TRADE FINANCING AND SUPPLY CHAIN PERFORMANCE OF MULTINATIONAL MANUFACTURING FIRMS IN KENYA

BY

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DECLARATION

This research proposal is my original work and has not been submitted for examination to any other university.

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This research proposal has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

I dedicate this research project to my family and my children Reynolds and Kimberly for their support and understanding during my entire period of study.

ABSTRACT

This study aimed to determine the trade finance modes adopted by manufacturing firms in Kenya that are multinational in facilitating international trade transactions and the relationship they had on performance of their supply chains. The study employed a descriptive research design. A self-administered questionnaire was used in collecting data from 37 respondents making a response rate of 88.1%. This was a sufficient and satisfactory representative of the target population. The study focused on variables such as post and pre shipment financing, letters of credit, loans and overdrafts, advance payments, documentary credit, factoring and forfeiting and open accounts as independent variables and customer satisfaction, product quality, cycle time, financial and cost measures, flexibility, global market share and profitability as dependent variables. According to the study findings, there are four major trade finance modes that have been adopted by these firms which include; Documentary Collection, Open Account, Advance Payments, and Letters of Credit. Other modes are Bank Guarantees, Loans and Overdrafts as pre-shipment and post-shipment financing and Bills Availization. The study results also showed that trade financing had significantly influenced the performance of the supply chains of multinational manufacturing firms as it led to increased export volumes and profits. It made the supply chain environment friendly, diversified suppliers and enhanced relationships, product quality, reduced leads time and enhanced customer satisfaction. The firms have been able to mitigate the risks associated with international trade transactions, reduced costs, achieved business growth, increased their profits, improved overall performance of the firms hence gained a competitive advantage. It was recommended that since the manufacturing sector is the engine of economy the government should extend support to multinational manufacturing firms in accessing trade finance. One major limitation was difficulty in getting information from government offices. Further study to be done on the challenges faced by these manufacturing firms in accessing trade finance and how to overcome them.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Doing business internationally can often be complicated, frustrating and risky if you do not have the right systems in place. That is where trade finance comes in. For decades, the aspect of trade finance was assumed to be working well and policy makers were not alarmed with it. Mistry (2006) observed that trade financing has undergone a stressful period particularly after the Lehman bankruptcy and during the period when banks in Europe were straining to stay afloat in 2011. Moreover, he identifies trade financing as a method used by banks to support international trading via various types of products that help in facilitating international transactions and related risks and offer the required working capital. Malaket (2016) notes that the fascinating part of global trade is entry and development into new markets to enhance and understand new cultures and to find best ways of solving problems and overcoming difficulties in these markets. It is possible for a business to easily get everything correctly, however if the business does not meet its financial targets, it may be disastrous for the business as a whole (Dyckman, 2009).

Majority of multinational manufacturing firms depend on capital from external sources to finance their costs for different aspects of the business. Activities of imports and exports involve additional expenditures, forcing multinational manufacturing firms to rely on finances from external sources. Around 90% of trade in the world depend on instruments of trade finance by finance firms or governments (CRLA, 2017). It is vital for the health of firms in all sectors of the industry and in particular the manufacturing industry (Tyndal and Beube, 2010).

1.1.1 Trade Financing

There are many factors that have led to the need for financing of international transactions especially increased competition and going global. Trade financing refers to the innovative and flexible solutions that are offered by financial institutions like banks that aim at facilitating international trade and minimizing risks, ensuring that international transactions go through quickly and without a hitch (Kendu, 2018). It refers to simplifying of complex transactions by banks for businesses by facilitating trade using trade finance instruments and products that structure complex transactions for both sellers and buyers. As businesses grow or expand into new markets it is more important to have a trusted banking partner that understands different markets to help facilitate international trade.

Those involved in trade finance include; financial institutions, insurance companies, buyers, sellers and government agencies. These kind of financing is used to protect firms against risks associated with international trade transactions like currency fluctuations, political instability, nonpayment or creditworthiness. (Kenton & Murphy, 2019). Majority of trade transactions rely on these.

Trade Financing signifies financing for home and worldwide businesses that requires a seller and buyer facilitated by various intermediaries. It is the financing of international trade flows which mitigate risks involved which has two players; an exporter who requires payment and an importer who wants to ensure that the right goods are paid for (Manders, 2019). Competition has led to the continuous need of trade finance by various manufacturing firms. The industry supports in trade payments, reduce risks, and working capital requirements (Sinclair, 2018). There are various entities involved in trade financing which are mostly financial institutions and government agencies (Manhattan, 2019). Trade finance makes global trade transactions possible for both small and large entities. Business owners, both large and small do not want their money tied up in shipped goods that could take weeks or months to arrive from overseas suppliers (Carbajo, 2019).

According to Venedikian and Gerald (2000) trade finance involves all the activities of financing that relate to international trade and commerce. Firms that take part in trade include exporters, banks, importers, financiers, export credit firms, and insurers (Mehta, 2018). According to Venedikian and Gerald (2000), estimates of industries show that majority of global flow of products are facilitated through it. Olsen (2013) observes that trade financing is important to ensure timely and secure cross border payments, effective mitigation for different risks, liquidity and funding provision and enhancement of the flow of information on shipping and other movement of money. It is also beneficial to exporters, importers and different commercial relationships that make up the global supply chain as was observed by Malaket (2016).

Trade financing makes imports and export transactions possible for various business entities around the world each year. Many companies and mainly multinational manufacturing firms have limited access to loans and other forms of financing to cover the costs associated with trade hence the need for trade finance (Wilson, 2019).

Finances are a vital aspect to all sectors across the globe. Trade finance is a working capital source of international companies and traders especially multinational manufacturing firms that require liquid assets in addition to providing credit insurance against any risks that are politically related and that involve international trade such as fluctuations in currencies (Chaney, 2013). The functions of trade finance depend on credit instruments availed by financial firms and the government such as credit letters, credit documents, open-account, forfeiting and countertrade (CRLA, 2017).

There are varying finance types which facilitate trade internationally (Salecka, 2009). This industry also offers support to transactions that enhance international transactions, offer mitigations for exposure and currency risk, and equity and fundraising. Performance of supply chain and that of suppliers is important in trade finance. Sinclair (2018) notes that the varying actors in a supply chain can use trade financing products in financing production, service exportations or shipments using pre and post export financing.

According to J & D Financial, the various types of trade financing available for international trade are; international factoring, purchase order financing, export insurance policy and letters of credit. According to Sinclair, 2018, there are various types of trade finance which can facilitate trade both globally and locally which include; advance payment, working capital loans, overdrafts, factoring and forfaiting.

Srinath (2012) also argues that other payment methods include payment advances, bank guarantees and documentary collections. Trade finance providers as stated by Wright (2018) include the CCR manager, BNP Paribas bank, Euler Hermes, BNY Mellon, Societe Generale Bank, ANZ Bank and the Standard Chartered Bank. Locally, trade financing is mostly offered by commercial banks who offer flexible and innovative solutions that aim at facilitating international trade and minimize risks, ensuring that international transactions go through quickly and without a hitch. Banks have a global network of leading regional and international banks to help in facilitating trade transactions (Muna, 2019).

1.1.2 Supply Chain Performance

Firms adopt various methods of commerce improvements to enhance performance. Intense competition results in more challenges of effective and efficient trade. Multinational manufacturing companies have realized the importance and advantages of cooperative and strategic relationship between the buyers and the suppliers. Morgan and Monczka, (2006) observed that firms now strategically involve suppliers in resources. Rather than depending on acceptance sampling in determining quality of inputs and component parts, multinational manufacturing firms buy from specific certified sellers, while adopting supply base management concepts so as to lower inventory costs and ensure efficiency in the supply chain (Watts & Hahn, 2003). Moreover, firms need to encourage the use of policies that are customer driven since they aim to attain customer satisfaction and the goals of productivity and quality improvement and lowered costs.

According to Beamon (2014) performance of supply chains involves product flows from point of origin to consumption point. Interlinked channels, networks and business nodes are involved in services and products provision by end customers although there are challenges faced. According to Morgan and Monzka (2006) challenges in the context of this study are the barriers that impede the effectiveness of performance of supply chains in Kenya’s multinational manufacturing companies.

In the current competitive business markets, firms do not compete autonomously but compete as networks of the supply chain. In the dynamic business environment, a firms success relies on its ability to integrate the firm's networks and relationships (Sinclair, 2018). It is not the organizations that are competing but rather supply chains (Wael, 2018). Kruyver (2012) argues that it provides a chance of assessing the synergy in intercompany and intra management integration. It handles all processes of a business and shows a different way of managing businesses. Researchers and global firms are focusing attention on the benefits of supply chains. Despite its global recognition resulting in varying definitions by various researchers there is a common point towards the same (Zhoa et al, 2006). Its blended concept ensures information between customers and suppliers. Hence it is a combination of all business activities between a supplier and the customer that adds value to stakeholders and the customers (Cooper *et al.,* 1997).

According to Mentzr *et al,* (2001) it involves the synchronization of all traditional functions of business within a firm and across the business with the goal of establishing good relationships and performance. Organizations are developing supply chains to lower their operational costs. According to Bhnagar (2012) using supply chains to become an international company facilitates the entry to different countries across the globe, fosters growth and access to information and new technologies through support and partnerships. Performance of supply chain entails planning of its operations through integration with the aim of customer satisfaction at minimum cost. Speeding up the delivery process and flexibly handing transactions with customers are additional objectives. Channey (2013) observes that it incorporates the network of suppliers, retailers, warehouses and manufacturers. To attain effective integration, information, finances and material flow there must be an effective coordination of the supply chain. Roy (2017) notes it gives a firms an opportunity of being relevant within the market.

1.1.3 Multinational Manufacturing Firms in Kenya

There are various multinational manufacturing firms in Kenya that conduct their operations within other nations across the world and overall management is in one home country. Over the past years some of the multinational manufacturing companies have set regional headquarters in Kenya. Having their East African and African headquarters in Kenya, greatly enhances their business outlook. Moreover, Kwach (2018) observed that these companies often become leaders in delivering quality services and products due to effective top management. Nations across the globe have realized the critical role of manufacturing companies in the growth of income and economy. In any nation, the manufacturing industry is a driver for economic growth, creation of jobs, and alleviation of poverty. From history, the industry's contribution to the economy has stagnated to around 10% to the Gross Domestic Product. However, with the Big four Agenda the manufacturing industry has gained government attention as one of the sector that is forecasted to increase GDP by 5% by 2022 (Waithaka, 2018).

Currently, the sector contributes 14% to the Gross Domestic Product despite Kenya being the most industrialized nation in East Africa. The growth rate is small since the 1980s because the growth of the sector was stagnant as a result of inadequate hydroelectric power, high costs of energy, inadequate infrastructure, and cheap imports being dumped in Kenya. Globalization and urbanization in the country has changed the manufacturing industry into a core sector in Kenya. Soko (2015) reveals that the food processing industries and consumer goods fabrication industries are dominant in Nairobi, Mombasa and Kisumu.

The manufacturing industry is the sector of the economy that produces finished products which include; transportation, fast moving consumer goods, electronics, chemical, pharmaceutical, paper, industrial equipment among others (Spacey, 2019).

Standard Industrial Classification (2012) defines the manufacturing industry as those industries that are centered in the manufacture preparation and conversion of raw inputs to finished products including chemicals, equipment, textiles, and all foods. It involves the transformation of components or materials to end products or be used to produce other products. Levinson (2018) notes that manufacturing industries are companies that transform raw materials into new products.

There are various multinational manufacturing companies in Kenya including agricultural, mining, food processing, energy, fishing, motor vehicle manufacturing companies, and forestry. In 2014, many multinational manufacturing companies in Kenya either closed down or relocated to other countries resulting in massive job losses. These manufacturing firms included Colgate Palmolive, Tata Chemicals Magadi, Cadbury Kenya, Reckitt Benckiser, and Eveready East Africa. The closure or relocation of these companies resulted from increased costs of operations (Soko, 2015).

According to Muhati (2018) in Kenya, the manufacturing is a core sector in the economy's development in terms of exports, national outputs and employment opportunities contributions. The main role of the manufacturing sector is the wealth creation and job opportunities. In 2018, the Kenyan government declared the manufacturing sector as a top investment priority in the nation as a driver for growth in the economy. Moreover, long-term economic framework is founded on an effective and strong manufacturing industry. Few nations globally can state that their economic growth was not contributed by the manufacturing industry. In addition, the manufacturing industry is a guarantee for increased income for the country. The manufacturing sector is part of Kenya's big four agenda.

1.2 Research Problem

Globally, firms are implementing trade using exports and imports. Financing of trade has become popular and an important aspect for the financial health of firms in all industry sectors around the world (Chinn & Hiro, 2013). According to Tompkins (2015), there is need to determine all sourcing and distribution costs in order to use methods of financing effectively. Tyndall, 2010 argues that firms need to understand what is required for effective performance. Despite the complexity of trading relationships and markets, solutions for trade financing are crucial and entail four components of trade finance including supply chain financing namely; ensuring facilitation of secure and timely cross border payments, effective mitigation measures for various market risks, providing financing and liquidity and enhancing the flow of information on shipments and related movement of money.

Many companies and mainly multinational manufacturing firms have limited access to loans and other forms of financing to cover the costs associated with trade hence the need for trade finance. Therefore, many businesses find financing of their supply chain an important aspect to make competitive moves (Wilson, 2019).

In order to improve its contribution to the Gross Domestic Product, multinational manufacturing firms need to improve their operations. Soko (2015) posts that multinational manufacturing companies in Kenya contribute approximately 11% to the Gross Domestic Product, in addition they create job opportunities, add value by linking different sectors in the economy, contribute to public finance through taxes, offer quality goods and services to customers, contribute to international earnings through exports and attract foreign investments into the sector. Trade financing in multinational manufacturing firms holds an important function and these firms operate in environments that are both internationally and locally driven. As such a research on the degree to which trade financing has been implemented in respect to supply chain performance, which has recently been viewed as a source of competitiveness for multinational manufacturing firms is crucial.

A lot of the recent literature on trade financing and management of supply chain has not focused on the entire topic in question. Abdullah and Maryann (2011) paid attention to the downstream relationships between the retailers and the manufacturers. Frohlich and Westbrook (2013) assessed the influence of supplier – customer integration on performance of firms. Gichuhi (2013) on the other hand, assessed the link between the management of supplier practices, customer practices and performance of firms.

Literature highlighted represent efforts by researchers to capture the practices of supply chain by firms without addressing trade financing hence representing the gap. This research aimed to determine the influence of trade finance on the performance of the supply chain of manufacturing companies in Kenya that are multinational. As such, this research aimed in answering the research question; what is the impact of trade financing on the performance of supply chain of Kenya's manufacturing companies that are multinational?

1.3 Research Objective

The main purpose of the study was to establish the influence of trade financing on performance of supply chain of multinational manufacturing firms in Kenya.

The specific objective of the study was to:-

(i) Determine trade financing modes adopted by multinational manufacturing firms in Kenya.

(ii) Establish the link between trade financing and performance of supply chain of multinational manufacturing firms in Kenya.

1.4 Value of the Study

Results from the study will add value by offering additional literature to researchers.

The study will be helpful to companies that conduct global business to understand the products of trade finance that are available in the market, the set requirements, the people offering the products and the benefits thereto. In addition, this research will be of importance to financial firms and trade finance providers to know the needs of trade finance for manufacturing firms, to identify the mechanisms they can use to make them available in order to increase their competitiveness as well as increase on their profits.

The results of this research will also offer assistance to the government of Kenya in identifying the methods and mechanisms in which it can offer support to multinational manufacturing companies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Relevant and related writings are looked at in this section by assessing the authors and researchers who have published documentations that could add more information to the current study. This section covers literature on the topic under study with particular emphasis on Kenya's manufacturing companies. Moreover, it covers the borrowed theories that will anchor the concepts of the research topic.

2.2 Theoretical Framework

International Trade Theories were adopted with main focus on Classical Trade Theories, focusing on Trade Finance and Transactional Cost Theories, focusing on performance of supply chains.

2.2.1 Classical Trade Theories

The theories explain a country's national economic conditions that enable international trade to take place.

Mercantilism: The theory advocates for regulation by government on worldwide trade in generating wealth as well as strengthening national power. The government and businesses work together to reduce trade deficit and create surplus. It has policies that restrict imports, increase stocks of gold and protect domestic industries (Pettinger, 2019).

Absolute Advantage: Developed by Adam Smith, a modern economist, it is the ability of a country to make greater quantities of a product or service at a lower price than competitors using the same amount of resources. Efficient production creates an absolute advantage (Mukher, 2018).

Comparative Advantage (David Ricardo): According to Ricardo, a country does not have an absolute advantage for beneficial trade to occur. Countries will engage in trade with one another, exporting goods that they have a relative advantage in productivity. It is producing a good or service at a lower opportunity cost than other countries (Amadeo, 2019).

Factor Proportions Theory: Developed by Heckscher and Ohlin, the theory holds that a country will makee and export products that use large amounts of factors of production that they have in abundance and will import products requiring large amounts of production factors that they lack (Rugman & Collinson, 2009).

Leontief Paradox (Wissily W. Leontief): Leontief attempted to reveal the relative factor proportions structure of US participation in international trade. It was considered that a country will tend to export those commodities which use its factors of production that are in abundant intensively and import those which use its scarce factor intensively. It was consented that the only country that is most abundantly endowed with capital is the United States hence it is expected to export capital intensive products and import labour intensive products (Anand, 2019).

Product Life Cycle Theory (Raymond Vernon): Advocated that a product must undergo different product life phases; introduction, growth, maturity and decline and that each phase has different characteristics. The phase of introduction entails the use of innovation to respond to the need observed in the market. The growth phase involves exports increase, stiff competition, increased intensity of capital, and foreign production. The maturity Phase involves a decrease in number of exports from developed nations, more standardization of products, startups in upcoming economies, and intensity in capital. The decline phase which involved more production in nations that are developing and using the innovating nations as net importers. When advancing in other stages of the product cycle, production will be done in other different countries (Mulder, 2012).

According to Michael Porter in 1990, there are four characteristics of the environment where the competition of local organization takes place. The characteristics encourage or hinder competitive advantage which are factor endowments - this is the position of a country on production factors to include infrastructure and skilled labour which are important for competition. Second is the conditions of demand in the county, his either encourages or hinder industrial growth. Third is supporting and relating industries- This is the absence or presence of suppliers and other industries that improve international competition hence driving trade. Lastly is the structure, strategy and rivalry of a firm- This includes the conditions that govern the creation, organization, and management of companies and how local competition determine the flow of international trade in the market. In cases where the competition is venturing the new market, a company may opt to follow suit in order to be competitive.

According to Husted (2007) other characteristics could include policies by government and chance. Porter states that all the actors are crucial since they affect the four national diamond components. The theories are relevant to trade finance especially the multinational manufacturing firms (Mugeni, 2012). For effective trade across borders, trade financing is crucial for any organization dealing in international trade including multinational manufacturing firms

The international trade theory explains that trade gives a country the opportunity for production specialization of specific products to have economies of scale, reduce production costs and purchase the goods from other nations that it does not produce but are similarly specialized. The concept of first mover is applicable. The theory has gained the support and governments have emphasized the use of subsidies increasing the opportunities for local organizations to become first movers in upcoming economies or markets (Hill, 2008).

2.2.2 Transaction Cost Theory

The theory refers to the buying price of goods or services from the marketplace instead of having them being made available in the organization. It is based on the principle that costs are incurred when you get someone do things for you. From the research done by Coase et al (1937) on the theory of transaction cost, little attention had been paid to the organization’s internal operations. Williamson (1991) additionally argued that transaction costs determines whether activities would be internalized within the firm or outsourced.

It is applicable in this study because it illustrates the make versus buy decision for firms especially multinational manufacturing firms. It explains how organizations can minimize costs and excel and is beneficial to businesses (Grover and Malhotra (2003). It helps in the effort to build and maintain supplier relationships which is key to effective supply chain (Juma, 2013).

Further, it is relevant in the fact that it enables multinational manufacturing firms to understand all the costs related to trade across borders so as to know how to cater for them more efficiently hence achieve their objectives and make profit as well as to make decisions whether to produce internally or buy.

2.3 Trade Financing Modes

Organizations including multinational manufacturing firms that engage in international trade require an intermediary in order to guarantee suppliers payment for goods and services supplied to them (UCPDC, 2010). According to Noah (2019), there is no point in getting involved in international trade if you are not getting paid for your goods. There are two types of trade finance products depending on collateral and security; organized trade finance products and vanilla products. To classify the international trade products, payment mechanisms is used (Ahn, 2011). The various modes range from most to least secure. Most secure method for exporter is least secure for the importer and vice versa.

Since Kenya is a net importing country, open account trading is commonly used. Open account trading allows payment of products and services to be made after shipment. According to Srinath (2012) the importer collects the goods and pays later as per the contract. It is beneficial to importer but highly risky for exporter. It is most convenient when the importer is well established, is credit worthy and has good payment record. It is applicable when both parties have a good business relationship and over time developed certain degree of confidence.

Letters of credit is also most commonly used as it is a secure payment mode for both importers and exporters. The bank is obligated to make payment to a seller for a shipment (Bowman, 2014). It is an undertaking of the bank of the importer; payment is made in future date or at sight a sum agreed upon so long us Letter of Credit documents are produced by the buyer's bank (Seungkwan, 2005).

Also, is documentary collections that is used for international trade payment. In this, titled documents are sent through the buyer's bank with delivery instructions to the buyer instructing the bank to release documents as per the contract. (Muhati, 2018). The exporter's bank collects payment on behalf of the exporter.

Advance payment. According to Srinath (2012), the buyer pays for the goods before the goods are shipped. Bearing in mind that Kenya is an importer and as per the ladder of risk, trading using open account is the safest, letter of credit following and then documentary collection. It is less risky to the seller because he already has payment but risky to the buyer because he might not receive the goods (Sinclair, 2018).

Other instruments available for trade finance are Bank Guarantees. This is an assurance or promise to pay in case of default. The bank will cover a debt in the event that the debtor in unable to settle it (Grant and Kagan, 2019). The guarantees are of various types; credit guarantees, Security Bonds, Customs Bonds, Shipping Guarantees, Retention pledges, Early payment Assurances, Performance Bonds and Bid Bonds. Others are Bills Discounting used when sellers need money upfront to assist in operations. Bills Availisation is another simple method which is a promise by the bank to honour payments for bills of exchange on behalf of the importer (Srinath, 2012).

According to Sinclair, 2018, there are other modes of trade financing; loans and overdraft for working capital that helps businesses to fund their trade because of its simplicity and flexibility as a benefit of utilizing. However, the interest rate is higher (Connie, 2018). Forfeiting: This is trade finance that is based on receivables. It is also a post export financing. (Sinclair, 2018).

In the space of universal business finance, some products are considered complex to all involved in the industry (Berman and Mayer, 2012). They stand designed for specific client requirements, in utmost situations, the products of plain vanilla are specially designed to suit the client's needs. To the people in business these products are very beneficial as they bridge the gap and they are generally customized.

Pre-shipment financing is specifically tailored for sellers as it enables them honor their promise to deliver to the buyer. By so doing it enables the exporter to by inputs to enable them produce goods for export (Chinn and Hiro, 2013). With availability of solutions of financing international trade, it is significant to find out why a lot of multinational manufacturing companies are not using these trade finance in spite of the various benefits highlighted (Srinath, 2012).

2.4 Supply Chain Performance Measures

In today's competitive world, the battle field has shifted from individual businesses supply chain. It is the extended undertakings in meeting customer requirements in a responsive manner. It crosses company boundaries and functional organizational lines. To achieve this, it requires performance metrics for continuous improvement. (Kluver, 2004). According to Vollman, Berry & Whybark (1984), it is an approach that involves a network of design and strategy in sourcing.

According to Porter (1980) strategic sourcing is the selection, evaluation and alignment of suppliers in order to improve operations that support achievement of organizational goals. It comprises ideas of tactical procurement, improvement of suppliers, sharing information with them and incorporation on procurement. Chaing, Tsai & Hsu (2011) defines strategic sourcing as a serious task of planning and managing supplier networks towards organization's goals.

Top management views the department of strategic sourcing as a significant resource. The resources are used in support of its capabilities and procurement is taken seriously like other major functions of the organization (Carr and Pearson, 2002). (Van Weele, 2010). At a lower level, the purchasing manager is required to monitor the environment for any changes and involve other departments in identifying competitive advantages of the company (Gonzalez-Padron, Hult & Calantone, 2008).

Strategic sourcing should take into account the total cost of buying due to expanded competition which plays a major role (Faes & Matthyssens, 2009). The department works together with the suppliers so as to reduce costs (Bendixen, Abratt & Jones, 2007). Organizations also find supplier relationships between very important (Stringfellow, Teagarden & Nie, 2007).

Products are divided into four major categories; bottleneck, leverage, repetitive, and critical products and strategy of sourcing them is identified hence suppliers chosen. For example, high tech critical products are often supplied according to customer requirements and often from a single supplier and represents a bigger share of price of a firm's finished product (Stringfellow et al., 2007). The focus for multinational manufacturing firms should be supplier integration and support (Koufteros, Vickery & Droge, 2012).

The network design of supply chain is the location, capacity, sourcing demand, selection of transportation modes, and streamlining facilities within the supply chain, at a low cost and customer satisfaction. (Klibi, Martel & Guitouni, 2010). It is the evaluation of alternatives and selecting those that maximizes profits (Zanjani, Nourelfath, & Ait-Kadi, 2010).

It is the modelling of networks to streamline the supply chain using mathematical models that give to underlying issues of supply chains.

Designing as well as redesigning the supply chain is what companies are confronted with all over the world. Pishvaee & Rabbani (2011), concluded that typically, supply chain comprises of distribution centers, factories, customer markets and suppliers. The location of centres of distributions is irreversible and expensive tactical decision which can be solved through designing the supply chain network. Tactical and operational level decisions are considered when addressing the network design issues; order quantity and material flow rest on designing the network. This requires a good identification and good composition of manufacturers, suppliers and distributors that meet customer demands (Pan & Nagi, 2010).

Supply chain design becomes more complex with as stages, products and decision levels increases. For this to be achieved, a planning model for problems faced by a firm at all levels is required (Lin & Wang, 2011). Consideration should be given to inventory decisions and productions capacities when addressing issues of strategic network issues (Liu & Papageorgiou, 2013).

Supply Chain performance measures is an approach that is used to judge how the supply chain systems works and performs and can be qualitative measures being customer satisfaction and product quality whereas quantitative are lead time, response time, flexibility, resource utilization and delivery. The measures are comparable but different in terms of the objective behind each. Cycle time is the end to end delay in business processes or time taken for a product to reach the end customer. Resource utilization is aimed at utilizing all the available resources or assets so as to maximize customer service, reduce lead times and inventory levels (Kluwer, 2004).

Time, Cost and quality are the major measures of performance of supply chains. Delivery times and product quality are equally important to customer satisfaction. According to Murray (2018) there are various measures that can be used.

Another measure is the inventory velocity. This is the time period from when the raw materials are received to when the finished products are sold. It is the period over which a business or firm has ownership of inventory (Furhmann, 2019. It is must to maintain optimal levels of inventory to avoid cash being tied up.

Flexibility: It is response to changes in the environment and demand of customer so as to create or preserve a competitive advantage. It requires shorter lead times (Rise, 2014).

2.5 Empirical Review on Trade Financing and Supply Chain Performance

A study was conducted by Amue and Ozuru (2014) on the impact of financing international trade on the performance of supply chain and integration of firms in Nigeria in the industry of oil and gas. It was revealed from the study that there was better performance of firms than those that had not integrated.

Otila (2011) did a research on universal chain of supply practices of management in Kenyan industry of cosmetic. Using expressive design, he researched on all Kenyan cosmetic companies selling products of skin care and are situated in industrial area of Nairobi. The scholar put into use together secondary and primary statistics. This research realized existence of steady performance measures used in cosmetic firms across the chain of supply and dealers are part in the planning of production. The scholar though also found great challenges impacting acceptance of the chain of supply for example, resistance to changes of the management of chain of supply, interruptions of chain of supply, geographical distance, inadequate capitals to put in use chain of supply programs and physical distance of the customer.

Abuko (2011) did a research to establish the effect of green supply chain on Kenyan oil selling companies. The research used the design of survey study sampling 6 persons from every one of the main 5 firms of oil advertising. To collect information, an inquiry form which is structured was used and a multivariate technique of information analysis was used. The research established that practices of Green chain of supply administration had impacted positively on general performance of the firm by refining cost savings, effectiveness, productivity as well as quality.

Kazi (2012) did a research that intended to evaluate the performance and practices of management of supply chain at the Kenya Medical Supplies Agency (KEMSA). The strategy chosen was case study, the ear marked populace of concern in the research included workers at KEMSA representative of the low-level, intermediate and top administration. The results exposed the main problems acknowledged included: bad structures, heavy items requiring moving and demand ambiguity. Unavailability of competent staffs was seen as chain of supply administration least problem at KEMSA.

Mulure (2019) researched on the impact of supply chain finance on the performance of small and medium sized enterprises in the manufacturing industry in the county go Nairobi. Descriptive research design was employed with a target population of 410 of these firms in the manufacturing industry in Nairobi. It was clear from the results that supply chain finance has significant effect on sales growth, cashflow, cost of goods sold, inventory turnover, gross margin, and return on investments.

Chakuu, Masii & Godsell (2017) conducted a study instruments and actors of supply chain finance. According to the study it was realized that financing the supply chain aims at handling movement financial services. It shows the importance of financial flows with the aim of aligning material, information and financial flow as well as enhancing the integration between customers, suppliers and service providers. The findings showed that supply chain finance actors can be a supplier, buyer, logistics service provider, financial service provider and a commercial bank.

Ahn (2014) conducted a research on understanding trade finance and provided a representation of modes of payment for international trade for Colombia and Chile. The results revealed that letters of credit post shipment and pre shipment modes were predominant. It was also revealed that letters of credit accounted for ten percent of total imports while the rest accounted for between eighty to ninety percent of the imports.

Marak and Pillai (2018) did a review on the causes, consequences and results of supply chain finance. From study results it was realized that in the constantly changing and competitive environment where optimization is a must, an efficient chain is essential. It was concluded that, for companies to be able to gain a competitive advantage and for supply chains to be more efficient and effective, and supply chain components especially the financial aspect must be given proper attention. To remain competitive, efficiency and effectiveness is key for supply chains.

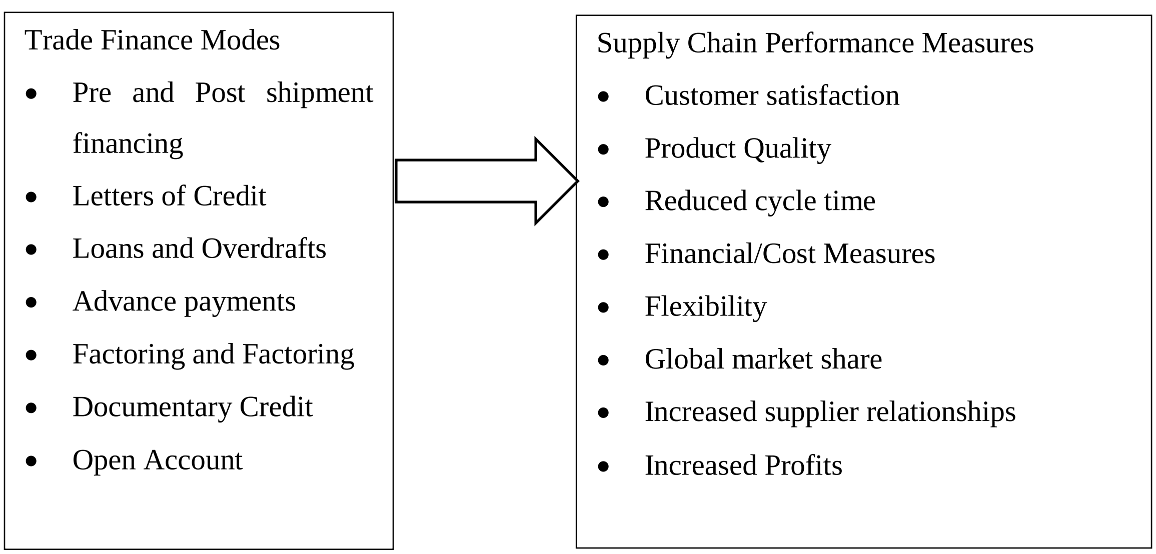
Oketch (2014) also did a research that sought to determine the metrics of supply chain performance of Kenya's pharmaceutical industry and to establish the relationship it had with the performance of these industries. The results showed that employment of the performance metrics resulted to increase performance in the firms.

2.6 Conceptual Framework

This was employed by to show the dependent and independent variables and the relationship therein. Independent variables was trade finance modes while Supply Chain performance measures being the dependent variable as presented in Figure 2.1.

Figure 2. 1 Conceptual Framework

Independent Variables **Dependent Variables**



CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The method employed for data collection, analysis and reporting results are discussed in this chapter. It precisely presents the population of study, research design, techniques of collecting data and analysis.

3.2 Research Design

A survey of manufacturing firms that are multinational in Kenya was used in this study. Descriptive research design was employed as the method was ideal for describing the characteristics of the area or subject that was being studied. It focused on the nature of the demographic segment without focusing on why. The method focuses more on the 'what' rather than the 'why'. In this particular case, the research problem was to find out the impact of financing trade and the performance supply chain performance of Kenya.s manufacturing companies that are multinational. A descriptive research approach was taken to be appropriate and useful in identifying variables.

3.3 Population of the Study

The targeted population was forty two (42) manufacturing firms in Kenya that are multinational , list of which is provided in Appendix 2.

3.4 Sampling Design

To draw the sample size selection so as to develop the size of model stratified random sampling was used. Since the study population did not represent a homogenous group, this method was utilized so as to get a sample representing the population to guarantee that each subsector is well represented. When dealing with a varied population, and when it is 10,000 and below, a minimum of target of 10% is needed (Mugenda and Mugenda, 2003). Hence Forty Two (42) manufacturing firms that are multinational was used.

3.5 Data Collection

Both secondary and primary data was collected. Primary data was collected using structured questionnaires as presented in Appendix 1 while secondary data collected from financial statements, company websites, publications, media information like newspapers, television and magazines. Secondary data was used as it is publically available and is cheaper and easily obtainable and especially when primary data could not be obtained at all. In the event where secondary data was not available, self-administered questionnaires were used in collecting the data, comprising closed and open ended data. The questionnaires had three sections; general data, supply chain performance metrics and supply chain modes. Drop and pick later method was used as well as telephone interviews and use of email. Heads of Procurement and Supply Chain, Finance, International Business and Information Technology in the firms or their equivalent in each of the firms in this research were picked. The study also used secondary data mainly from banks on the trade finance products available for firms and the ones commonly used by multinational manufacturing firms.

3.6 Data Analysis

First, the filled in questionnaires were checked before they were analyzed. Descriptive statistics using standard deviation and the mean was utilized in analyzing the first objective of determining the trade finance modes used by manufacturing firms in Kenya that are multinational, while objective two was analyzed using inferential statistics which consisted regression analysis to show the relationships between the variables as shown below:-

$$Y = \alpha + \beta 1X1 + \varepsilon$$

Where:

Y = Supply Chain performance

α = Constant

$\beta 1$ = Co-efficient of supply chain performance

X1 = Trade Financing

ε = Error

The use of tables was adopted in presenting data and this led to easier understanding of information as well as analysis.

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

Analysis of the of the results from the study is presented in this chapter. The focus of the study was on variables such as pre-shipment and post-shipment financing, letters of credit, loans and overdrafts, advance payments, documentary credit, factoring and forfeiting and open accounts as independent variables and customer satisfaction, product quality, cycle time, financial and cost measures, flexibility, global market share and profitability as dependent variables. The study was able to find out whether trade financing had played a role in the performance of these firms' supply chain.

4.2 Response Rate

The rate of response that was got from the respondents from whom information was sought is as shown in Table 4.1.

Table 4 1: Response Rate

	Questionnaires Administered	Questionnaires filled and Returned	Percentage
Respondents	42	37	88.1

Source: Research data, (2019)

From Table 4.1 it is clear that out of the 42 multinational manufacturing firms, data was collected from 37 firms representing a response rate of 88.1%. Mugenda and Mugenda argues that when the response rate is 70% and over, it is said to be excellent and the same can be relied on for analysis and reporting on to represent the opinion of the population as a whole. Therefore, in this case, it is deemed excellent.

4.3 Background Information

Background information analysis was done first. The information sought included age of respondent, education level, position held and period of service.

4.3.1 Distribution of Respondents by Age Category

Respondents were asked to indicate their age in the categories as shown in Table 4.2.

Table 4 2: Respondents' Age.

	Frequency	Percentage
26-34 years	3	8.1
35-42 years	6	16.2
43-50 years	16	43.2
Above 50 years	12	32.4
Total	37	100.0

Source: Research data, (2019)

From Table 4.2 it is clear that 43.2% o are aged between 43-50 years, 32.4% are aged above 50 years, 16.2% are aged between 35-42 years whereas 8.1% of the respondents are between 26-34 years of age. It clearly shows that they were fairly drawn across all the age sets.

4.3.2 Highest Level of Education

Highest education level of the respondents was also examined as shown in Table 4.3.

Table 4 3: Highest Level of Education

	Frequency	Percentage
Bachelor degree	9	24.3
Postgraduate degree	21	56.8
PHD	7	18.9
Total	37	100.0

Source: Research data, (2019)

It is clear from Table 4.3 above that 56.8% of respondents held postgraduate degree, 24.3% held bachelor's degree and 18.9% PhD. Meaning that they were all highly educated and in a position to give correct information on the research questions.

4.3.3 Positions held in the Organization

The positions held in their organizations was required and the respondents indicated as Table 4.4 shows below.

Table 4 4: Position in the organization

	Frequency	Percentage
Supply Chain Manager	6	16.2
Procurement Manager	7	18.9
Deputy Supply Chain Manager	5	13.5
Supply Chain Assistant	3	8.1
Finance Manager	6	16.2
ICT Manager	3	8.1
International Business Manager	7	18.9
Total	37	100

Source: Research data, (2019)

From Table 4.4 it is clear that 18.9% of the respondents worked as International Business Managers, 18.9% as Procurement Manager, 16.2 Finance Managers, 13.5% as Assistant Supply Chain Manager whereas 8.1% of the respondent worked as Supply Chain Officers or IT Managers.

4.3.4 Length of Service

The period in which they had worked in their respective organizations was sought as shown in Table 4.5.

Table 4 5: Length of Service

	Frequency	Percentage
Less than 5 years	2	5.4
5 – 10 Years	8	21.6
10 - 15 years	11	29.7
More than 15 years	16	43.2
Total	37	100.0

Source: Research data, (2019)

From Table 4.5 it is clear that 43.2% of had worked for over 15 years in their respective organizations, 29.7% between 10 - 15 years, 21.6% between 5 to 10 years while 5.4% below 5 years. It clearly shows that most of them had worked for enough years implying that they were experienced to give required information.

4.3.5 Adaption of Trade Financing in Respect to Performance of Supply Chain

It was pursued to establish whether the companies under study adopted financing of trade in respect to performance of supply chain. The outcome is presented in Table 4.6.

Table 4.6: Trade financing in Respect to Performance of Supply Chain

Opinion	Frequency	Percentage
Yes	37	100
Total	37	100

Source: Research data, (2019)

From Table 4.6 it is clear that all the organizations had adopted financing of trade in respect to the performance of the supply chain.

4.4 Trade Financing Modes Adopted by Multinational Manufacturing Firms

The extent to which trade financing modes were adopted by the firms under study was sought as revealed in Table 4.7.

Table 4.7: Trade Financing Modes Adopted by Multinational Manufacturing Firms

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev

Source: Research data, (2019)

From Table 4.7 it was revealed that most firms use documentary collections (Mean = 4.14, Std Dev =0.26) shipping guarantees (Mean = 4.08, Std Dev =0.19) and open account trading because of good relationships (Mean = 3.97, Std Dev =0.19). Most of the firms also use payments in advance in international trade (Mean = 3.92, Std Dev =0.18). The results concur with the empirical conclusions by Srinath (2012) that with the availability of various solutions or products of financing international trade, it is significant to find out why a lot of multinational manufacturing companies are not using these goods in spite of the various benefits highlighted.

Further, it was revealed that most of these multinational paid cash in advance before the goods are shipped (Mean =3.89, Std Dev =0.17), pre-shipment financing (Mean = 3.86, Std Dev =0.16), letters of credit to (Mean =3.84, Std Dev =0.17), most of the firms used post shipment financing for financing international trade (Mean =3.73, Std Dev =0.19) and that most the firms had adopted bank guarantees as mode of payment for imported goods through an undertaking (Mean = 3.70, Std Dev = 0.15). The above statistical findings support the empirical conclusions by Kenton & Murphy (2019), besides reducing risks of nonpayment and not receiving the products, financing is key tool for all businesses companies as it increases efficiency and profits.

4.5 Supply Chain Performance

The degree in which trade had positively impacted performance of the supply chain was sought as shown in Table 4.8.

Table 4 7: Assessing Supply Chain Performance

Supply Chain Performance	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Dev

Source: Research data, (2019)

Table 4.8 above clearly shows that multinational manufacturing companies reduced their cycle time and their department of strategic had expanded due to effective trade financing (Mean =4.19, Std Dev =0.24). Customer satisfaction had been achieved in the supply chain due to the use of trade financing (Mean = 4.16, Std Dev =0.28) and that effective use of trade financing products in the supply chain had given organizations a competitive advantage hence increased profits and business growth (Mean = 4.14, Std Dev = 0.24). The above results agree with empirical conclusions of Abuko (2011) practices of Green supply chains administration had impacted positively on general performance of the firm by refining cost savings, effectiveness, productivity as well as quality.

Also the study revealed that due to good networks that had the essential tools, competitive advantage was realized (Mean = 4.05, Std Dev =0.19). Most firms had increased their global share in the market (Mean = 4.03, Std Dev = 0.20). Above results support empirical conclusions by Kluver, (2004), to win in the new environment, it requires continuous improvement and to achieve this it needs performance measures which support improvement.

Further the study revealed that there is increased supplier relationships (Mean = 4.00, Std Dev =0.25). High product quality achieved due to financing (Mean = 3.95, Std Dev =0.26), Friendly environment experienced by importing firms (Mean = 3.84, Std Dev =0.24).

4.6 Relationship between Supply Chain Performance and Trade Financing

To determine how performance of multinational manufacturing firm's supply chain was influenced by trade financing, regression analysis was used. The index of supply chain performance measures was the dependent variable and trade financing modes was independent variable as shown in Table 4.9.

Table 4.8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.320[a]	.103	.100	.72492

Source: Research data, (2019)

From Table 4.9 it is clear that adjusted $R^{2,}$ means the percentage of variance on dependent variable uniquely described by independent variables. These models have R^2 of 0.103 meaning that 10.3% variance of performance of the firms are described by trade financing.

Table 4.9: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.419	1	19.419	36.952	.001[b]
	Residual	18.41	35	0.526		
	Total	37.829	36			

Source: Research data, (2019)

From Table 4.10 of the ANOVA Statistics, it is clear that there is significance level of 0.001 implying that the data was ideal to make assumption on factors of the population. (P-value) was below 5%. Calculated value was higher than critical value (36.952 > 4.121) meaning that trade financing has positive impact on the performance.

Table 4.10: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	4.612	0.352		13.102	0.000
	Trade financing (X1)	0.642	0.106	0.511	6.057	0.000

Source: Research data, (2019)

From the regression model obtained above, holding trade financing at a constant zero, supply chain performance would be at 4.612. Further utilization of trade financing enhances the performance of supply chain (Y) by 0.642. According to Marak and Pillai (2018), companies need to give greater attention to the financial aspect of the supply chain in order be competitive.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

A summary of research findings, conclusion and recommendations from the research that sought to establish how trade financing has impacted the performance of supply chains of manufacturing firms in Kenya that are multinational.

5.2 Summary

Research findings established that trade finance is a very important aspect in improving performance in the supply chain especially for manufacturing entities that are multinational and is quite effective when transacting globally.

According to the study findings, there are four major trade finance modes mainly used; Documentary Collections being a process whereby exporter's bank collects payment on behalf of the exporter. Open Account also commonly used by multinational manufacturing firms where the seller parts with goods prior to receipt of payment. The documents are sent directly to the buyer and if buyer is satisfied with goods and documents then dispatches payment to the seller. This happens as the firms had very good working relationships with the suppliers. Advance payments is another trade finance method which finances the firms' international trade. The importer makes payment in advance before the goods are shipped. Though it is risky for the importer for non-delivery of goods, it is the most common settlement method used by firms. Another major method of payment is letters of credit because they reduce the risks associated with international trade. It protects both the buyer and seller since the bank guarantees payment to the seller and the buyer is protected since the payment will not be made until the agreed terms are met.

The study results also revealed that other modes of trade finance used to facilitate trade are Bank Guarantees, working capital loans to finance upfront costs of doing business and overdrafts are also used as pre-shipment and post-shipment financing.

Study results also reveal that trade finance increases export volumes which translates to higher cash-flows and increased profit. It enables a friendly environment of the supply chain for importers and supplier diversity is achieved. Further it leads to quality of products offered for sale as the features of the products imported are of high quality hence customer satisfaction. It was also established that due to trade finance the firms' supply chains are able to operate efficiently hence have gained a competitive advantage.

Trade finance has also helped multinational manufacturing firms reduce their cycle time and customer satisfaction has been achieved through quick deliveries and quality products. In summary, due to all these benefits from trade finance, the firms have been able to mitigate the risks associated with international trade transactions, reduced costs, achieved business growth, and increased their profits and been able to gain a competitive edge.

5.3 Conclusion

Trade finance facilitates business transactions across borders and it is very crucial for any business as it serves as the engine that facilitates movement of goods and services across border. Trade finance helps firms to minimize risks both the importer and the exporter. It allows both importers and exporters to access financial solutions tailored to their needs and multiple trade finance products can be used to ensure trade transactions go through smoothly.

It can further be concluded that besides reducing risks of non-payment of goods or not receiving goods bought, it leads to increased revenues hence increase profits. It improves cash-flows and efficiency of operations as it ensures less delays in payments and shipments, it allows firms to increase their business growth and revenues through trade as well as reduce the risk of financial hardship because a company might fall behind on payments and lose key customers or suppliers that could have long-term relationship for the firm.

In conclusion, trade finance helps firms achieve customer satisfaction, product quality, reduced lead time, increased cash-flows, flexibility, increased global market share hence have a competitive advantage.

5.4 Limitations of the Study

Lack of information from government offices was a major setback. The researcher visited and sought information from government institutions. Information sought was not availed.

There was lack of cooperation from some of the respondents who gave scanty information and were unwilling to provide information due to their busy work schedules and fear.

There was also the challenge of time for the researcher because of work as the research demanded quality time as well as cost of doing the research.

5.5 Recommendations

Based on the challenges faced, in order to acquire information, the researcher recommends that government offices and other entities should allow access to basic information so as to enhance and enrich scholars. This is mainly because the research will benefit everyone in the country.

The study also recommends that there should be efforts channeled by the government to support multinational manufacturing firms in Kenya in accessing trade financing and this will help increasing the country's Gross Domestic Product and creation of employment opportunities keeping in mind that manufacturing is the back-borne of the economy of the country. The study further recommends that banks and other trade financing institutions should create awareness to the manufacturing firms on the trade finance products available and partner with them so as to support in international trade dealings.

5.6 Suggestions for Further Research

It was found out that although there are many trade finance products available to multinational manufacturing firms, there are various challenges faced. It is suggested that further research should be done to find out the various challenges of availing trade financing products by multinational manufacturing firms and ways of overcoming them.

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APPENDICES

Appendix One: Questionnaire

This questionnaire is intended solely for the purpose of collecting data on **"Trade Financing and Supply Chain Performance of Manufacturing Firms in Kenya"**. The collected data will be treated with high confidentiality and it is meant only for academic use. Please but kindly feel free to fill in the questionnaire by marking the appropriate areas.

Section A: General Information

1. How old are you?

   18-25 years [ ]

   26-34 years [ ]

   35-42 years [ ]

   43-50 years [ ]

   Above 50 years [ ]

2. What is your highest level of education?

   Certificate [ ]

   Diploma [ ]

   Bachelor degree [ ]

   Postgraduate degree [ ]

   PHD [ ]

3. What is the name of your organization?

   ………………………………………………………………………………………

4. Where are you located?

   ……………………………………………………………………………………..

5. What is your position in this organization?

   Supply Chain Manager [ ]

   Procurement Manager [ ]

   Assistant Supply Chain Manager [ ]

   Supply Chain Officer [ ]

   Finance Manager [ ]

   IT Manager [ ]

   International Business Manager [ ]

6. For how long have you worked with this organization?

   Less than 5 years [ ]

   5 – 10 Years [ ]

   10 - 15 years [ ]

   More than 15 years [ ]

7. Does your organization adopt trade financing in respect to supply chain performance?

   Yes [ ] No [ ]

Section B: Trade Financing

8. The following are statements on trade financing modes that are adopted by your organization in facilitating international trade. Please rate the extent to which they are adopted by your organization on a scale of between 1-5 where; 5 = Very Great Extent, 4 = Great Extent, 3 = Moderate Extent, 2 = Little Extent and 1 = No Extent.

Trade Financing Modes Adopted	**1**	**2**	**3**	**4**	**5**
Open account trading has been adopted since the firm has very good working relationship with suppliers					
Our organization use bank guarantees as mode of payment for imported goods through an undertaking					

Post – shipment financing is used by our firm for financing international trade					
Cash in advance is remitted to the exporters before goods are shipped or a service is done (advance payment)					
Letters of credit are used by our firm to pay for its goods and services at sight or at a future date					
Our firms uses documentary collections with specific delivery instructions to the seller					
Our firm arranges for a pre-shipment financing with the exporter before the import is done					
Our firm uses Advance Payment to finance our trade globally					
Shipping Guarantees are also used during the international trade					

Section B: Supply Chain Performance

1. The following are statements on supply chain performance measures. Please rate the extent to which the measures have impacted the performance of your organization's supply chain on a scale of between 1-5 where; 5 = Very Great Extent, 4 = Great Extent, 3 = Moderate Extent, 2 = Little Extent and 1 = No Extent.

Supply Chain Performance Measures	**1**	**2**	**3**	**4**	**5**
Our firm's exports volumes have increased due to supply chain and financing arrangements					
Trade financing arrangements have made international supply chain environment friendly to our imports.					
Our firm has increased its global market share due to effective supply chain performance because of trade financing					
Our strategic sourcing department has diversified on its suppliers due					

to effective trade financing					
The organization's imported products features are of high quality due to availability of import financing provided internationally.					
Because of supply chain network which utilizes quantitative tools there is improved operations with the help of trade financing					
There is a good relationship between global suppliers and the strategic sourcing management					
Our company has achieve the desired goals and gained a competitive advantage because our supply chain network has the essential tools which has been enabled by trade finance.					
Our firm has reduced the cycle time hence customer satisfaction					
Customer satisfaction has been achieved in the supply chain due to the use of trade financing					
Effective use of trade financing in the supply chain has given our organization a competitive edge hence increased profits					

General comments on trade financing …………………………………………………..

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Appendix Two: List of Multinational Manufacturing Firms in Kenya

List of Multinational Manufacturing Firms in Kenya

	1. Bidco Africa
	2. L'Oreal Company
	3. Unilver Ltd
	4. Glaxo SmithKline Plc
	5. Cosmos ltd
	6. Beta Healthcare
	7. Crown Paints Kenya Plc
	8. Surgipharm Ltd- Nairobi
	9. Coca Cola Company
	10. PepsiCo Ltd
	11. Chandaria Industries Ltd
	12. Unilever Kenya Ltd
	13. Cosmos Pharmaceutical Limited
	14. British American Tobacco Kenya Plc
	15. General Motors
	16. Colgate-Palmolive (East Africa) Ltd
	17. East Africa Glassware Mart Ltd
	18. East African Breweries Limited
	19. Eveready East Africa Limited
	20. Magadi Soda
	21. Sameer Group
	22. Nestle
	23. Johnson & Johnson
	24. Bayer East Africa
	25. East African Portland Cement Company
	26. Heinken East Africa
	27. Toyota
	28. Cadbury
	29. CMC Motors
	30. Goodyear Tyre & Rubber Company
	31. Renkitt Benckiser (E A) Ltd
	32. Tetra Pak (EA) Ltd
	33. Isuzu East Africa

	34. Tata Motors
	35. H-Young (EA) Ltd
	36. East African Paper Mills
	37. Henkel Kenya Ltd
	38. Abyssinia Iron & Steel Ltd
	39. Dawa Ltd
	40. Zakhem International
	41. Laxmanbhi Construction Ltd
	42. Twyford Ceramic Company