Worldwide supply chains today, need to cross boarders and manage diverse nations with various political and social foundations. There are legitimate and social contrasts – both between and inside areas – that influence the approach taken towards financial supply chain management by financial establishments (Hofmann & Belin, 2011). Following the rise in terrorism, governments everywhere throughout the world are impeding the free stream of merchandise shipments by securing the passage of materials crosswise over outskirts to shield their countries from external dangers. The new guidelines and directions are controlling exchange with regularly cumbersome documentation need to go with the shipments (Camerinelli, 2009). The effect on supply chain because of these new principles and directions can't be underestimated. The challenges in worldwide exchange originate from the expansion in expenses as well as deferrals and hardships in getting merchandise over the border, which can prompt to client disappointment and loss of business for trade partners.
All these procedures and directions extend the financial supply chains and as a reality, miscommunications between worldwide partners may prompt to extreme supply chain disruptions.

**2.4 Mitigating Strategies Available for Supply Chain Financing Stakeholders**

Through supply chain financing, both parties are able to benefit from a win situation in the sense that the relevant parties will be able to diversify funding sources and solidify firm relationships with other trade partners (Siddall, 2010). Supply chain financing leads to improved efficiency of the entire supply chain since cost saving benefits are realizable due to simplification of payable processes and extensions of payment terms (Hald & Ellegaard, 2010).

Successful supply chain finance implementation requires the presence of a framework that readily incorporates infrastructure, strategy, governance and process. The adoption of such a framework necessitates cooperation and alignment across the diverse organizational functions (Siddall, 2010). A critical factor that has an effect on successful supply chain financing is cooperation with external organizational stakeholders including customers, suppliers, distributors, rating agencies, and investors (Swinderen & Mungai, 2014).

**2.4.1 Supply Chain Policies**

Koh *et al.* (2007) proposed various supply chain policies that can be used to enhance optimal supply chain financing results including; close affiliations with firm suppliers, customers, adoption of strategic planning, adhering to safety stock regulations as stipulated internally by the firm, sub-contracting where regulations deem it to be necessary as well carrying out e-procurement. The adoption of these practices as per guided by the organizational policies will definitely lead to better results as a result if adopting supply chain financing (Swinderen & Mungai, 2014). This is because it will meet an already laid foundation imperative for it successful implementation.

In addition, formulating supply chain policies that focus on showing how the different stakeholders are to interact in the firm will be important as it will work in conjunction with
stakeholder financing to improve on overall supply chain performance (Camerinelli, 2009). Even though finances may be pumped into the supply chain without adequate and reasonable interactions between the relevant partners, no tangible benefits would accrue on the same hence the need to first formulate policies that govern communication before any funds can be pledged into the supply chain. This move would ensure that supply chain financing essentially achieves desirable results (Aite Group, 2013).

2.4.2 Firm Policies

Firms must readily strive to put in place policies to ensure that the human workforce issues readily sets appropriate forecasts so as to adequately represent inventory information. This will boost transparency in the value chain which will consequently improve on overall supply chain success if financing of stakeholders is adopted by the firm. Firms are faced with a primary challenge to ensure successful supply chain integration among all stakeholders so as to eventually secure presence of a dependable internal organizational operation capability (Burgess, Singh & Koroglu, 2006). The formulations of procedures that are aimed at safeguarding internal organizational consistency in its operations are therefore a critical predecessor of sound supply chain financing performance. In essence, if internal operations do not yield consistent and reliable results, then the adoption of supply chain financing would also follow suit thus only produce dismal results (Demica, 2010).

Organizational internal operations are a critical cornerstone that enhances superior supply chain performance as a result of financing the various parties involved in the supply chain. In order for firms to obtain superior supply chain performance directly attributable to financing activities, it must be able to enhance its internal firm processes by making sure that they are flexible enough to respond to market changes (Fantazy, Kumar & Kumar, 2010). By being flexible and placing focus on customer needs, firms significantly improve on their degree of market flexibility to frequent market changes. This flexibility that is influenced by adopted organizational policies in turn has an effect as to extent of success that can be attained as a result of adopting supply chain financing. In conclusion, policies that strive to ensure reliability and quality of internal operations will also positively affect output as a result of adopting supply chain financing (Lambert & Cooper, 2000).
2.4.3 Use of Lean Processes

The adoption of lean practices and organizational procedures that are geared to improve on internal organizational processes so that they can be in line with just in time inventory principles have a positive impact on supply chain performance. In essence, firms efforts to integrate its internal processes so that they can be in harmony with those of customers and suppliers endeavors to improve on optimal supply chain financing performance (Fantazy, Kumar & Kumar, 2010). This is due to the fact that financing such a supply chain that is already properly aligned with suppliers in terms of supply will in essence translates to desirable results as a result of adoption. The importance of better control of supplies as well as improved customer relationships that foster organizational integration cannot be overlooked if supply chain financing is to be adopted at the firm. This is because it has a direct effect on improving organizational efficiency that is in turn related to the performance of the supply chain (Burgess et al., 2006).

A characteristic of a good supply chain is that it ought to be well structured so that it can contain all relevant information needed to enhance successful SCF implementation. The most important information which organizational frameworks need to readily ensure are provided to enhance successful financing in the supply chain include; reports about the capabilities and performance of suppliers, a list of all the existing contracts and suppliers, all consolidated purchasing volumes at company level, information about potential new suppliers, and the demands placed by internal customers on the products/goods to be purchased (Monzcka & Trent, 2003).

2.4.4 Technology

In order for firms to compete effectively in today’s global economy, they must build value and drive sustainable their value chains by adopting the immense benefits that technology brings. The emergency of overseas supplier partnerships due to technologies that effectively bridge the distance gaps have enabled firms to acquire high tech efficiency in their supply chains. The potential productions capabilities of suppliers can be analyzed with ease hence enabling the firm ascertain in advance whether the specified production plan can indeed develop new products according to the supply chain demand (Cachon, 2003). Technology
adoption enhances procurement managers to generate analysis and consequently access supply chain financing performance thus enabling subtle opportunities to enhance improvements for the future. In essence, the more readily accessible and robust technological tools of information are, the more valuable and influential they become to supply chain financing success as instituted by the firm (Salecka, 2009).

The presence of robust and efficient technologies which are easily transferred have impacted the extent to which financing in the supply chain can achieve optimal performance. These modern technologies have led to the centralization of strategic planning in the supply chain across all the stakeholders (Hong & Jeong, 2006). In addition, possibilities have emerged as a result of the introduction of data abundance and cost savings. These possibilities of cost savings therefore plays a crucial role on the success of supply chain financing at the organization (Salecka, 2009). The application of technology in supply chains financing provides accurate information hence aids the supply chain members to share vital trade information in real time. This in turn improves on overall performance of the supply chain where financing comes into play (Vaidya, 2006).

2.4.5 Supply Chain Pricing

Pricing on the other hand will have a great bearing on SCF as it will only yield optimal results if prices are favorable. The presence of pricing advantages leads to lower inventory investment costs. This leads to supply chain financing stability due to pricing consistency thus leading to overall performance (Cachon & Terwiesch, 2005). The engagement of less dispersed supplier base that is closely distanced from the firm leads to large volumes of supplier allocations that lead to volume discounts. The issuance of trade discounts will consequently reduce on supply chain sourcing costs hence leading to pricing stabilities that in turn positively impacts supply chain financing performance (Cachon & Harker, 2002).

In essence, low procurement costs attributed to superior inventory investments leads to immense procurement benefits that serve to effectively serve all parties in the supply chain especially after the adoption of SCF (Cachon & Terwiesch, 2005). From a global perspective, supply chains that are associated with effective logistics are fortunately facilitated by new
and improved technologies oriented towards ensuring cost reduction. This in turn positively affects performance of financing in supply chain (Cachon & Harker, 2002).

Perez (2012) studied sustainable supply chain financing: how financial institutions could enhance supply chain sustainability. The researcher adopted an interdisciplinary research approach that readily integrated three diverse though complementary theories. The sustainable supply chain financing framework proposal suggested that an opportunity for financial institutions in comparison with information transparency, resource rationalization and alignment of incentives can enhance overall supply chain sustainability (Cachon & Harker, 2002).

2.5 Chapter Summary
This chapter has discussed factors affecting the adoption of supply chain financing by focusing on the availability of collaborative platforms, financial incentives, information sharing, supply chain framework integration, technology and infrastructure, supply chain financing knowledge and transfer, and payment terms. The chapter has also discussed adoption challenges of supply chain financing faced by commercial banks like the human resource, information technology and technology challenges, finance related challenges, organizational policies, strategies and practices, and macro-institutional challenges. The chapter has also discussed mitigating strategies available for supply chain financing by focusing on supply chain policies, firm policies, use of lean processes, technology, and supply chain pricing. The next chapter discusses the study’s research methodology.
3.2 Research Design
The study adopted a descriptive research design, it was structured in a formal study with clearly and well stated investigative questions which sought to find out who, what, where, when and how much (Cooper & Schindler, 2011). A descriptive research determines and reports the way things are and attempts to describe such things as possible behavior, attitudes, values and characteristics (Mugenda & Mugenda, 2008). Descriptive research design was used to establish the factors affecting the adoption of supply chain financing in commercial banks in Kenya with a focus on Commercial Bank of Africa (CBA).

3.3 Population and Sampling Design
3.3.1 Population
According to Mugenda and Mugenda (2003), population refers to an entire group of individuals, events or objects having common observable characteristics or the aggregate of all that conforms to a given specification. Ngechu (2004) defined population as a well-defined set of people, elements, events or group of things that are under scrutiny by the researcher. The target population of interest for this study consisted of all employees of CBA. The study targeted these staff since they were readily aware of supply chain financing operations hence better placed to provide quality research data.

3.3.2 Sampling Design
3.3.2.1 Sampling Frame
Sampling frame illustrates a full list of the number of population units whereby the study sample will be selected from (Schindler & Cooper, 2004). It essence, it is a physical
illustration of selected target population units from which study data will be derived from (Kothari, 2004). The sample frame for the study was a complete list of employees that worked at CBA and was sourced from the organization’s human resource office.

3.3.2.2 Sampling Technique

A sampling technique is the method used to select an appropriate sample of respondents from the population (Schindler & Cooper, 2004). This study adopted stratified sampling technique. According to Cooper and Schindler (2011), stratified sampling is defined as a sampling method where the population is divided into various groups that from sub-populations known as strata. A strata is defined as a layer within any structure that is clustered or assigned according to their social status and education.

Stratification enabled subdivision of respondents into various categories (shown in Table 3.1) from which simple random sampling was carried out to identify final study participants. In this regard, respondents were randomly picked from the identified population. Simple random sampling was used since it enabled the generalization of study findings to a much larger population with a low margin of error. Stratification enabled sampling to be random hence enhanced the attainment of desirable sub-groups representation in the identified population.

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Banking</td>
<td>30</td>
</tr>
<tr>
<td>Trade Finance</td>
<td>5</td>
</tr>
<tr>
<td>Business Banking</td>
<td>29</td>
</tr>
<tr>
<td>Branch Banking</td>
<td>55</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>119</strong></td>
</tr>
</tbody>
</table>

3.3.2.3 Sample Size

According to Kothari (2004), the major criterion used when deciding on the sample size is the extent to which the sample size will represent the entire population. According to Cooper
and Schindler (2013), when selecting a sample size for a study, 10% - 75% of the total population is a justifiable figure to use when the total population is large. For this study, the researcher used 75% of the total population selected from each strata and brought the total to 89 respondents as shown on Table 3.2.

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of Employees</th>
<th>Percent</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Banking</td>
<td>30</td>
<td>75</td>
<td>22</td>
</tr>
<tr>
<td>Trade Finance</td>
<td>5</td>
<td>75</td>
<td>4</td>
</tr>
<tr>
<td>Business Banking</td>
<td>29</td>
<td>75</td>
<td>22</td>
</tr>
<tr>
<td>Branch Banking</td>
<td>55</td>
<td>75</td>
<td>41</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>119</strong></td>
<td><strong>75</strong></td>
<td><strong>89</strong></td>
</tr>
</tbody>
</table>

### 3.4 Data Collection Methods

This study relied on primary data as the preferred source of research data. This collected data was from the target respondents. The primary data was collected through questionnaires that were distributed to targeted respondents. The questions were closed-ended. A 5-point likert scale was used to establish the factors that affected the adoption of supply chain financing in Kenya. Cooper and Schindler (2011) indicated that the important and advantage of close ended questions is that they are easier to analyze since they are in a usable form. They are also easy to administer because each item is followed by an alternative answers and is economical to use in terms of time saving. A self-administered survey is the only way to draw out self-report on people’s view, attitudes, thinking and principles.

### 3.5 Research Procedures

The questionnaire was tested by a pre-administering to 10 employees. During this exercise, questions that were perceived to be vague were re-adjusted accordingly for clear communication in the actual data collection process. For maximum and complete participation of the respondents, the researcher personally administered the questionnaires containing closed-ended questions to the sample respondents.
A drop and pick later method was used to boost on total responses from the respondents. This gave the researcher the opportunity to offer clarification on the research items. Each respondent received the same set of questions in exactly the same way. Prior Informed Consent (PIC) to participate in the study was sought from all respondents before administering research instruments. All respondents were assured of total confidentiality and were informed of the purpose of the study and the relevant information required in the study.

3.6 Data Analysis Methods

Collected research instruments were coded before entry into Statistical Package for the Social Sciences (SPSS) for analysis. Data cleansing was also carried out before coding and entry. Descriptive statistics was computed whereby frequencies, percentages, means and standard deviations were clearly shown in the form of both tables and figures. Inferential statistics was computed with the aid of regression analysis and was used to examine the factors that affect the adoption of supply chain financing in Kenya.

3.7 Chapter Summary

This chapter presented the research methodology as well as the methods that the researcher used to collect and analyze research data. The chapter shows that the study used a descriptive study design since this was considered to be the most appropriate design based on the research problem and the study objectives that the study sought to address. The chapter then shows population and sampling design, data collection method, research procedures, data analysis method and concludes by giving a chapter summary. The next chapter presents the study results and findings.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

The data that was collected using the questionnaires that were handed out were analyzed and have been presented in this section as the study findings. Data has been presented in the form of figures and tables, and the section was guided by the breakdown of the questionnaires.

4.2 Response Rate

The researcher handed out 89 questionnaires to the target population. The researcher managed to collect 85 questionnaires, out of which only 72 questionnaires were completely filled. This gave the study a response rate of 80.9% which was above the required threshold, since Cooper and Schindler (2011) state that a study response of 65% and above is significant in facilitating the analysis of a study.

![Figure 4.1 Study Response Rate](image)

4.3 Demographic Information

4.3.1 Education Level

The respondents were asked to indicate their level of education and according to Figure 4.2 all the respondents were well educated since 66.7% had university degrees, while 33.3% had master’s degrees and none had secondary and college diplomas as their highest level of education. These results indicate that the respondents were well educated to understand the study topic and that CBA bank employees were well educated.
4.3.2 Years with the Organization

The respondents were asked to indicate the number of years they had been with the organization and according to Figure 4.3 all the respondents had been with the organization for a significant number of years, since 51.4% had been with the organization for 1-5 years, while 48.6% had been with the organization for 6-10 years. These results indicate that the respondents had been with the organization long enough to make them appropriate for the study.
4.3.3 Work Department

The respondents were asked to indicate the department they worked under and according to Figure 4.4, 51.4% worked in trade, 27.8% worked in business, and 20.8% worked in corporate. These results indicate that the respondents worked in departments that directly worked on SCF implementation, making them a viable population for the study.

![Figure 4.4 Employee Department](image)

4.4 Factors Affecting the Adoption of Supply Chain Financing

4.4.1 Presence of Factors Affecting Supply Chain Financing

The respondents were asked whether there were factors that affected supply chain financing within their bank and from the response shown in Figure 4.5, 97.2% stated there were while 2.8% had no idea. These results indicate that there were factors that affect SCF at CBA bank.

![Figure 4.5 Presence of Factors Affecting Supply Chain Financing](image)
4.4.2 List of Factors Affecting Supply Chain Financing

The respondents were asked to list the factors that affected SCF in their organization and the list created was categorized into 6 major categories as shown in Figure 4.6. The figure shows that 22.2% equally listed lack of SCF systems and customer skepticism, 19.5% stated lack of SCF knowledge, 13.9% stated lack of insurance for the banks offering SCF, and 11.1% equally stated poor dissemination of SCF information and rigid banking products.

![Figure 4.6 List of Factors Affecting Supply Chain Financing](image)

4.4.3 Corporate Application of Supply Chain Finance

The respondents were asked to indicate how their organization had taken advantage of SCF factors in its adoption and their response was categorized in 6 broad categories as indicated in Figure 4.7. These results show that 33.3% stated that the organization was using reverse factoring, 22.2% stated that the bank was training both its employees and customers, 14.2% stated that the company was pilot testing the SCF system, 11.1% equally stated that they used credit insurance and development of flexible products, 8.1% stated that the organization was partnering with insurance companies to offer security on SCF products.
Figure 4.7 Corporate Application of SCF

4.4.4 Rating of Factors Affecting Supply Chain Financing

Respondents were asked to rate factors and their ability to facilitate the adoption of supply chain financing at CBA using the key: SD=strongly disagree, D=disagree, NS=not sure, A=agree, and SA=strongly agree. The results were as shown in Table 4.1.

Table 4.1 shows that the results had a mean of >3.0 and a standard deviation of <1.5 which showed that the factors strongly affected supply chain financing and the variance in response was insignificant. The table also shows that, the adoption of supply chain financing is geared towards improving the operational efficiency of both sellers and buyers as agreed to by all respondents. Close collaborations between stakeholders is an important factor for banks in enhancing the performance of supply chain financing as agreed to by all respondents. Banks enhancing information transparency can facilitate the alignment of incentives geared to enhance sound supply chain financing performance as agreed to by 97.2% of the respondents. Information sharing in the supply chain enables accurate and faster business decision making and enhances the adoption of supply chain financing as agreed to by all respondents. Supply chain financing can only be adopted through seamless flow of both physical and non-physical assets among all firm stakeholders as agreed to by 66.7% of the respondents. Supply chain harmonization and clear frameworks facilitates the adoption of supply chain financing between the involved stakeholders as agreed to by 97.2% of the respondents.
Table 4.1 Rating of Factors Affecting Supply Chain Financing

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>NS</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The adoption of supply chain financing is geared towards improving the operational efficiency of both sellers and buyers</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>47.2</td>
<td>52.8</td>
<td>4.53</td>
<td>.503</td>
</tr>
<tr>
<td>Close collaborations between stakeholders is an important factor for banks in enhancing the performance of supply chain financing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2.8</td>
<td>97.2</td>
<td>4.97</td>
<td>.165</td>
</tr>
<tr>
<td>Banks enhancing information transparency can facilitate the alignment of incentives geared to enhance sound supply chain financing performance</td>
<td>0</td>
<td>0</td>
<td>2.8</td>
<td>52.8</td>
<td>44.4</td>
<td>4.42</td>
<td>.550</td>
</tr>
<tr>
<td>Information sharing in the supply chain enables accurate and faster business decision making and enhances the adoption of supply chain financing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>27.8</td>
<td>72.2</td>
<td>4.72</td>
<td>.451</td>
</tr>
<tr>
<td>Supply chain financing can only be adopted through seamless flow of both physical and non-physical assets among all firm stakeholders</td>
<td>0</td>
<td>33.3</td>
<td>0</td>
<td>44.4</td>
<td>22.2</td>
<td>3.56</td>
<td>1.174</td>
</tr>
<tr>
<td>Supply chain harmonization and clear frameworks facilitates the adoption of supply chain financing between the involved stakeholders</td>
<td>0</td>
<td>0</td>
<td>2.8</td>
<td>83.3</td>
<td>13.9</td>
<td>4.11</td>
<td>.396</td>
</tr>
<tr>
<td>Supply chain financing can succeed with the adoption of technology that is capable of aligning the bank with a roadmap that details the incremental phases of internal supply chain development</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>13.9</td>
<td>86.1</td>
<td>4.86</td>
<td>.348</td>
</tr>
<tr>
<td>Ability to utilize supplier information can facilitate the ability of experts in updating supply trade information thus increase the adoption of supply chain financing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>38.9</td>
<td>61.1</td>
<td>4.61</td>
<td>.491</td>
</tr>
<tr>
<td>Technology transfer is critical in enhancing the adoption and performance of the supply chain financing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>77.8</td>
<td>22.2</td>
<td>4.22</td>
<td>.419</td>
</tr>
<tr>
<td>The banks’ willingness to issue payment terms extension and reduce costs among trading partners facilitates the adoption of supply chain financing mechanisms</td>
<td>0</td>
<td>13.9</td>
<td>30.6</td>
<td>8.3</td>
<td>47.2</td>
<td>3.89</td>
<td>1.157</td>
</tr>
</tbody>
</table>

Table 4.1 also shows that, supply chain financing can succeed with the adoption of technology that is capable of aligning the bank with a roadmap that details the incremental phases of internal supply chain development as agreed to by all respondents. Ability to utilize
supplier information can facilitate the ability of experts in updating supply trade information thus increase the adoption of supply chain financing as agreed to by all respondents. Technology transfer is critical in enhancing the adoption and performance of the supply chain financing as agreed to by all respondents. The banks’ willingness to issue payment terms extension and reduce costs among trading partners facilitates the adoption of supply chain financing mechanisms as agreed to by 55.5% of the respondents.

4.4.5 Pearson Correlations for Factors Affecting Supply Chain Financing

A Pearson correlation test was carried out to determine significant factors that affect supply chain financing. The study used the threshold of <0.05 for all significant factors and discarded all factors that were above the required threshold. The results of the test were as shown in Table 4.2.

Table 4.2 shows that the adoption of supply chain financing being geared towards improving the operational efficiency of both sellers and buyers was significant in affecting the adoption of supply chain financing by banks (r=0.438, p<0.01). Supply chain harmonization and clear frameworks facilitating the adoption of supply chain financing between the involved stakeholders was significant in affecting the adoption of supply chain financing by banks (r=0.409, p<0.01). Banks enhancing information transparency can facilitate the alignment of incentives geared to enhance sound supply chain financing performance had a significant inverse relationship in affecting the adoption of supply chain financing by banks (r=-0.806, p<0.01). Supply chain financing only being adopted through seamless flow of both physical and non-physical assets among all firm stakeholders had a significant inverse relationship in affecting the adoption of supply chain financing by banks (r=-0.504, p<0.01). Supply chain financing being able to succeed with the adoption of technology that is capable of aligning the bank with a roadmap that details the incremental phases of internal supply chain development had a significant inverse relationship in affecting the adoption of supply chain financing by banks (r=-0.380, p<0.01). Ability to utilize supplier information being able to facilitate the ability of experts in updating supply trade information thus increase the adoption of supply chain financing had a significant inverse relationship in affecting the adoption of supply chain financing by banks (r=-0.755, p<0.01). The banks’ willingness to
issue payment terms extension and reduce costs among trading partners facilitates the adoption of supply chain financing mechanisms had a significant inverse relationship in affecting the adoption of supply chain financing by banks ($r=-0.914$, $p<0.01$).

**Table 4.2 Correlations for Factors Affecting Supply Chain Financing**

| Correlations                                                                                      |  
|--------------------------------------------------------------------------------------------------|---|
| The adoption of supply chain financing is geared towards improving the operational efficiency of both sellers and buyers | .438** .000 |
| Close collaborations between stakeholders is an important factor for banks in enhancing the performance of supply chain financing | .179 .133 |
| Banks enhancing information transparency can facilitate the alignment of incentives geared to enhance sound supply chain financing performance | -.806** .000 |
| Information sharing in the supply chain enables accurate and faster business decision making and enhances the adoption of supply chain financing | .035 .774 |
| Supply chain financing can only be adopted through seamless flow of both physical and non-physical assets among all firm stakeholders | -.504** .000 |
| Supply chain harmonization and clear frameworks facilitates the adoption of supply chain financing between the involved stakeholders | .409** .000 |
| Supply chain financing can succeed with the adoption of technology that is capable of aligning the bank with a roadmap that details the incremental phases of internal supply chain development | -.380** .001 |
| Ability to utilize supplier information can facilitate the ability of experts in updating supply trade information thus increase the adoption of supply chain financing | -.755** .000 |
| Technology transfer is critical in enhancing the adoption and performance of the supply chain financing | -.164 .170 |
| The banks’ willingness to issue payment terms extension and reduce costs among trading partners facilitates the adoption of supply chain financing mechanisms | -.914** .000 |

** Correlation is significant at the 0.01 level (2-tailed)
Table 4.2 also shows that, close collaborations between stakeholders being an important factor for banks in enhancing the performance of supply chain financing was insignificant in affecting the adoption of supply chain financing by banks \( (r=0.179, p>0.05) \). Information sharing in the supply chain enabling accurate and faster business decision making and enhancing the adoption of supply chain financing was insignificant in affecting the adoption of supply chain financing by banks \( (r=0.035, p>0.05) \). Technology transfer being critical in enhancing the adoption and performance of the supply chain financing was insignificant in affecting the adoption of supply chain financing by banks and had an inverse relationship \( (r=-0.164, p>0.05) \).

### 4.4.6 Regression Model Summary for Factors Affecting Supply Chain Financing

The SCF factors were computed to form 5 variables (collaborative platform, financial incentives, SCF integration, technology transfer and SCF knowledge transfer). The results in Table 4.3 show that collaborative platform, financial incentives, SCF integration, technology transfer and SCF knowledge transfer impact adoption of SCF by 95.7% which was very significant.

**Table 4.3 Model Summary for Factors Affecting Supply Chain Financing**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.980</td>
<td>.960</td>
<td>.957</td>
<td>.114</td>
</tr>
</tbody>
</table>

a. Predictors (Constant): Collaborative Platform, Financial Incentives, SCF Integration, Technology Transfer and SCF Knowledge Transfer

### 4.4.7 Regression Coefficients for Factors Affecting Supply Chain Financing

The regression coefficients in Table 4.4 shows that collaborative platform, financial incentives, and SCF integration had positive significant influence on SCF adoption since the precision level of all the factors was less than 0.05 which was the study’s threshold. SCF knowledge transfer had a negative significant influence on SCF adoption, since it had a precision level of 0.05 as well. Technology transfer was excluded in the regression coefficient which indicated that it was insignificant to the adoption of SCF.
Table 4.4 Regression Coefficients for Factors Affecting the Adoption of SCF

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-6.427</td>
<td>.426</td>
<td>-15.101</td>
<td>.000</td>
</tr>
<tr>
<td>Close Collaborations</td>
<td>1.461</td>
<td>.096</td>
<td>.439</td>
<td>15.247</td>
</tr>
<tr>
<td>SCF Knowledge Transfer</td>
<td>-.212</td>
<td>.035</td>
<td>-.161</td>
<td>-6.110</td>
</tr>
<tr>
<td>Financial Incentives</td>
<td>.539</td>
<td>.016</td>
<td>1.134</td>
<td>32.817</td>
</tr>
<tr>
<td>SCF Integration</td>
<td>.579</td>
<td>.052</td>
<td>.416</td>
<td>11.212</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Adoption of SCF

4.5 Adoption Challenges of Supply Chain Financing by Commercial Banks

4.5.1 Existence of Challenges

The respondents were asked whether there were challenges that affected supply chain financing within their bank and from the response shown in Figure 4.8, 97.2% stated there were while 2.8% had no idea. These results indicate that there were challenges that affected the adoption of SCF at CBA bank.

![Figure 4.8 Existence of Challenges](image)

4.5.2 List of Challenges Faced

The respondents were asked to list challenges that affected their adoption of SCF and the list created was categorized into 8 major categories as shown in Figure 4.9. The figure shows...
that 33.3% noted lack of technological capability as a challenge, 16.9% noted delayed payments as a challenge, 11.1% noted lack of employee skill and experience being a challenge, 8.3% equally noted lack of payment facilities, rigid products, and lack of sigh-up from customers as a challenge, while 6.9% equally noted lack of SCF exposure and cost of initial set-up as challenges in adopting SCF.

![Figure 4.9 List of Challenges](image)

**4.5.3 Effect of Challenges Faced**

The respondents were asked to indicate the extent to which the challenges had affected their adoption of supply chain financing. The response as indicated in Figure 4.10 shows that 88.9% stated that the challenges affected adoption to a moderate extent, 8.3% stated that it affected to a high extent, and 2.8% had no idea. These results show that the challenges moderately affected the adoption of SCF by the bank.
Figure 4.10 Effect of Challenges Faced

### 4.5.4 Rating of Factors Impeding the Adoption of Supply Chain Financing

Respondents were asked to rate factors and their ability to impede the adoption of supply chain financing with regards to CBA using the key: SD=strongly disagree, D=disagree, NS=not sure, A=agree, and SA=strongly agree. The results were as shown in Table 4.5.

Table 4.5 shows that the results had a mean of >3.0 and a standard deviation of <1.5 which showed that the factors strongly impeded the adoption of supply chain financing and the variance in response was insignificant. The lack of knowledge and information among supply chain stakeholders about supply chain financing programs is a huge hindrance of its adoption as agreed to by all respondents. The lack of skilled personnel and training on supply chain financing tools and techniques hinders its adoption and implementation as agreed to by 91.7% of the respondents. Lack of technology that facilitates the processing of financial transactions taking place along the supply chains is a major hindrance to the adoption of supply chain financing tools and processes as agreed to by 97.2% of the respondents. The inability to have technology that shows the visible movement of goods and services along the supply chain hinders the adoption of supply chain financing tools and processes as agreed to by 66.7% of the respondents. Lack of automation in the payment processes makes it difficult for banks to implement working capital and third party financing programs as agreed to by all respondents. The financial aspects of the supply network is uncoordinated leading to an adoption challenge of supply chain financing processes as agreed to by all respondents.
<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>NS</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The lack of knowledge and information among supply chain stakeholders about supply chain financing programs is a huge hindrance of its adoption</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>36.1</td>
<td>63.9</td>
<td>4.64</td>
<td>.484</td>
</tr>
<tr>
<td>The lack of skilled personnel and training on supply chain financing tools and techniques hinders its adoption and implementation</td>
<td>0</td>
<td>0</td>
<td>8.3</td>
<td>58.3</td>
<td>33.3</td>
<td>4.25</td>
<td>.599</td>
</tr>
<tr>
<td>Lack of technology that facilitates the processing of financial transactions taking place along the supply chains is a major hindrance to the adoption of supply chain financing tools and processes</td>
<td>0</td>
<td>2.8</td>
<td>0</td>
<td>75</td>
<td>22.2</td>
<td>4.17</td>
<td>.557</td>
</tr>
<tr>
<td>The inability to have technology that shows the visible movement of goods and services along the supply chain hinders the adoption of supply chain financing tools and processes</td>
<td>0</td>
<td>2.8</td>
<td>30.6</td>
<td>66.7</td>
<td>0</td>
<td>3.64</td>
<td>.539</td>
</tr>
<tr>
<td>Lack of automation in the payment processes makes it difficult for banks to implement working capital and third party financing programs</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>58.3</td>
<td>41.7</td>
<td>4.42</td>
<td>.496</td>
</tr>
<tr>
<td>The financial aspects of the supply network is uncoordinated leading to an adoption challenge of supply chain financing processes</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>0</td>
<td>4.00</td>
<td>.000</td>
</tr>
<tr>
<td>Lack of standardized settlement mechanisms through a finite number of trusted providers linked with the cash management tools is another hindrance to supply chain financing tools and processes</td>
<td>0</td>
<td>2.8</td>
<td>0</td>
<td>66.7</td>
<td>30.6</td>
<td>4.25</td>
<td>.599</td>
</tr>
<tr>
<td>The lack of a clear legal framework in regards to sale of receivables impedes optimal supply chain financing adoption and implementation</td>
<td>0</td>
<td>13.9</td>
<td>0</td>
<td>41.7</td>
<td>44.4</td>
<td>4.17</td>
<td>.993</td>
</tr>
<tr>
<td>The lack of a clear understanding of the various supply chain finance options and their benefits to all stakeholders within the supply chain impedes the extent of its adoption and implementation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>30.6</td>
<td>69.4</td>
<td>4.69</td>
<td>.464</td>
</tr>
<tr>
<td>Macro-institutional factors such as geographical expanse, cultural differences and government laws and regulations impede the adoption and implementation of the supply chain financing</td>
<td>0</td>
<td>13.9</td>
<td>44.4</td>
<td>41.7</td>
<td>0</td>
<td>3.28</td>
<td>.697</td>
</tr>
</tbody>
</table>
Table 4.5 also shows that, lack of standardized settlement mechanisms through a finite number of trusted providers linked with the cash management tools is another hindrance to supply chain financing tools and processes as agreed to by 97.2% of the respondents. The lack of a clear legal framework in regards to sale of receivables impedes optimal supply chain financing adoption and implementation as agreed to by 86.1% of the respondents. The lack of a clear understanding of the various supply chain finance options and their benefits to all stakeholders within the supply chain impedes the extent of its adoption and implementation as agreed to by all the respondents. Macro-institutional factors such as geographical expanse, cultural differences and government laws and regulations impede the adoption and implementation of the supply chain financing as agreed to by 41.7% of the respondents, while 44.4% were not sure and 13.9% disagreed.

4.5.5 Pearson Correlations for Factors Impeding the Adoption of SCF

A Pearson correlation test was carried out to determine significant factors that impede the adoption of supply chain financing. The study used the threshold of <0.05 for all significant factors and discarded all factors that were above the required threshold. The results of the test were as shown in Table 4.6.

lack of knowledge and information among supply chain stakeholders about supply chain financing programs being a huge hindrance of its adoption was significant in hindering the adoption of supply chain financing by banks (r=0.579, p<0.01). The lack of skilled personnel and training on supply chain financing tools and techniques hindering its adoption and implementation was significant in hindering the adoption of supply chain financing by banks (r=0.607, p<0.01). Lack of automation in the payment processes making it difficult for banks to implement working capital and third party financing programs was significant in hindering the adoption of supply chain financing by banks (r=0.283, p<0.05). Lack of standardized settlement mechanisms through a finite number of trusted providers linked with the cash management tools being another hindrance to supply chain financing tools and processes was significant in hindering the adoption of supply chain financing by banks (r=0.316, p<0.01).
### Table 4.6 Pearson Correlations for Factors Impeding Adoption of SCF

<table>
<thead>
<tr>
<th>Factors</th>
<th>Correlations</th>
</tr>
</thead>
<tbody>
<tr>
<td>The lack of knowledge and information among supply chain stakeholders about supply chain financing programs is a huge hindrance of its adoption</td>
<td>.579**</td>
</tr>
<tr>
<td>The lack of skilled personnel and training on supply chain financing tools and techniques hinders its adoption and implementation</td>
<td>.607**</td>
</tr>
<tr>
<td>Lack of technology that facilitates the processing of financial transactions taking place along the supply chains is a major hindrance to the adoption of supply chain financing tools and processes</td>
<td>-.610**</td>
</tr>
<tr>
<td>The inability to have technology that shows the visible movement of goods and services along the supply chain hinders the adoption of supply chain financing tools and processes</td>
<td>-.507**</td>
</tr>
<tr>
<td>Lack of automation in the payment processes makes it difficult for banks to implement working capital and third party financing programs</td>
<td>.283*</td>
</tr>
<tr>
<td>The financial aspects of the supply network is uncoordinated leading to an adoption challenge of supply chain financing processes</td>
<td>--</td>
</tr>
<tr>
<td>Lack of standardized settlement mechanisms through a finite number of trusted providers linked with the cash management tools is another hindrance to supply chain financing tools and processes</td>
<td>.316**</td>
</tr>
<tr>
<td>The lack of a clear legal framework in regards to sale of receivables impedes optimal supply chain financing adoption and implementation</td>
<td>.420**</td>
</tr>
<tr>
<td>The lack of a clear understanding of the various supply chain finance options and their benefits to all stakeholders within the supply chain impedes the extent of its adoption and implementation</td>
<td>.757**</td>
</tr>
<tr>
<td>Macro-institutional factors such as geographical expanse, cultural differences and government laws and regulations impede the adoption and implementation of the supply chain financing</td>
<td>.469**</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed)

* Correlation is significant at the 0.05 level (2-tailed)

-- Could not compute because of constant variable

Table 4.6 shows that, lack of a clear legal framework in regards to sale of receivables impeding optimal supply chain financing adoption and implementation was significant in hindering the adoption of supply chain financing by banks \((r=0.420, p<0.01)\). Lack of a clear understanding of the various supply chain finance options and their benefits to all stakeholders within the supply chain impeding the extent of its adoption and implementation was significant in hindering the adoption of supply chain financing by banks \((r=0.757, p<0.01)\).
p<0.01). Macro-institutional factors such as geographical expanse, cultural differences and government laws and regulations impeding the adoption and implementation of the supply chain financing was significant in hindering the adoption of supply chain financing by banks (r=0.469, p<0.01).

Table 4.6 also shows that lack of technology that facilitates the processing of financial transactions taking place along the supply chains being a major hindrance to the adoption of supply chain financing tools and processes had an inverse, but significant relationship in hindering the adoption of supply chain financing by banks (r=-0.610, p<0.01). The inability to have technology that shows the visible movement of goods and services along the supply chain hindering the adoption of supply chain financing tools and processes had an inverse, but significant relationship in hindering the adoption of supply chain financing by banks (r=-0.507, p<0.01). The financial aspects of the supply network being uncoordinated leading to an adoption challenge of supply chain financing processes could not be computed because the response received had a constant variable whereby all respondents agreed to the question.

4.5.6 Regression Model Summary for Factors Impeding the Adoption of SCF
The SCF impeding factors were computed to form 5 variables (human resources, IT challenges, financial challenges, organizational practices, and macro-institutional challenges). The results in Table 4.7 show that human resources, IT challenges, financial challenges, organizational practices, and macro-institutional challenges impede the adoption of SCF by 97.9% which was very significant.

Table 4.7 Model Summary for Factors Impeding the Adoption of SCF

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.990</td>
<td>.980</td>
<td>.979</td>
<td>.071</td>
</tr>
</tbody>
</table>

a. Predictors (Constant): Human Resources, IT Challenges, Financial Challenges, Organizational Practices, and Macro-Institutional Challenges
4.5.7 Regression Coefficients for Factors Impeding the Adoption of SCF

The regression coefficients in Table 4.8 shows that human resources, organizational practices, and macro-institutional challenges had positive significant influence on impeding SCF adoption since the precision level of all the factors was less than 0.05 which was the study’s threshold. IT challenges had a negative, but significant influence on impeding SCF adoption since its precision level was also less than 0.05. Financial challenges was excluded in the regression coefficients model indicating that it was insignificant to impeding the adoption of SCF.

Table 4.8 Regression Coefficients of Factors Impeding the Adoption of SCF

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>.443</td>
<td>.167</td>
<td>2.655</td>
<td>.000</td>
</tr>
<tr>
<td>Human Resources</td>
<td>.610</td>
<td>.018</td>
<td>33.192</td>
<td>.000</td>
</tr>
<tr>
<td>IT Challenges</td>
<td>-.221</td>
<td>-.019</td>
<td>-11.652</td>
<td>.000</td>
</tr>
<tr>
<td>Organizational Policies</td>
<td>.320</td>
<td>.016</td>
<td>19.708</td>
<td>.000</td>
</tr>
<tr>
<td>Macro-Institutional Factors</td>
<td>.356</td>
<td>.014</td>
<td>24.776</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Adoption of SCF

4.6 Mitigating Strategies Available for Adoption of Supply Chain Financing

4.6.1 Existence of Mitigation Strategies

The respondents were asked whether there were mitigation strategies being used to adopt supply chain financing within their bank and from the response shown in Figure 4.11, 86.1% stated there were while 13.9% had no idea. These results indicate that there were mitigation strategies being employed by CBA bank in trying to adopt SCF.
4.6.2 List of Mitigation Strategies Employed

The respondents were asked to list challenges that affected the adoption of SCF and the list created was categorized into 5 major categories as shown in Table 4.9.

<table>
<thead>
<tr>
<th>Mitigation Strategies</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Partnering with insurance firms</td>
<td>13</td>
</tr>
<tr>
<td>Vetting of SCF platforms</td>
<td>18</td>
</tr>
<tr>
<td>Training stakeholders</td>
<td>20</td>
</tr>
<tr>
<td>Technology application</td>
<td>12</td>
</tr>
<tr>
<td>Creating awareness</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
</tr>
</tbody>
</table>

The table shows that 27.7% noted the organization training stakeholders, 25% noted the organization vetting SCF platforms, 18.1% noted the organization partnering with insurance firms, 16.7% noted the organization applying the use of technology, and 12.5% noted the organization creating awareness of SCF platforms.
4.6.3 Effect of Mitigation Strategies

The respondents were asked to indicate the extent to which these strategies had been of benefit to the mitigation of the challenges of supply chain financing adoption in the organization and their response was as shown in Table 4.10.

Table 4.10 Effect of Mitigation Strategies

<table>
<thead>
<tr>
<th>Level of Effect</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Moderate Extent</td>
<td>22</td>
</tr>
<tr>
<td>High Extent</td>
<td>30</td>
</tr>
<tr>
<td>Very High Extent</td>
<td>10</td>
</tr>
<tr>
<td>No Idea</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>72</td>
</tr>
</tbody>
</table>

Table 4.10 shows that 41.7% stated that the strategies had impacted the adoption of SCF in the organization to a high extent, 30.6% stated it was to a moderate extent, 13.9% equally stated to a very high extent and no idea. These results show that the mitigation strategies had impacted SCF adoption in the organization to a high extent.

4.6.4 Rating of Mitigation Strategies for the Adoption of Supply Chain Financing

Respondents were asked to rate the various mitigation strategies that were used to facilitate the adoption of supply chain financing with regards to CBA using the key: SD=strongly disagree, D=disagree, NS=not sure, A=agree, and SA=strongly agree. The results were as shown in Table 4.11. The table shows that the results had a mean of >4.0 and a standard deviation of <1.0 which showed that the mitigation strategies facilitated the adoption of supply chain financing in a great manner and the variance in response was insignificant. The table shows that, supply chain finance adoption and implementation can be improved with the presence of a framework that readily incorporates infrastructure, strategy, governance and process among all stakeholders as agreed to by all respondents.
Table 4.11 Rating of Mitigating Strategies for Adoption of Supply Chain Financing

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>NS</th>
<th>A</th>
<th>SA</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply chain finance adoption and implementation can be improved</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>41.7</td>
<td>58.3</td>
<td>4.58</td>
<td>.496</td>
</tr>
<tr>
<td>with the presence of a framework that readily incorporates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>infrastructure, strategy, governance and process among all</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>stakeholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The formulation of supply chain policies that focus on</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>30.6</td>
<td>69.4</td>
<td>4.69</td>
<td>.464</td>
</tr>
<tr>
<td>showing how different stakeholders are to interact, will</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>facilitate the implementation of supply chain financing by</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formulations of procedures aimed at safeguarding</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>63.9</td>
<td>36.1</td>
<td>4.36</td>
<td>.484</td>
</tr>
<tr>
<td>internal organizational consistency in terms of its</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>operations is critical in aiding the implementation of a sound</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>supply chain financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations ability to enhance internal processes by</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>55.6</td>
<td>44.4</td>
<td>4.44</td>
<td>.500</td>
</tr>
<tr>
<td>ensuring they are flexible enough to respond to market changes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>facilitates the adoption of supply chain financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The integration of firms’ internal processes in harmony with</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>69.4</td>
<td>30.6</td>
<td>4.31</td>
<td>.464</td>
</tr>
<tr>
<td>those of its customers and suppliers can facilitate the easy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>adoption of supply chain financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Availability of reports about the capabilities and performance</td>
<td>0</td>
<td>0</td>
<td>22.2</td>
<td>44.4</td>
<td>33.3</td>
<td>4.11</td>
<td>.742</td>
</tr>
<tr>
<td>of all suppliers, purchase volumes at company level, and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>demands placed by internal customers on the products/goods to</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>be purchased may facilitate the adoption of supply chain</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier partnerships facilitated by various technologies</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>55.6</td>
<td>44.4</td>
<td>4.44</td>
<td>.500</td>
</tr>
<tr>
<td>that effectively bridge their gap can enable firms to acquire</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>high tech efficiency in their supply chains that financial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>institutions can use to implement supply chain financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations adopting robust and efficient supply chain</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>5.00</td>
<td>.000</td>
</tr>
<tr>
<td>technologies can facilitate their adoption of supply chain</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>financing provided by banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply chain pricing where banks direct the risk of small</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>55.6</td>
<td>44.4</td>
<td>4.44</td>
<td>.500</td>
</tr>
<tr>
<td>businesses to the supplied organizations will have a great</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>bearing on the adoption of supply chain financing by all</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>stakeholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations should ensure they have effective logistics in</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>11.1</td>
<td>88.9</td>
<td>4.89</td>
<td>.316</td>
</tr>
<tr>
<td>their supply chains facilitated by available technologies in</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>order to adopt supply chain financing from banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 4.11 also shows that, the formulation of supply chain policies that focus on showing how different stakeholders are to interact, will facilitate the implementation of supply chain financing by banks as agreed to by all respondents. Formulations of procedures aimed at safeguarding internal organizational consistency in terms of its operations is critical in aiding the implementation of a sound supply chain financing as agreed to by all respondents. Organizations ability to enhance internal processes by ensuring they are flexible enough to respond to market changes facilitates the adoption of supply chain financing by banks as agreed to by all respondents. The integration of firms’ internal processes in harmony with those of its customers and suppliers can facilitate the easy adoption of supply chain financing as agreed to by all respondents. Availability of reports about the capabilities and performance of all suppliers, purchase volumes at company level, and demands placed by internal customers on the products/goods to be purchased may facilitate the adoption of supply chain financing as agreed to by 77.8% of the respondents. Supplier partnerships facilitated by various technologies that effectively bridge their gap can enable firms to acquire high tech efficiency in their supply chains that financial institutions can use to implement supply chain financing as agreed to by all respondents. Organizations adopting robust and efficient supply chain technologies can facilitate their adoption of supply chain financing provided by banks as agreed to by all respondents. Supply chain pricing where banks direct the risk of small businesses to the supplied organizations will have a great bearing on the adoption of supply chain financing by all stakeholders as agreed to by all respondents. Organizations should ensure they have effective logistics in their supply chains facilitated by available technologies in order to adopt supply chain financing from banks as agreed to by all respondents.

4.6.5 Pearson Correlations for Mitigating Strategies

A Pearson correlation test was carried out to determine significant factors for mitigation strategies employed to facilitate the adoption of supply chain financing. The study used the threshold of <0.05 for all significant factors and discarded all factors that were above the required threshold. The results of the test were as shown in Table 4.12.
Table 4.12 Pearson Correlations for Supply Chain Financing Mitigating Strategies

<table>
<thead>
<tr>
<th>Description</th>
<th>Correlations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply chain finance adoption and implementation can be improved with the presence of a framework that readily incorporates infrastructure, strategy, governance and process among all stakeholders</td>
<td>-.757** .000</td>
</tr>
<tr>
<td>The formulation of supply chain policies that focus on showing how different stakeholders are to interact, will facilitate the implementation of supply chain financing by banks</td>
<td>-.438** .000</td>
</tr>
<tr>
<td>Formulations of procedures aimed at safeguarding internal organizational consistency in terms of its operations is critical in aiding the implementation of a sound supply chain financing</td>
<td>.283* .016</td>
</tr>
<tr>
<td>Organizations ability to enhance internal processes by ensuring they are flexible enough to respond to market changes facilitates the adoption of supply chain financing by banks</td>
<td>-.491** .000</td>
</tr>
<tr>
<td>The integration of firms’ internal processes in harmony with those of its customers and suppliers can facilitate the easy adoption of supply chain financing</td>
<td>.438** .000</td>
</tr>
<tr>
<td>Availability of reports about the capabilities and performance of all suppliers, purchase volumes at company level, and demands placed by internal customers on the products/goods to be purchased may facilitate the adoption of supply chain financing</td>
<td>.280* .017</td>
</tr>
<tr>
<td>Supplier partnerships facilitated by various technologies that effectively bridge their gap can enable firms to acquire high tech efficiency in their supply chains that financial institutions can use to implement supply chain financing</td>
<td>-.491** .000</td>
</tr>
<tr>
<td>Organizations adopting robust and efficient supply chain technologies can facilitate their adoption of supply chain financing provided by banks</td>
<td>-- --</td>
</tr>
<tr>
<td>Supply chain pricing where banks direct the risk of small businesses to the supplied organizations will have a great bearing on the adoption of supply chain financing by all stakeholders</td>
<td>.756** .000</td>
</tr>
<tr>
<td>Organizations should ensure they have effective logistics in their supply chains facilitated by available technologies in order to adopt supply chain financing from banks</td>
<td>.418** .000</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed)
* Correlation is significant at the 0.05 level (2-tailed)
-- Could not compute because of constant variable

Table 4.12 shows that formulations of procedures aimed at safeguarding internal organizational consistency in terms of its operations being critical in aiding the implementation of a sound supply chain financing was significant in mitigating supply chain financing adoption (r=0.283, p<0.05). The integration of firms’ internal processes in
harmony with those of its customers and suppliers being able to facilitate the easy adoption of supply chain financing was significant in mitigating supply chain financing adoption \( (r=0.438, p<0.01) \). Availability of reports about the capabilities and performance of all suppliers, purchase volumes at company level, and demands placed by internal customers on the products/goods to be purchased being able to facilitate the adoption of supply chain financing was significant in mitigating supply chain financing adoption \( (r=0.280, p<0.05) \). Supply chain pricing where banks direct the risk of small businesses to the supplied organizations having a great bearing on the adoption of supply chain financing by all stakeholders was significant in mitigating supply chain financing adoption \( (r=0.756, p<0.01) \). Organizations ensuring they have effective logistics in their supply chains facilitated by available technologies in order to adopt supply chain financing from banks was significant in mitigating supply chain financing adoption \( (r=0.418, p<0.01) \).

Table 4.12 also shows that, supply chain finance adoption and implementation being improved with the presence of a framework that readily incorporates infrastructure, strategy, governance and process among all stakeholders had an inverse significant relationship in mitigating supply chain financing adoption \( (r=-0.757, p<0.01) \). The formulation of supply chain policies that focus on showing how different stakeholders are to interact had an inverse significant relationship in mitigating supply chain financing adoption \( (r=-0.438, p<0.01) \). Organizations ability to enhance internal processes by ensuring they are flexible enough to respond to market changes facilitating the adoption of supply chain financing by banks had an inverse significant relationship in mitigating supply chain financing adoption \( (r=-0.491, p<0.01) \). Supplier partnerships facilitated by various technologies that effectively bridge their gap enabling firms to acquire high tech efficiency in their supply chains that financial institutions can use to implement supply chain financing had an inverse significant relationship in mitigating supply chain financing adoption \( (r=-0.491, p<0.01) \). Organizations adopting robust and efficient supply chain technologies facilitating their adoption of supply chain financing provided by banks could not be computed because the response received had a constant variable whereby all respondents strongly agreed to the question.
4.6.6 Regression Model Summary for SCF Mitigating Strategies

The SCF mitigating strategies were computed to form 5 variables (supply chain policies, firm policies, lean processes, technology, and supply chain pricing). The results in Table 4.13 shows that supply chain policies, firm policies, lean processes, technology, and supply chain pricing mitigate the adoption of SCF by 79.2% which was very significant.

Table 4.13 Model Summary for SCF Mitigating Strategies

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.896</td>
<td>.804</td>
<td>.792</td>
<td>.227</td>
</tr>
</tbody>
</table>

a. Predictors (Constant): Human Resources, IT Challenges, Financial Challenges, Organizational Practices, and Macro-Institutional Challenges

4.6.7 Regression Coefficients for SCF Mitigating Strategies

The regression coefficients in Table 4.14 shows that firm policies, technology and supply chain pricing had a positive significant influence on mitigating the adoption of SCF since their precision levels were less than 0.05 which was the study’s threshold. Supply chain policies had a negative, but significant influence on mitigating SCF adoption since its precision level was also less than 0.05. Lean processes was excluded in the regression coefficients model indicating that it was insignificant to mitigating the adoption of SCF.

Table 4.14 Regression Coefficients for SCF Mitigating Strategies

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-2.000</td>
<td>1.462</td>
<td>-1.368</td>
<td>.176</td>
</tr>
<tr>
<td>Firm Policies</td>
<td>.250</td>
<td>.097</td>
<td>.244</td>
<td>2.567</td>
</tr>
<tr>
<td>Technology</td>
<td>.406</td>
<td>.101</td>
<td>.409</td>
<td>4.006</td>
</tr>
<tr>
<td>Supply Chain Pricing</td>
<td>1.094</td>
<td>.101</td>
<td>1.102</td>
<td>10.785</td>
</tr>
<tr>
<td>Supply Chain Policies</td>
<td>-.250</td>
<td>.097</td>
<td>-.234</td>
<td>-2.567</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Adoption of SCF
4.7 Chapter Summary

In this chapter, the study results and brief discussions of the results and findings have been presented. Frequencies and descriptive statistics have been utilized in the chapter as well as correlations of the study variables which have been presented in the form of tables and figures. The next chapter presents the study summary, discussions, conclusions, and recommendations.
CHAPTER FIVE

5.0 SUMMARY, DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction
This chapter concludes the study. It is divided into various sections that present the study summary, discussions, conclusions, and recommendations based on the study findings from the collected and analyzed data.

5.2 Summary of Findings
This study was driven to examine factors affecting the performance of supply chain financing in Kenya. The study was driven to answer the following research questions: what factors affect the adoption of supply chain financing by Commercial Bank of Africa?; what challenges are faced by supply chain financing stakeholders in Kenya?; and what mitigating strategies are available for supply chain financing stakeholders in Kenya?

The study adopted a descriptive research design. The target population of interest for this study consisted of all employees of Commercial Bank of Africa (CBA) who were 119 in total. The sample frame for the study was a complete list of employees that worked at CBA and was sourced from the organization’s human resource office. This study adopted stratified sampling technique and from the total population, the researcher used 75% of the total population selected from each strata that brought the total to 89. This study relied on primary data as the preferred source of research data and was collected through questionnaires that were distributed to the targeted respondents. Collected data was coded before entry into Statistical Package for the Social Sciences (SPSS) for analysis. Descriptive statistics was computed whereby frequencies, percentages, means and standard deviations were presented in the form of both tables and figures. Inferential statistics was computed with the aid of regression analysis and was used to examine the factors that affect the adoption of supply chain financing in Kenya.

The study showed that the adoption of supply chain financing was geared towards improving the operational efficiency of both sellers and buyers as agreed to by all respondents. Close collaborations between stakeholders was an important factor for banks in enhancing the
performance of supply chain financing as agreed to by all respondents. Banks enhancing information transparency could facilitate the alignment of incentives geared to enhance sound supply chain financing performance as agreed to by 97.2% of the respondents. Information sharing in the supply chain enabled accurate and faster business decision making and enhanced the adoption of supply chain financing as agreed to by all respondents. Supply chain financing could only be adopted through seamless flow of both physical and non-physical assets among all firm stakeholders as agreed to by 66.7% of the respondents. Supply chain harmonization and clear frameworks facilitated the adoption of supply chain financing between the involved stakeholders as agreed to by 97.2% of the respondents. Supply chain financing could succeed with the adoption of technology that was capable of aligning the bank with a roadmap that detailed the incremental phases of internal supply chain development as agreed to by all respondents. Ability to utilize supplier information could facilitate the ability of experts in updating supply trade information thus increase the adoption of supply chain financing as agreed to by all respondents. Technology transfer was critical in enhancing the adoption and performance of the supply chain financing as agreed to by all respondents. The banks’ willingness to issue payment terms extension and reduce costs among trading partners facilitated the adoption of supply chain financing mechanisms as agreed to by 55.5% of the respondents.

The study showed that, lack of knowledge and information among supply chain stakeholders about supply chain financing programs was a huge hindrance of its adoption as agreed to by all respondents. The lack of skilled personnel and training on supply chain financing tools and techniques hindered its adoption and implementation as agreed to by 91.7% of the respondents. Lack of technology that facilitated the processing of financial transactions taking place along the supply chains was a major hindrance to the adoption of supply chain financing tools and processes as agreed to by 97.2% of the respondents. The inability to have technology that showed the visible movement of goods and services along the supply chain hindered the adoption of supply chain financing tools and processes as agreed to by 66.7% of the respondents. Lack of automation in the payment processes made it difficult for banks to implement working capital and third party financing programs as agreed to by all respondents. The financial aspects of the supply network was uncoordinated leading to an
adoption challenge of supply chain financing processes as agreed to by all respondents. Lack of standardized settlement mechanisms through a finite number of trusted providers linked with the cash management tools was another hindrance to supply chain financing tools and processes as agreed to by 97.2% of the respondents. The lack of a clear legal framework in regards to sale of receivables impeded optimal supply chain financing adoption and implementation as agreed to by 86.1% of the respondents. The lack of a clear understanding of the various supply chain finance options and their benefits to all stakeholders within the supply chain impeded the extent of its adoption and implementation as agreed to by all the respondents. Macro-institutional factors impeded the adoption and implementation of the supply chain financing as agreed to by 41.7% of the respondents, while 44.4% were not sure and 13.9% disagreed.

The study showed that, the formulation of supply chain policies that focused on showing how different stakeholders were to interact, would facilitate the implementation of supply chain financing as agreed to by all respondents. Formulations of procedures aimed at safeguarding internal organizational consistency was critical in aiding the implementation of supply chain financing as agreed to by all respondents. Organizations ability to enhance internal processes would facilitate the adoption of supply chain financing by banks as agreed to by all respondents. The integration of firms’ internal processes in harmony with those of its customers and suppliers could facilitate the easy adoption of supply chain financing as agreed to by all respondents. Availability of reports about the capabilities and performance of all suppliers, would facilitate the adoption of supply chain financing as agreed to by 77.8% of the respondents. Supplier partnerships facilitated by various technologies could facilitate the implementation of supply chain financing as agreed to by all respondents. Organizations adopting robust and efficient supply chain technologies could facilitate the adoption of supply chain financing as agreed to by all respondents. Supply chain pricing where banks direct the risk of small businesses to the supplied organizations would facilitate the adoption of supply chain financing as agreed to by all respondents. Organizations ensuring they have effective logistics in their supply chains would facilitate the adoption of supply chain financing as agreed to by all respondents.
5.3 Discussions

5.3.1 Factors Affecting the Adoption of Supply Chain Financing

The study showed that adoption of supply chain financing was geared towards improving the operational efficiency of both sellers and buyers. These results are in tandem with Hong and Jeong (2006) who state that, adoption of supply chain financing geared towards improving on sellers as well as buyers operational efficiency serves to improve on overall supply chain performance as these parties are able to interact with each other at a more functional and tangible level.

The study showed that close collaborations between stakeholders was an important factor for banks in enhancing the performance of supply chain financing. According to D’Avanzo et al. (2003), close collaborations between the parties have emerged to be an important factor that bank managers consider to enhance optimal performance of supply chain financing.

The study showed that, banks enhancing information transparency can facilitate the alignment of incentives geared to enhance sound supply chain financing performance. These results are in tandem with Liz (2009) who observes that, commercial banks can offer financial incentives needed by firms to enhance SCF performance by intertwining all the stakeholders in a harmonized system to enhance prompt financing.

The study showed that, information sharing in the supply chain enabled accurate and faster business decision making and enhanced the adoption of supply chain financing. These results are in tandem with Moberg et al. (2003) who states that, the act of information sharing in the supply chain enables accurate and faster business decision making that translates to enhanced performance of the supply chain in terms of financing.

The study showed that, supply chain financing could only be adopted through seamless flow of both physical and non-physical assets among all firm stakeholders. These results are in tandem with Tan (2002) who proposed that, supply chain financing success will only be feasible if there is seamless flow of both physical and non-physical assets among all firm stakeholders.
The study showed that, supply chain harmonization and clear frameworks facilitated the adoption of supply chain financing between the involved stakeholders. According to Farrington and Lysons (2006), introducing supply chain financing at such a harmonized system with clear frameworks will definitely spur success directly attributable to the financing of the stakeholders at the supply chain.

The study showed that, supply chain financing could succeed with the adoption of technology that was capable of aligning the bank with a roadmap that detailed the incremental phases of internal supply chain development. These results are supported by Harps (2000) who states that, the best way to ensure SCF success is to adopt technology and have capable infrastructure that, first, aligns the organization (bank) with a roadmap that details the incremental phases of internal supply chain development.

The study showed that the ability to utilize supplier information could facilitate the ability of experts in updating supply trade information thus increase the adoption of supply chain financing. This, according to Harps (2000), the utilization of this information during SCF by the help of dedicated experts so as to update supply trade information on real-time basis will definitely improve on chances of sound performance of the supply chain especially where firms adopt SCF.

The study showed that, technology transfer was critical in enhancing the adoption and performance of the supply chain financing. According to Chan et al. (2008), technology transfer is critical to enhance supply chain financing performance since it provides new business capabilities that the firm can exploit in financing and consequently enable other stakeholders in the chain to adopt.

The study showed that the banks’ willingness to issue payment terms extension and reduce costs among trading partners would facilitate the adoption of supply chain financing mechanisms. According to Sezen (2008), willingness to issue payment terms extension as
well reduce costs among trading partners seriously affects the performance of any adopted supply chain financing mechanisms adopted by firms.

5.3.2 Challenges Faced by Supply Chain Financing

The study showed that, lack of knowledge and information among supply chain stakeholders about supply chain financing programs was a huge hindrance of its adoption. According to Hofmann and Belin (2011), one of the main challenges that confront SCF is the lack of knowledge and information among supply chain managers about SCF programs. There is a lack of the general awareness among corporate professionals about SCF initiatives.

The study showed that, lack of skilled personnel and training on supply chain financing tools and techniques hindered its adoption and implementation. These results are in agreement with Deloitte’s (2009) study that indicated lack of skilled personnel and training on SCF tools and techniques as factors that add to the challenges faced in SCF implementation.

The study showed that lack of technology that facilitated the processing of financial transactions taking place along the supply chains was a major hindrance to the adoption of supply chain financing tools and processes. According to Hausman (2005) and He et al. (2010), other major impediments towards widespread acceptance of SCF come from the inefficiencies present in the internal as well as external processing of financial transactions taking place along the supply chains.

The study showed that, the inability to have technology that showed the visible movement of goods and services along the supply chain hindered the adoption of supply chain financing tools and processes. These results are in tandem with various authors (Burkart and Ellingsen, 2004; Lee and Rhee, 2011; Luo and Zhang, 2012) who state that, poor visibility into movement of goods along the supply chain also adds to the challenges; visibility into movement of goods is extremely important for successful implementations of SCF in order to make recommendations and determine strategies to improve and strengthen the financial supply chains. Some vendors offer financial incentives to entice their customers to pay early.
The study showed that, lack of automation in the payment processes made it difficult for banks to implement working capital and third party financing programs. According to (Hausman, 2005; Lindeen, 2010) lack of automation in the payment processes along with poor visibility makes it difficult for SCF providers to implement working capital and third party financing programs. The cumulative effect of all these is unreliable and unpredictable cash flows throughout the supply chain.

The study showed that the financial aspects of the supply network was uncoordinated leading to an adoption challenge of supply chain financing processes. These results are in tandem with (Camerinelli, 2009; Siddall, 2010) who state that, the uncoordinated financial aspects of the supply network cause many problems which results in the failure to capitalize on the full economic value, efficiency and effectiveness.

The study showed that, lack of standardized settlement mechanisms through a finite number of trusted providers linked with the cash management tools was a hindrance to supply chain financing tools and processes. According to Denecker and Helms (2010), lack of standardized settlement mechanisms through a finite number of trusted providers linked with the cash management tools also add to the challenges.

The study showed that, lack of a clear legal framework in regards to sale of receivables impeded optimal supply chain financing adoption and implementation. According to Milne (2009), the lack of a clear legal framework in regards to sale of receivables impedes optimal supply chain financing in instances where the scope of operations is global.

The study showed that, lack of a clear understanding of the various supply chain finance options and their benefits to all stakeholders within the supply chain impeded the extent of its adoption and implementation. According to Bosman (2013), lack of a clear understanding of the various supply chain finance options and their benefits to buyers, financiers and suppliers impedes the extent to which supply chain financing can yield optimal results.
The study shows that macro-institutional factors such as geographical expanse, cultural differences and government laws and regulations could impede the adoption and implementation of the supply chain financing. These results are in tandem with Camerinelli (2009) and Siddall (2010) who state that, macro-institutional factors such as geographical expanse, cultural differences and government laws and regulations also impose serious challenges for implementing SCF initiatives.

5.3.3 Mitigating Strategies available for Supply Chain Financing

The study showed that, supply chain finance adoption and implementation could be improved with the presence of a framework that readily incorporated infrastructure, strategy, governance and process among all stakeholders. According Swinderen and Mungai (2014), successful supply chain finance implementation requires the presence of a framework that readily incorporates infrastructure, strategy, governance and process.

The study showed that formulation of supply chain policies that focused on showing how different stakeholders interacted, would facilitate the implementation of supply chain financing by banks. These results are in tandem with Koh et al. (2007) who proposed that, various supply chain policies that can be used to enhance optimal supply chain financing results including; close affiliations with firm suppliers, customers, adoption of strategic planning, adhering to safety stock regulations as stipulated internally by the firm, sub-contracting where regulations deem it to be necessary as well carrying out e-procurement.

The study showed that, formulations of procedures aimed at safeguarding internal organizational consistency in terms of its operations was critical in aiding the implementation of a sound supply chain financing. According to Demica (2010), the formulations of procedures that are aimed at safeguarding internal organizational consistency in its operations are therefore a critical predecessor of sound supply chain financing performance.

The study showed that, organizations ability to enhance internal processes by ensuring they were flexible enough to respond to market changes facilitated the adoption of supply chain financing by banks. These results are in tandem with Lambert and Cooper (2000) who state
that, in order for firms to obtain superior supply chain performance directly attributable to financing activities, it must be able to enhance its internal firm processes by making sure that they are flexible enough to respond to market changes.

The study showed that the integration of firms’ internal processes in harmony with those of its customers and suppliers could facilitate the easy adoption of supply chain financing, which according to Burgess *et al.* (2006) states that, the adoption of lean practices and organizational procedures that are geared to improve on internal organizational processes, in essence, firms efforts to integrate its internal processes so that they can be in harmony with those of customers and suppliers endeavors to improve on optimal supply chain financing performance.

The study showed that, availability of reports about the capabilities and performance of all suppliers, purchase volumes at company level, and demands placed by internal customers on the products/goods to be purchased may facilitate the adoption of supply chain financing. Monzcka and Trent (2003) state that, the most important information which organizational frameworks need to readily ensure are provided to enhance successful financing in the supply chain include; reports about the capabilities and performance of suppliers, a list of all the existing contracts and suppliers, all consolidated purchasing volumes at company level, information about potential new suppliers, and the demands placed by internal customers on the products/goods to be purchased.

The study showed that, supplier partnerships facilitated by various technologies that effectively bridge their gap can enable firms to acquire high tech efficiency in their supply chains that financial institutions could use to implement supply chain financing. According to Cachon (2003), the emergency of overseas supplier partnerships due to technologies that effectively bridge the distance gaps have enabled firms to acquire high tech efficiency in their supply chains.

The study showed that, the organizations adopting robust and efficient supply chain technologies could facilitate their adoption of supply chain financing provided by banks.
These results are in tandem with Salecka (2009) who observed that, the more readily accessible and robust technological tools of information are, the more valuable and influential they become to supply chain financing success as instituted by the firm.

The study showed that, supply chain pricing where banks direct the risk of small businesses to the supplied organizations may have a great bearing on the adoption of supply chain financing by all stakeholders. According to Cachon and Terwiesch (2005), pricing on the other hand will have a great bearing on SCF as it will only yield optimal results if prices are favorable.

The study showed that, organizations should ensure they have effective logistics in their supply chains facilitated by available technologies in order to adopt supply chain financing from banks. These results are in tandem with Cachon and Harker (2002) who state that, from a global perspective, supply chains that are associated with effective logistics are fortunately facilitated by new and improved technologies oriented towards ensuring cost reduction.

5.4 Conclusions
5.4.1 Factors Affecting the Adoption of Supply Chain Financing
From this study it can be concluded that the adoption of supply chain financing is geared towards improving the operational efficiency of both sellers and buyers and that close collaborations between stakeholders is an important factor for banks in enhancing the performance of supply chain financing. Banks enhancing information transparency can facilitate the alignment of incentives geared to enhance sound supply chain financing performance and information sharing in the supply chain can be used to enable accurate and faster business decision-making and enhance the adoption of supply chain financing. From the study it can be concluded that, supply chain financing can only be adopted through seamless flow of both physical and non-physical assets among all firm stakeholders and through formulation of clear frameworks that will facilitate the adoption of supply chain financing between the involved stakeholders.
5.4.2 Challenges Faced by Supply Chain Financing
The study concludes that lack of knowledge and information among supply chain stakeholders, the lack of skilled personnel and training on supply chain financing tools, the lack of technology that facilitates the processing of financial transactions taking place along the supply chains, the inability to have technology that shows the visible movement of goods and services along supply chains, the lack of automation in the payment processes makes it difficult for banks to implement working capital and third party financing programs are all factors that hinder the adoption of supply chain financing in Kenya. It can therefore be concluded that the financial aspects of the supply network in Kenya is uncoordinated, lacks standardized settlement mechanisms as well as clear legal framework, leading to an adoption challenge of supply chain financing processes.

5.4.3 Mitigating Strategies available for Supply Chain Financing
From the study, it can be concluded that SCF can be improved with the presence of a framework that readily incorporates infrastructure, strategy, governance and process among all stakeholders, as well as provision of policies that focus on showing how different stakeholders are to interact, and the formulations of procedures aimed at safeguarding internal organizational consistency in terms of its operations. It can be concluded that, organizations ability to enhance internal processes by ensuring they are flexible enough to respond to market changes and that are in harmony with those of its customers and suppliers could facilitate the easy adoption of supply chain financing. It can also be concluded that, availability of reports about the capabilities and performance of all suppliers, purchase volumes at company level, and demands placed by internal customers may facilitate the adoption of supply chain financing.

5.5 Recommendations
5.5.1 Recommendations for Improvement
5.5.1.1 Factors Affecting the Adoption of Supply Chain Financing
The study recommends CBA to address the existing gap in knowledge at the demand (client) level. The nature, benefits and availability of SCF products are not well known amongst clients; and all the potential beneficiaries of these lines of products need to be better
informed about these options and understand the potential benefits. CBA needs to ensure that all clients have the knowledge on how SCF options can help them better manage their business and trading relationships thus increasing the knowledge factor that could facilitate the adoption of SCF within the market.

5.5.1.2 Challenges Faced by Supply Chain Financing
The study recommends CBA bank to build a good picture of the supply chain in which its clients operate if they are to provide effective SCF products. Banks often do not understand the workings of these supply chains, thus the study recommends CBA managers to recognize that acquiring such ‘know how’ requires dedication and sophisticated staff, and thus it needs to build its employees’ knowledge gradually through incremental improvements - starting with a product or two and gaining experience through these.

5.5.1.3 Mitigating Strategies available for Supply Chain Financing
The study recommends the use of information and technology to mitigate the challenges of SCF adoption. The study recommends CBA to use technology to connect all parties together and enable the visibility and communication required to support SCF strategies. The organization can use technology to facilitate the process of reconciliation, exchanging purchase orders, invoices, credit notes, payments and related information as well as integrate this information between the different supply chain constituents. Furthermore by providing and/or improving accessible communication channels technology may help bring together parties such as funders, risk takers, buyers and vendors and makes the parties understand the needs of the other parties.

5.5.2 Recommendations for Further Studies
Supply chain finance is still a relatively new area of financial product and service provision in most developing economies. There are an increasing number of countries where SCF is being delivered successfully although to date it is true that these are primarily middle income countries such as Colombia. There is a need for similar studies to be conducted in other financial institutions in the country to facilitate a better understanding and perception about the product and customer perception.
REFERENCES


Euster Seghete Gerald,
United States International University – Africa,
P.O Box 14634 – 00800,
Nairobi Kenya.

14th October 2016.

Dear Respondent,

RE: PARTICIPATION REQUEST.

I am a graduate student at the above named institution pursuing a Masters of Business Administration program. As part of my degree requirement, I am undertaking a research on “Factors affecting the Performance of Supply Chain Financing in Kenya” and your organization is my case study. I am requesting you to kindly take time and fill the attached questionnaire that will facilitate my research completion.

This being an academic paper, no data collected will be mismanaged. The results of this survey will be treated with utmost confidentiality and anonymity is assured.

Yours Sincerely,

Euster Seghete Gerald.
APPENDIX II: QUESTIONNAIRE

You are requested to provide answers to the following questions. Please tick (√) where appropriate or fill in the required information on the space provided.

Section A: General Information

1. Please indicate your highest level of education.
   
   Secondary school [ ]   College [ ]   University [ ]
   
   Other [ ] Specify _____________________

2. How long have you worked for the organization?
   
   Less than a year [ ]   1-5 Years [ ]   6-10 Years [ ]
   
   11-15 Years [ ]   16 and Above Years [ ]

3. Which department do you work under?
   
   Corporate Banking [ ]   Trade Finance [ ]   Business Banking [ ]
   
   Branch Banking [ ]

Section B: Factors Affecting the Adoption of Supply Chain Financing

4. Are there factors that affect the adoption of supply chain financing in your organization?
   
   Yes [ ]   No [ ]   No Idea [ ]

b. If yes, name some of the factors affect the adoption of supply chain management in your organization.

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

69
5. How has your organization tried to take advantage of these factors in terms of supply chain financing?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

6. Kindly rate the following factors and their ability to facilitate the adoption of supply chain financing with regards to your organization. Use the key: SD=strongly disagree, D=disagree, NS=not sure, A=agree, and SA=strongly agree.

<table>
<thead>
<tr>
<th>Factor</th>
<th>SD</th>
<th>D</th>
<th>NS</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>The adoption of supply chain financing is geared towards improving the operational efficiency of both sellers and buyers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Close collaborations between stakeholders is an important factor for banks in enhancing the performance of supply chain financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banks enhancing information transparency can facilitate the alignment of incentives geared to enhance sound supply chain financing performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information sharing in the supply chain enables accurate and faster business decision making and enhances the adoption of supply chain financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply chain financing can only be adopted through seamless flow of both physical and non-physical assets among all firm stakeholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply chain harmonization and clear frameworks facilitates the adoption of supply chain financing between the involved stakeholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply chain financing can succeed with the adoption of technology that is capable of aligning the bank with a roadmap that details the incremental phases of internal supply chain</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Ability to utilize supplier information can facilitate the ability of experts in updating supply trade information thus increase the adoption of supply chain financing

Technology transfer is critical in enhancing the adoption and performance of the supply chain financing

The banks’ willingness to issue payment terms extension and reduce costs among trading partners facilitates the adoption of supply chain financing mechanisms

### Section C: Adoption Challenges of Supply Chain Financing by Commercial Banks

7. Are there challenges faced by the organization in terms of supply chain financing
   
   Yes [    ] No [    ] No Idea [    ]

b. If yes, list the challenges you face as an organization in terms of the adoption of supply chain financing?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

8. To what extent have these challenges affected your adoption of supply chain financing?

   Low Extent [    ] Moderate Extent [    ] High Extent [    ]

   Very High Extent [    ]

9. Kindly rate the following factors and their ability to impede the adoption of supply chain financing with regards to your organization. Use the key: SD=strongly disagree, D=disagree, NS=not sure, A=agree, and SA=strongly agree.

<table>
<thead>
<tr>
<th>The lack of knowledge and information among supply chain</th>
<th>SD</th>
<th>D</th>
<th>NS</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
</table>

71
The lack of skilled personnel and training on supply chain financing tools and techniques hinders its adoption and implementation.

Lack of technology that facilitates the processing of financial transactions taking place along the supply chains is a major hindrance to the adoption of supply chain financing tools and processes.

The inability to have technology that shows the visible movement of goods and services along the supply chain hinders the adoption of supply chain financing tools and processes.

Lack of automation in the payment processes makes it difficult for banks to implement working capital and third party financing programs.

The financial aspects of the supply network is uncoordinated leading to an adoption challenge of supply chain financing processes.

Lack of standardized settlement mechanisms through a finite number of trusted providers linked with the cash management tools is another hindrance to supply chain financing tools and processes.

The lack of a clear legal framework in regards to sale of receivables impedes optimal supply chain financing adoption and implementation.

The lack of a clear understanding of the various supply chain finance options and their benefits to all stakeholders within the supply chain impedes the extent of its adoption and implementation.

Macro-institutional factors such as geographical expanse, cultural differences and government laws and regulations.
impede the adoption and implementation of the supply chain financing

Section D: Mitigating Strategies Available for Adoption of Supply Chain Financing

10. Are there any strategies used by the organization to mitigate challenges of supply chain financing adoption?
   Yes [   ]  No [   ]  No Idea [   ]

b. If yes, kindly list the strategies that your organization has used to mitigate the challenges of supply chain financing adoption.

11. To what extent have these strategies been of benefit to the mitigation of the challenges of supply chain financing adoption?
   Low Extent [   ]  Moderate Extent [   ]  High Extent [   ]
   Very High Extent [   ]

12. Kindly rate the following mitigating strategies and their impact in facilitating the adoption of supply chain financing with various stakeholders with regards to your organization. Use the key: SD=strongly disagree, D=disagree, NS=not sure, A=agree, and SA=strongly agree.

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>NS</th>
<th>A</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply chain finance adoption and implementation can be improved with the presence of a framework that readily incorporates infrastructure, strategy, governance and process among all stakeholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The formulation of supply chain policies that focus on showing how different stakeholders are to interact, will facilitate the implementation of supply chain financing by banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formulations of procedures aimed at safeguarding internal organizational consistency in terms of its operations is critical in aiding the implementation of a sound supply chain financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations ability to enhance internal processes by ensuring they are flexible enough to respond to market changes facilitates the adoption of supply chain financing by banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The integration of firms’ internal processes in harmony with those of its customers and suppliers can facilitate the easy adoption of supply chain financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Availability of reports about the capabilities and performance of all suppliers, purchase volumes at company level, and demands placed by internal customers on the products/goods to be purchased may facilitate the adoption of supply chain financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier partnerships facilitated by various technologies that effectively bridge their gap can enable firms to acquire high tech efficiency in their supply chains that financial institutions can use to implement supply chain financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations adopting robust and efficient supply chain technologies can facilitate their adoption of supply chain financing provided by banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply chain pricing where banks direct the risk of small businesses to the supplied organizations will have a great bearing on the adoption of supply chain financing by all stakeholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations should ensure they have effective logistics in their supply chains facilitated by available technologies in order to adopt supply chain financing from banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THANK YOU