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Influence of Short Term Financing on Profitability of Supermarkets in Central Business District Nairobi City Kenya

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ABSTRACT

The study the examined influence of short term financing on profitability of supermarkets in central business district Nairobi city Kenya. The theoretic appraisal that guided this study was the Cash Conversion Cycle hypothesis. The investigation used descriptive research design. Targetpopulationwas36 outlet managers and bookkeepers of 18 super market outlets in central business district Nairobi city. The study used census methodology. Primary statistics was gathered utilizing questionnaires and secondary statistics was extricated from fiscal reports. Data was analyzed using descriptive statistics like frequencies, percentages, means and standard deviation and data was advance inform of figures, tables and charts. Inferential statistics was prepared using Pearson correlation coefficient and multiple regression in order to inaugurate the relations between short term financing and profitability. The study found that bank overdraft is utilized as a source for short term financing, working capital loans are used to finance daily operations and trade credit as the main source for operating capital in the supermarkets. The results revealed a positive and significant relationship between short term financing and profitability of supermarkets in central business district Nairobi city. The study concluded that short term financing had a significant positive effect on profitability of supermarkets in central business district Nairobi city. Study recommended that supermarkets management should utilize additional trade credit, bank overdraft and working capital loans that will guarantee an expansion in profitability and without endangering the supermarkets to risks related with short term financing. Further recommended that to develop the profitability of the supermarkets the management should focus on factoring, accounts receivable funding, hedging policy as source of short term financing and reducing the cash conversion cycle. Finally the government should offer financial support through credit guarantee schemes and capital grant.

KEYWORDS: *Short term financing, Trade Credit, Bank overdraft, Working Capital loans and Profitability*

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1. INTRODUCTION

Short-term financing is particularly concerned with the resolutions of everyday management of a business. These resolutions embrace the appropriate amount of cash, payables and receivables, inventories as well as the proportion of combination of short-term financing. Unproductive and ineffective controlling of short-term financing resolutions brings about a decrease in a business's profitability (Anachoni & Jagongo, 2020). Short term financing implies the funding of commercial from short term sources which are for a period of one year and similarly supports the organization in producing cash for the operation of the business and for operating expenses. Short-term finance is fundamentally concerned with the examination of choices that influence working capital (Makori, 2017).

Short-term financing can be categorized into various kinds like short-term loan, commercial credit and short-term bond. Short-term financing alludes to the financing of the short-term liquidity necessities of the organization. Short-term financing management is perhaps the main financing decision in the management which helps the organization in financial budget management, modest debt management, streamline the production and operation links and reinforce organization management (Tiantian, Hou & Yang, 2017).

Strategic controlling of the working capital effects a shorter cash transformation cycle, which creates adequate assets for firms and lifts the cash holding levels. All the same, this exposes the businesses to the threats of default by consumers and threat of trade credit from providers (Makori, 2017). Farah and Nina (2016) argued that profitability is important in operating an organization in a sound environment and to guard it from adversary trading organizations. Further asserted that profitability is a significant necessity for overlong thrive along with achievement in an organization, its productivity that draws in investors together with trade will probably thrive for long period of time.

Shah and Shah (2017) asserted that short-term obligations are usually inexpensive as well as valuable due to their intrinsic promptness and flexibility, however are less secure than long-term obligations. This infers that short-term debts make a tradeoff productivity and liquidity hazard. Short-term credit is riskier since it's the probable source of variation in the net profits and indebtedness and may prompt insolvency, if the firm is financially weak. Bigger reliance on short-term funding exposes the organizations to refinancing and interest rate hazards.

Efficient short term financing management helps in guaranteeing a supermarket endures operating, fulfils maturing short term obligation and developing operating expenses. Supermarkets can't manage operational capital without connecting short term assets and short term liabilities association. The controlling of fixed and current financial assets are vital with the previous directly facilitating in maximizing profitability of a business and its liquidity. In the deficiency of effective working capital administration, most supermarkets do encounter liquidity challenges thus even occasioning in receivership (Wanyoike, Onyuma, & Kung'u, 2021).

Globally in 2018 the retail industry development rate was 4.6 % prior to rising marginally to 5.2 % in 2019, regardless of the growth in 2019, the retail industry's development was anticipated to decelerate in the year 2020.The major drivers of the expanding retail industry growth rate are the world's biggest supermarkets, which are situated in the US and Europe. The significant corporations in the retail sector include Walmart, Amazon, Costco, Schwarz, Walgreens, Kroger, Carrefour, Aldi and JD.com. The global retail business is developed and extremely aggressive in the developed economies of Europe and North America. The evolving economies of the Middle East, Latin America and Asia-Pacific are instrumental in motivating the market growth (Deloitte, 2020).

Swedish small medium enterprises whose financial structure comprises long term obligation together with short-term obligation were performing very poorly. The Inability to repay money owed by supermarkets is a global problem, with countries like Brazil equally confronting long term and short term debt problems (Yazdanfar & Ohman, 2015).

In Eastern Africa, Uganda retail sector has additionally challenged by the difficulties, brought about significant financial liabilities to banks, suppliers, proprietors and major suppliers quit providing them towards the end of year 2016, which prompted further misfortunes for the collecting, increased obligations and loss of share of market (Knight Frank, 2017).

One of the significant sector in Kenyan economy is the retail sector recording a development of over 7.5 percent. it has been discovered that 60% of supermarket collapse when they begin operating owing to maladministration of their finances. Inadequate investment in operational capital and increases of trade's risk of economic distress could prompt to its being technical bankrupt as it will most likely be unable to meet its liabilities like paying its debts and operating expenses (Wanyoike et al., 2021).

Difficulties face supermarkets in Kenya embrace lack of adequate funding, stiff competition in the retail sector and market threats causing into low profits and mergers, cessations and acquisition out. This has made the supermarkets business development in Kenya more aggressive for the limited resources accessible to a great number of rival supermarkets. The financial fitness of supermarkets in Kenya require healthy operating margins to provide for the operational costs and finance expenses. The inability to meet the operational costs and finance expenses aggregate to bankruptcy and ultimately financial unsustainability. Supermarkets with greater operational margin percentages are deem financially sound and viable (Ngarari, 2019).

Supermarket bankruptcy in Kenya is due to high levels of debt in financial structure which have led to numerous cases of insolvency of them Ogwang

(2016). There has been downsizing of branches by supermarkets such as Shoprite, Nakumatt, Choppies, and Tuskys with the latter presently facing monetary distresses. In 2019, the Kenyan retail sector's performance dropped slightly with normal rental earnings decreasing from 8.6% to 7% in 2019. (Cytonn Investments, 2020).

There is a high level of overdue suppliers in Nairobi supermarkets which influences the restocking procedure which consequently influences the revenues which eventually impact their productivity (Ratemo, 2018). The current financial crisis in Tuskys, Nakumatt, Shoprite and Uchumi supermarkets have shown how essential it's for supermarkets to sustain sound finance for its daily operations in order to minimize liquidity risk (Wanyoike et al., 2021).

1.1. Statement of the Problem

Supermarkets in Kenya assume a significant role in the development of the Kenyan economy. The success or failure of any commercial enterprise relies to a great extent upon its capacity to make comprehensive financial management decisions. In 2019 the Kenyan retail sector's performance dropped slightly with normal rental earnings decreasing from 8.6% to 7%. The difficulties facing the supermarkets sector are emergent focus on e-commerce, constrained access to credit due to great risk of default in settlement, constrained spending control amid customers. There has been downsizing of branches by supermarkets such as Shoprite, Nakumatt, Choppies, and Tuskys with the latter presently facing monetary distress. When the wrong financial structure is utilized, the achievement, profitability and thrive of trade undertaking might be truly influenced (Cytonn Investments, 2020).

Previous studies like Omucheyi (2019) studied on impact of working capital administration on the financial performance of manufacturing companies registered at Nairobi securities exchange in Kenya, Ratemo (2018) examined on working capital administration on profitability of specific supermarkets in Nairobi county Kenya, Makori (2017) examined on short term financing choices and financial performance of non-financial corporations registered at the Nairobi Security Exchange Kenya, hence it's apparent that above examinations zeroed in on working capital management structure and financial performance however not short term financing and profitability, further above examinations dynamics being researched were divergent consequently showing the presence of a knowledge gap that needs to be addressed. It is against this contextual that this examination seeks to establish the influence of short term financing on profitability of supermarkets in central business district Nairobi City Kenya.

1.2. Objective of the Study

1. To determine the effect of short term financing on profitability of supermarkets in central business district Nairobi City Kenya.

1.3. Research Question

2. How does short term financing effect profitability of supermarkets in central business district Nairobi City Kenya?

2. LITERATURE REVIEW

2.1. Theoretical Review

2.1.1. Cash Conversion Cycle Theory (CCC).

Cash Conversion Cycle Theory was advanced by Gitman (1974). It expresses that cash transformation cycle is dictated by totaling inventory period to the trade receivable period less trade payable period. Cash conversion cycle philosophy is the period it takes an organization to change over its asset inputs into cash. It assesses how successfully an organization manage its working capital. Therefore the cash conversion cycle estimates the time between expenditure of cash and cash recovery. The lower the cash conversion series, the more well an organization usually is. Organizations effort to abbreviate the money conversion cycle through accelerating payments from consumers and decelerating payments to providers. The Cash conversion cycle philosophy postulates that, proficient working capital controlling will upsurge an organization's liquidity, viability and concurrently its value, while ineffective working capital controlling will prompt lower profitability and lower organization value.

Al-Mohareb (2019) examined relationship between Cash Conversion Cycle and profitability of Jordan fabricating organizations registered in the Amman Stock Exchange. The examination revealed that there was a significant connection between the cash conversion cycle and profitability which is considered as an intermediary of working capital management and profitability of the manufacturing organizations.

Kipkemoi, Kiru, and Koima (2018) explored on impact of stock and cash conversion cycles on monetary performance of registered business and administration organizations in Nairobi Securities Exchange Kenya. The study discovered that money conversion cycle had a positive and insignificant association with return on asset, therefore a rise in money conversion cycle by a day will effect in an increment in return on assets.

Uwimana and Butera (2018) examined influence of cash conversion cycle on monetary performance of particular agricultural rice cooperatives in Rwanda. They found strong constructive connection among cash conversion cycles together with financial performance in farming firm. Monetary performance of farming firms increases when cash conversion cycles is increased.

2.2. Empirical Review

2.2.1. Short term Financing and Profitability.

Anachoni and Jagongo (2020) analyzed the impact of short-term financing on the fiscal performance of profitable banks in Kenya from 2012 to 2018. A census survey technique was utilized with the target population of 43 commercial banks in Kenya. The multiple regression was used to evaluate data. The investigation established that liquidity and consumer deposits significantly affected profitability however leverage had an inconsequential influence on profitability of profitable banks in Kenya.

Kumaraswamy and George (2019) explored the connection between trade credit management and organization profitability. A sample of 41 manufacturing organizations from three lists specifically energy, materials and capital goods, registered at the Tadawul Stock Exchange in Saudi Arabia from 2009 to 2017 was utilized. The regression technique was employed to analyze the panel data. Examination established a constructive and noteworthy effect of trade credit on organization profitability. The conclusions imply that efficacious trade credit controlling can significantly increase the incomes and benefit of the organization firms in Saudi Arabia.

Omucheyi (2019) studied on the impact of working capital administration on the financial performance of manufacturing companies registered at Nairobi securities exchange in Kenya from 2008 to 2017. A census research policy was used. Panel data and STATA technique was utilized for the data analysis. The research revealed that trade receivable management had a positive and significant relationship with financial performance, noteworthy association among cash management and financial performance and inconsequential relationship between stock level controlling and financial performance of the recorded manufacturing companies at the Nairobi Securities Exchange.

Hoang, Xiao, and Akbar (2019), explored non-straight relationships among trade credit and profitability of small and medium-sized enterprises in East Asia and Pacific. The examination utilized a panel data method to conduct research with a sample of 1,509 non- monetary recorded SMEs in the East Asia and Pacific region from 2010 to 2016. The investigation demonstrates that trade credit receivable and trade credit payable had a progressive relationship with SMEs' profitability, which infers the presence of an ideal trade credit level that equilibriums among expenses and advantages to boost their profitability.

Panda and Nanda (2018), explored the correlation between working capital financing and corporate profitability in six strategic manufacturing regions of the Indian Economy. The study utilized a sample of 1,211 firms from 6 strategic manufacturing regions of the Indian economy from 2000-2016. Two-step general model of the moment's estimator was utilized to study the correlation. Investigation found a convex relationship amid working capital financing and profitability amongst corporates in chemical, building, and customer goods regions. Conversely, a curved in pattern of relationship for corporate in equipment, metal, and material industries ,this infers expanding obligation financing of working capital requirement would increase profitability for the corporate who have funded lower part of their working capital by short-term financing.

Muthoni, Muniu and Jagongo (2019) carried out a study to determine the influence of working capital financing on stockholder value creation of non-monetary corporations listed at the Nairobi Securities Exchange for the period 2008-2014. The investigation utilized explanatory and census design. Ordinary Least Square regression analysis was utilized to examine the relationship. The outcomes exposed that working capital financing had a statistically noteworthy positive influence on stockholder value creation amid the corporations listed at the Nairobi Securities Exchange Kenya.

Paul and Mitra (2018), examined the influence of working capital management on profitability of the organization of Indian steel manufacturing from 2000–2016. Statistics were evaluated using a regression model. The research found that working capital management had a positive influence on productivity of the organization of Indian steel manufacturing.

Quadri (2018) researched on the effect of working capital management on profitability of client goods companies in Nigeria from 2011 to 2016.The study adopted Ex-post facto research strategy and a sample of 22 client goods companies was utilized. The study revealed that working capital management had a constructive effect on the profitability of customer goods companies. Conclusion was that working capital controlling assumes a substantial role in the benefit of client goods companies in Nigeria.

Ratemo (2018) studied working capital management and profitability of designated supermarkets in Nairobi city region Kenya. The study embraced descriptive research strategy. The objective sample for the study was 31 supermarkets. STATA and multiple regression analysis were utilized to assess data. The study revealed that working capital turnover, creditor liabilities turnover and stock turnover significantly affected profitability of supermarkets in Nairobi City County.

Egbo and Ezeaku (2017) carried out an exploration on trade credit and corporate performance in Nigeria. They revealed that trade credit is positively associated with corporate performance. Similarly, financial policy stance revealed to be a strategic factor of trade credit supplies. This is on the grounds contractionary fiscal strategies are projected to have influence on trade credit comparative to revenue and eventually have effects on corporate productivity.

2.3. Conceptual Framework

INDEPENDENT VARIABLE DEPENDENT VARIABLE

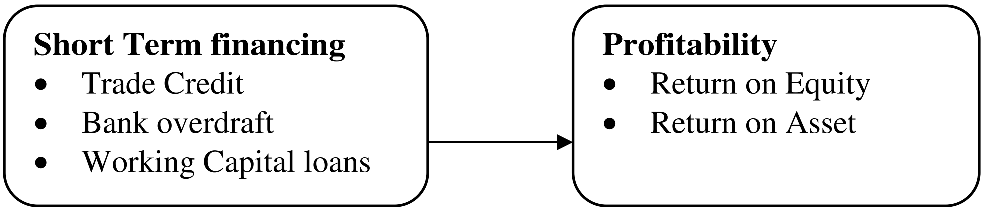

Figure 1: Conceptual Framework
Source: Research Data (2019)

3. RESEARCH METHODOLOGY

The study utilized cross sectional descriptive research design to obtain statistics for short term financing and profitability of supermarkets in Nairobi central business district. Target population of the study were bookkeepers and branch supervisors of 18 supermarkets in Nairobi central business district accredited by Nairobi city council. Study employed census methodology as the population was small. Research used both primary and secondary statistics. Primary data were extracted from questionnaires and secondary data from the annual financial statements. Data analysis was prepared using SPSS 22. The study further used descriptive and inferential statistics in evaluating the gathered data. Multiple regression model was used to conclude the effect of short term financing on profitability. The below multiple linear regression model was used:

$Y = \alpha + \beta_1 X_1 + \mathcal{E}$

Where: Y is profitability.
α: Constant.
X_1: Short term financing.
β_1: Beta Coefficients of short term financing.
$\mathcal{E}$: Error Term.

4. RESEARCH FINDINGS AND DISCUSSION

4.1. Descriptive Statistics

4.1.1. Short term financing and Profitability

The research used a five point Likert scale to gather information on the respondents level of concurrence with the various assertions used to establish the relationship between short term financing and profitability of supermarkets in central business district Nairobi City in Kenya. The result were presented using measures of central tendency (mean), measures of frequency and variation (standard deviation) and percentages.

From the findings,97% strongly agreed that bank overdraft is source for short term financing in the supermarket,84% were in agreement that firm uses working capital loans to finance its daily operations,100% strongly agreed that trade credit is used as financing for the supermarket working capital, a further 75% accord that short term financing has improved liquidity of supermarket,71% were on agreement that short term financing has improved profitability and 65% accord that short term financing influences profitability of the supermarket.

From the investigation all the assertions had a mean of 3.6-4.4 with a standard deviation fluctuating from 0.5-0.6 showing that respondents were in concurrence with the assertions used to measure profitability thus showing that short term financing had a great impact on profitability of supermarkets.

Table 1: Short term financing

Assertions	S.A	A	N	D	S.D	Mean	S.D
Bank overdraft is source for short term financing in the supermarket.	42%	55%	3%	0%	0%	4.4	0.6
Firm uses working capital loans to finance its daily operations.	13%	71%	16%	0%	0%	4.0	0.5
Trade credit is used as financing for the supermarket working capital.	45%	55%	0%	0%	0%	4.5	0.5
Short term financing has improved liquidity of supermarket.	10%	65%	26%	0%	0%	3.8	0.6
Short term financing has improved profitability.	3%	68%	29%	0%	0%	3.7	0.5
Short term financing influences profitability of the supermarket.	0%	65%	35%	0%	0%	3.6	0.5

Where: SA= strongly agree, A=Agree, N=Neutral, D=Disagree, SD=strongly disagree, SD=Standard deviation.

Source: Research Data (2019)

4.2. Inferential Statistics

4.2.1. Correlation Analysis

Correlation analysis was conducted to establish the level of association between short term financing and profitability. The correlation was verified using Pearson's product moment correlation as demonstrated in Table 2 below.

Table 2: Correlation Matrix

		Profitability	Short term financing
Profitability	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	31	
Short term financing	Pearson Correlation	.61**	1
	Sig. (2-tailed)	.000	
	N	31	31

Source: Research Data (2019)

The results in Table 2 showed a significant moderate positive correlation between short term financing and profitability ($r=0.61$; $p<0.00$), these outcomes show that there was a positive correlation between short term financing and profitability. Thus an increase in short term financing in an organization will prompt an increment in its profitability. This suggests that short term financing is a solid determinant of the profitability of supermarkets in central business district Nairobi City Kenya.

4.2.2. Regression Analysis

The multiple regression analysis was conducted to determine the linear relationship between short term financing and profitability. Table 3 outlines the goodness of fit for the regression of short term financing and profitability. The model outcome showed a R^2 of 0.375 this implied that 37.5% of profitability can be clarified by short term financing. Further the result showed a coefficient of determination R of 0.612 which indicates a positive relation between short term financing and profitability.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.612a	.375	.353	.603
Predictors: (Constant), Short term financing				

Source: Research Data (2019)

4.2.3. Analysis of Variance

The study used One-way ANOVA to establish overall significance of the regression model (goodness of fit). The results in Table 4 shows that the short term financing had an $F = 17.382$ with a P-value of 0.02 which is less than the 0.05 level of significance implying that the model was fit in predicting supermarket profitability and the overall model was significant to predict the relationship between short term financing and profitability.

Table 4: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.310	1	6.310	17.382	.002b
	Residual	10.528	29	.363		
	Total	16.839	30			
a. Dependent Variable: Profitability						
b. Predictors: (Constant), Short term financing						

Source: Research Data (2019)

4.2.4. Regression Coefficients

The results in table 5 shows Beta coefficient for the constant was 1.170 indicating that if all other variables influencing the profitability were held constant, the profitability of the supermarket would be 1.170. The result showed that short term financing had a significant and positive influence on profitability (β = 0.679: p-value = 0.000). Therefore a unit increase in short term financing results in 0.679 increase in profitability of supermarkets in central business district Nairobi City Kenya.

Table 5: Regression Coefficients

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.170	.733		1.595	.121
	Short term financing	.679	.163	.612	4.169	.000
a. Dependent Variable: Profitability						

Source: Research Data (2019)

The multiple relapse equation is as shown below:

$Y = 1.170 + 0.679_1 X_1 + 0.163$

4.3. Trend Analysis

4.3.1. Return on Equity (ROE) and Return on Asset (ROA)

The study conducted a trend analysis to inaugurate the fluctuation of the variables over a 3 year's period. Figure 2 shows the ROE and ROA trend from the year 2016 to 2018. The trend line shows that ROE and ROA trend has been fluctuating however with an increasing at reducing rate across the years. This is an indication that on normal the supermarkets were performing well in the period. ROE was lowest in 2016 before rising significantly in mid-2016 to 2018 .ROA was lowest in 2016 before starting expanding at a decreasing rate from mid-2016-2018.This could infer that short term finances were effectively accessible in 2017 and 2018 compared to 2016.

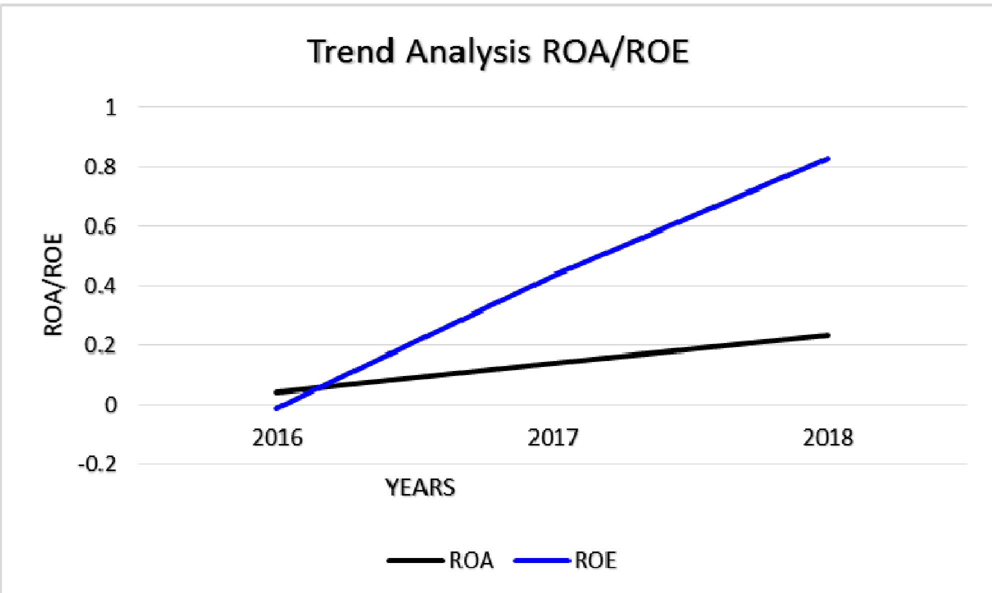

Figure 2: Trend Analysis ROE and ROA

Source: Research Data (2019)

4.4. Discussion of Objective Results.

4.4.1. Effect of Short term financing on Profitability of Supermarkets

The study revealed that bank overdraft as the main source for short term financing, daily operations are generally financed by working capital loans and that trade credit is the main source for operating capital in the supermarkets. Further study established that short term financing had a significant and positive influence on profitability ($\beta = 0.679$: p-value <0.000), therefore an increase in short term financing results in 0.679 increase in profitability. There was significant moderate positive correlation between short term financing and profitability ($r=0.61$; $p<0.00$), thus an increase in short term financing in an organization will prompt an increment in its profitability. The results agreed with study by Anachoni and Jagongo (2020) who found that liquidity and consumer deposits significantly affected profitability of profitable banks in Kenya, further agreed with Kumaraswamy and George (2019) who established a positive and noteworthy effect of trade credit and organization profitability. Result concurred with Omucheyi (2019) who revealed that trade receivable management had a positive and significant relationship with monetary performance, noteworthy association among cash management and monetary performance of the registered manufacturing companies at the Nairobi Securities Exchange. Further concurred with Hoang et al., (2019) who found that trade credit receivable and trade credit payable had a progressive relationship with SMEs' profitability. The result further supported a study by Paul and Mitra (2018) who established that working capital management had a positive influence on productivity of the organization of Indian steel manufacturing. Further supported research by Egbo and Ezeaku (2017) who revealed that trade credit is positively associated with corporate performance.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

5.1.1. Influence of Short term financing on Profitability of Supermarkets

The objective of study was to determine the effect of short term financing on profitability of supermarkets in central business district Nairobi City Kenya. The study concluded that short term financing had a significant and positive influence on profitability. Further concluded that there was significant moderate positive correlation between short term financing and profitability. The study noted that bank overdraft is utilized as a source for short term financing for supermarkets, working capital loans are used to finance daily operations of supermarkets and trade credit is the main source for operating capital in the supermarkets.

5.2. Recommendations

5.2.1. Recommendations for Practice

The examination established that there was a positive and significant relationship between short term financing and profitability of supermarkets in central business district Nairobi city. This infers that an increment in trade credit, bank overdraft and working capital loans prompts an increase in profitability. Therefore, study recommends that supermarkets management should utilize additional trade credit, bank overdraft and working capital loans that will guarantee an expansion in profitability and without endangering the supermarkets to risks related with short term financing.

To increase the profitability of the supermarkets the management should zero in factoring as a source of short term financing which ensures securing early payment for its receivables. The management should also focus on accounts receivable funding as a way of financing which allows the organization to develop with sufficient working capital to cover the regular costs of operation thus improving supermarkets cash flow. The management should finance its working capital requirements through the hedging policy where the current assets of the organization are used perfectly to match the current liabilities.

Grounded on the conclusion of the study, management should focus on significantly reducing the cash conversion cycle and expanding the day's payable outstanding to increase the profitability of supermarkets and should delay longer to make payments to their creditors. Collection procedures must be revised in order to devise the cash conversion cycle shorter for effective working capital.

The supermarket management needs to regularly examine and assess the collections methodology to update their policies in constantly developing credit management and supermarket profitability, further there should be a sound credit strategy to ensure productive collection of liability by decreasing the credit period.

The study endorses that the administration of the supermarkets should enter into extensive term agreements with their providers that offer extended credit days which will support them in managing their short-term finances hence increase their profitability.

Finally the government should offer financial support through credit guarantee schemes and capital grant. These may include interest free loans, subordinated loans, operation and maintenance support grants, and interest subsidies for easier funds access and improving their profitability.

5.2.2. Recommendations for further Research

The study found that 37.5% of the variation in profitability at supermarkets can be clarified by short term financing. Therefore, this study recommends further studies should be done to account for other variables influencing profitability like commercial bank loans, commercial paper, factoring, account receivable financing, and business line of credit.

The findings of this study were limited only to Nairobi supermarkets and may not be generalized to other supermarkets thus future research may be conducted to include other counties supermarkets to categorize if comparable conclusions will be reached.

The study range was extremely short therefore further research should focus on a wide range of over 10 years' time span for more decisive and consistent results. Additionally research can be carried through to establish whether these findings hold in other industry sectors.

The statistics in this study was cross-sectional which surveyed individual points in period, thus a longitudinal study should be attempted for comprehensive analysis.

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