EFFECT OF FINANCIAL RISK ON PERFORMANCE OF TRANSPORT FIRMS IN MOMBASA COUNTY

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Effect of Financial Risk on Performance of Transport Firms in Mombasa County

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other University

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DEDICATION

To my Mum and Dad, whose good examples have taught me to work hard for the things that I aspire to achieve. Thank you Nasra (Mama Jamal), you are my Paradise. To my lovely wife Riziki Zubeir, Sons; Abdallah, Ali and Mohammed. Daughters; Ummukulthum, Nasra and Zuwena your sacrifice and unwavering support has been a constant source of energy throughout this thesis journey. I am truly thankful for having you in my life.

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ABBREVIATIONS AND ACRONYMS

ADB	:	Asian Development Bank
AJBUMA	:	African Journal of Business Management
BCBS	:	Basel Committee on Banking Supervision
BIS	:	Bank of International Settlements
BV	:	Book Value
CAPM	:	Capital Asset Pricing Model
CML	:	Capital Market Line
COMESA	:	The Common Market for East and Southern Africa
EAC	:	East African Community
EBIT	:	Earnings Before Interest and Tax
EPS	:	Earnings Per Share
FDI	:	Foreign direct investment
FX	:	Foreign Exchange
GDP	:	Gross Domestic Product
KBS	:	Kenya Bus Services
KE	:	Cost of Equity
KIPPRA	:	The Kenya Institute for Public Policy Research and Analysis

KTA	:	Kenya Transporters Association
LAPSSET	:	The Lamu Port Southern Sudan-Ethiopia Transport
MFI	:	Micro Finance Institutions
MNC	:	Multinational Corporation
MPS	:	Market Price per Share
NTSA	:	National Transport and Safety Authority
OTC	:	Overseas Trading Company
PE	:	Price Earnings Per Share
RBI	:	Reserve Bank of India
RF	:	Risk Free rate
RM	:	Market Risk
ROA	:	Return on Asset
ROI	:	Return on Investment
SGR	:	Standard Gauge Railway
SME	:	Small and Medium Enterprises
SPSS	:	Statistical Package for the Social Sciences
TEU	:	Twenty-foot Equivalent Unit
US	:	United States

UTC : United Transport Company

WTO : World Trade Organization

DEFINITIONS OF KEY TERMS

Credit Risk: The risk that a borrower will be unable to make payment of interest or principal in a timely manner. It is the potential loss due to the non-performance of a financial contract, or financial aspects of non-performance in any contract (Global Association of Risk Professionals, GARP).

Financial Performance: Financial Performance is the measure firm's overall financial health over a given period of time. It is used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Cho & Pucik, 2005; Venkatraman & Ramanujam, 1986).

Financial Risk: Financial risks arise from an organization's exposure to financial markets, its transactions with others, and its reliance on processes, systems, and people. Financial risks is a caused by prices and rates, including interest rates, exchange rates, and commodities prices (Karen, 2005).

Firm Performance: An assessment of how performance is on three specific areas of firm outcomes: financial performance, market performance, and customer value added (Richard, Devinney, Yip & Johnson, 2009).

Liquidity Risk: Liquidity risk is defined as the risk that an individual or firm will have difficulty selling an asset without incurring a loss (The Farlex finance dictionary, 2009).

Market Risk: Market risk (systematic risk) as risk that results from the characteristic behavior of an entire market or asset class (Dictionary of Financial Terms, 2008).

Return on Asset: Return on Assets measures the overall effectiveness of management in generating profits with its available assets. The higher the firm's ROA the better (Ibrahim & AbdulSamad, 2011).

Return on Investment: ROI is a performance measure used to evaluate the efficiency of an investment or to compare the efficiency number of different investments (Botchkarev & Andru, 2011).

Transport: Transport is defined as the activities involved in shipping/transferring any goods or finished products or person from one location/supplier to a facility/warehouses and sales locations/place (Kenyon & Meixell, 2010).

ABSTRACT

Traditionally, finance function has been seen in terms of financial reporting and control, a modern approach of finance is to consider the financial function in terms of financial policy and financial decision making. The purpose of this study was to determine the effects of financial risks on performance of transport firms in Mombasa County. Specific objective of this study were to analyze effect of credit risk, liquidity risk, market risk and foreign exchange risk. The scope of the study was to analyze the effects of financial risks on transport firms in Mombasa. This research was based on the theories of Tobin's separation theory, Capital Market Pricing Theory (CAPM), Stakeholder's Theory and the Modigliani and Miller's Irrelevance of Risk theory to ascertain if their assumptions best explain the relationship between financial risks and performance of transport firms. The research design adopted by this study was mixed design (Triangulation) that employed both qualitative and quantitative design. Primary data was acquired through administering of questionnaires to a sample of senior managers within the transport firms. Secondary data was extracted from Kenya Transporters Association (KTA) database, Mombasa County Transport Department, National Transport Service Authority (NTSA) database, Transport journals and other publications. Target population for this study was 2,013 logistics and long distance passenger bus carriers firms senior managers and a sample size of the study was 172 transport firms' senior managers sampled through stratified sampling. Data was analyzed using Statistical Packages for Social Sciences (SPSS) version 23 to present descriptive statistics such as percentages, frequency distributions, measures of central tendencies, and measures of variations. Data analysis and interpretation was based on descriptive statistics and measures of dispersion as well as inferential statistics; bivariate and multivariate regression analysis, Pearson correlation, factor analysis and analysis of variance were employed. Multi linear regression model was used in explaining the effects of financial risks on performance of transport firms in Mombasa. The results of the study indicate that financial risks (credit risk, liquidity risk, market risk and foreign exchange risk) had significant and positive effect on the performance (in Return on Investment and Return on Assets) of transport firms. The study recommends transport firms should establish appropriate credit risk environment; Firms should operate under sound credit granting process; maintain minimum operating liquidity level in order to maintain a comfortable cushion to meet cash flow needs which is paramount to financial performance of transport firms; Firm should address the unexpected (Market risk) loss at certain confidence level to ensure solvency and stability of transport firms just like Financial Institutions in case of market shocks; Managers should measure the degree and magnitude of transaction size, hedge period and volatility of the currency and their effect on performance of firms.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Firms' performance can be measured using financial indicators such as firm's profitability, growth and market value; or operational indicators such as Customer satisfaction, Employee satisfaction, environmental and social performance. Many factors notably political, social and economic factors affect firm's performance. Recent studies show that financial performance of transportation Industry reveal that the average container import-handling charges per Twenty-foot Equivalent Unit (TEU) stood at US$ 2,350. When benchmarked against selected comparator and aspirator countries, the charges were the highest. Countries with highly ranked ports such as Singapore and China recorded low charges of approximately US$ 400 (KIPPRA, 2014).

Performance measures are widely used in transport planning either as sustainable transport indicators, performance indicators or transportation statistics. Ideal Performance measurement can support organizational planning in many ways as it allows transport planners to determine if resources are used efficiently and equitably. It also enables Organizations to identify potential problems and verify whether a particular improvement strategy achieves its predicted targets. Previous studies concentrated on transport performance concentrated on load factor and cost per vehicle kilometer measure operating efficiency, travel speed and reliability, affordability, integration and satisfaction (Dhingra, 2011).

Despite the fact that domestic firms and Multinational Corporations (MNCs) are exposed to foreign exchange risks, MNCs are vulnerable to certain risks that have less or no financial impact to domestic operations such as political risks. MNCs also face other risks that can be classified as extensions of domestic finance theory. For instance, cost of capital for domestic firms include sourcing debt and equity, capital budgeting, working

capital management, taxation, and credit analysis needs to be adjusted to accommodate MNCs financial shocks. However, many financial instruments that are used in domestic financial management have been modified to accommodate international financial management. This includes but not limited to foreign currency options and futures, interest rate and currency swaps, and letters of credit (Kenneth, 2011).

Wanjohi, Wanjohi and Muchiri (2017) studied credit risk management and profitability in commercial banks in Sweden and highlighted that credit risk management has effect on profitability. The analysis further indicated that the impact of the credit risk management on profitability for the 4 commercial banks sampled was not the same. The study was limited to identifying the relationship of credit risk management and profitability banks in Sweden.

Long-range transportation planning provides the foundation for all other aspects of transportation decision-making by establishing the vision and goals for transportation and identifying strategies and project concepts for implementation. While not directly part of the long-range transportation planning process, land use visioning can result in an adopted growth forecast that informs subsequent transportation investment decisions. It can also produce preliminary guidance on transportation improvement programs. Performance measures are frequently used to evaluate and compare alternative land use scenarios and then to communicate to the public the benefits of an adopted growth vision (EPA, 2011).

Financial institutions face four main types of financial risk: liquidity risk, market risk, credit risk and operational risk. Liquidity risk deals with how easy you can buy and sell instruments on both sides of the balance sheet (i.e. asset liquidity risk and funding liquidity risk). Market risk, refers to the risk of unfavorable price changes in equity, interest rates, commodity and foreign exchange. Credit risk is divided between counter-party default risk and migration risk, the risk that a company will be down-graded and receives a lower rating. Operational risk is the risk that remains after determining systematic and financing risks which includes risks resulting from breakdowns in

internal procedures, systems and people. These risks are associated with active decisions relating to how the organization functions and what it prioritizes (Prokopenko & Bondarenko, 2012).

Studies carried out by Allen, (2003) on Derivative risk in Commercial banking and Freixas, Parigi and Rochet (2000), the study of Systemic Risk, Interbank Relations, and Liquidity Provision by the Central Bank suggested a start point on the uncertainty about the nature and causes of market risk. The studies indicated that there is relationship between the structures of the financial network of banks and the extent of financial shocks from International crises. Also studies argued that in a more interconnected financial network framework, the losses of a distressed bank are divided among creditors, reducing the impact of negative shocks of individual institutions to the rest of the system. In contrast to this view, however, other authors have suggested that dense inter-connections may function as a destabilizing force, paving way to systemic failures. For example, Vivie- Lirimont (2006) on the study of Contagion in inter-bank debt networks, argued that as the number of a bank's counter parties grow, the likelihood of a market collapse increases thus exposing an institution to market risk.

Africa's penetration of the world markets has been limited by low productive capacity due to supply and infrastructural deficits, reliance on primary commodity exports, and limited participation of the private sector in the exporting opportunities. Kenya as a member of the World Trade Organization (WTO) actively participates in world trade negotiations. According to Kenya Economic Report, the leading export destinations for Kenya are Uganda, Tanzania, United Kingdom, Pakistan, Netherlands, Egypt, Germany, Rwanda, USA, United Arab Emirates, and France. Despite of Kenya's strategic location and the development of its neighboring land locked countries that depend on Port of Mombasa for their imports and exports. Despite the fact that Kenya is among the fastest growing economies in the world, in comparison to South Africa and Egypt, it is yet to develop its infrastructure to reach the standard that allows steady growth (KIPPRA, 2014).

Most of the recent studies have concentrated on the ways banks and other financial institutions carry out financial controls in managing credit risks and other financial risks, scanty studies have been documented for other non-bank institutions. There is scanty study to establish effects of other firms which may be affected by financial risks in their performance such as transport firms. To fill this gap, this study was carried out in order to establish the effects of financial risks on performance of transport firms in Mombasa.

Financial performance is a measure of how well a firm can use its assets from its primary mode of business and generate revenues. It is the process of measuring the results of a firm's policies and operations in monetary terms (Mwangi, 2016). It identifies the financial strengths and weaknesses of a firm by establishing relationships between the items of the financial position and income statement. The term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. There are many different ways to measure firms' performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales (Njeru, 2012). Quantitative measures of firm performance include profitability measures such as gross margin, net margin for example return on sales, return on equity economic value added, return on equity less cost of equity and return on capital employed. Other measures of performance include cash flow measures such as free cash flow over sales and growth measures for example historical revenue growth. Ideally, forward-looking measures such as expected profitability, cash flow and growth should be used to measure a firm's performance (Kiaritha, 2015).

A sound credit policy would help improve prudent oversight of asset quality, establish a set of minimum standards, and to apply a common language and methodology in order to assess risk, pricing, documentation, securities, authorization, and ethics for measurement and reporting of non-performing assets, loan classification and provisioning (Seppala, 2000).

The primary measure of firm performance is Tobin's Q which refers to the ratio of Equity Market Value plus Liability (Debt) Book Value to Asset Book Value.

$$Tobin\ Q = \frac{\mathrm{MV(Equity)+BV\ (debt)}}{BV\ (Asset)} \qquad (1.1)$$

If Q index calculated for company is greater than one, there will be high motivation for investment, namely, a high Q ratio is usually a sign of the company's investment and growth opportunities worth, if Q ratio is less than one the investment should be stopped. Also alternative measures of firm performance such as return on Investment (ROI) and return on asset (ROA) was used. ROI is operating income scaled by the market value of Investment and ROA is net income scaled by total assets (Choi & Wang, 2009).

Greece set the tone for disaster when it lied about its circumstances and lived beyond the rules and regulations which were laid down by the European Union in Maastricht Treaty. In the early mid-2000s, Greece's economy was one of the fastest growing in the Euro Zone and was associated with a large amount of surplus wealth. As the world economy was hit by the global financial crisis in the late 2008, Greece was hit especially hard, because its main industries, those of tourism and shipping were extremely sensitive to changes in the ongoing business and fluctuations resulting from them (Gupta, 2015).

Transport firms operate on subsistence level, mostly as family Business hence can be regarded as Small Scale Enterprises (SMEs). As urged by Njeru (2013), the existence of information asymmetries between firm and likely finance providers causes the relative costs of finance to vary between the different sources of finance. Due to asymmetries of information between insiders and outsiders, the company will prefer to be financed first by internal resources, then by debt and finally by stockholders' equity, in this 'pecking' order. Inability to access proper financial Information renders growth of the firm stagnant.

1.1.1 Global perspective of Financial Risk and Firm Performance

Globally, the financial crisis of 2008 was not an exogenous shock followed by a period of distributional struggles among rational actors eventually yielding a new equilibrium. The crisis illustrates instead the central importance of social conventions, such as risk management models, that actors adopt so that they can cope with uncertainty and that generate endogenously the seeds of systemic crisis. Financial globalization tends to intensify a country's sensitivities to foreign shocks. This process is inevitable as countries embrace internationalization of financial and investment services in the effort to benefit from the international market and to be able to diversify risks (Schmukler & Vesporani, 2006).

An economic crisis results from a situation in which a particular economy experiences a sudden downturn usually brought down by a financial crisis. Such an economy will be marked by the presence of events like falling GDP, drying up of liquidity and rise in prices due to inflation. An economic crisis can take the form of a recession or a depression. The European sovereign debt crisis is believed to be an extension of the Great Recession which turned out to be a massive financial crisis, making it very difficult for some countries in the Euro Zone to repay or re-finance their government debt without involving assistance from external parties (Gupta, 2015).

Interest rates volatility, foreign exchange fluctuations, credit risk and unstable commodity (fuel) prices have led to unpredictability of profits and cash flows in these firms. As a consequence of the risk exposure from the above challenges, risk management has received increasing attention in both corporate practice and literature due to fluctuation in foreign currency denominated transactions. Financial Crisis is an economic situation that is related to the banking panic, which includes significant production and financial sector losses, causes havoc on international markets, creates the stock market's downfall, financial bubbles, currency crises, and foreign loans, leading to a sharp decline in economic activity and has a potential to cause economic recession. The global financial crisis of 2007-2009 is associated with the plunge in the value of

stocks, bonds, property, and other assets. This crisis has been painful reminder of the multifaceted nature of crises (Claessens & Kose, 2009).

Li and Zou (2014) carried out a study with a purpose to investigate the impact of credit risk management on profitability of commercial banks in Europe. In the research model, ROE and ROA are defined as proxies of profitability while NPLR and CAR are defined as proxies of credit risk management. Poudel (2012) carried out a study on the impact of credit risk management on financial performance of commercial banks in Nepal. The independent variable was credit risk management, the parameters were; default rate, cost per loan assets and capital adequacy ratio. Hosna, Manzura and Juanjuan (2009), conducted a study to establish the effect of Credit Risk Management on Profitability of Commercial Banks in Sweden. The study was limited to identifying the relationship of credit risk management and profitability of four commercial banks in Sweden.

1.1.2 Regional perspective of Firm Performance

In Kenya several studies have been carried on financial risk and financial performance, they include; effect of corporate income tax on financial performance of the companies listed on the Nairobi Securities Exchange in Kenya (Nekesa, Namusonge & Nambuswa, 2017). Effect of Enterprise Financial Risk Management on Performance in Kenya Commercial Bank, Western Region (Angote, Malenya & Musiega, 2015); Effects of financial risk management on the growth of Microfinance sector in Kenya (Njuguna, Gakure, Anthony & Katuse, 2013); The effect of risk management on financial performance of insurance companies in Kenya (Omasete, 2012).

Transport is an indispensable element of development and socio-economic growth. As engines of economic integration, transport infrastructure and service facilities constitute a precondition for facilitating trade and the movement of goods and persons. Transport has previously been perceived as a tool for accessing national and regional trade in a radically changing global environment, transport infrastructure remains a pillar of development with a view to accelerating growth and reducing poverty. The challenges of

globalization have made Africa to lag behind in the development of regional trade, particularly because of the lack of reliable and adequate transport (UN-Habitat, 2015).

The existing transport facilities for trade are completely outward-looking with the result that transport infrastructure and services have been little developed and the physical network poorly integrated. Christiaenson, Demery and Paternostro (2003) argued that across most of Africa the deficiencies in the all-season road network in rural areas are a major constraint on urban-rural linkages. The study urged that transport failure is associated to poor access probably as the most significant factor limiting agricultural producer profits from food marketing, with consequent massive implications for income distribution and efforts at poverty alleviation.

Road transport is the most dominant mode of motorized transport in Africa, accounting for 80 per cent of the goods and 90 per cent of the passenger traffic within the continent, while over 90 per cent of the world international trade transits through ports. Maritime transport is even more dominant in Africa as it accounts for 92 to 97 per cent of Africa's international trade (UN, 2009).

The transport systems of Africa vary significantly in coverage and efficiency by country and by regions within the various countries. Most of the transport infrastructure in the sub-Saharan African region dates back to the colonial era. Africa's inventory of roads, the continent's dominant mode of transportation, is estimated at 6.84 kilometres per 100 square kilometers, compared to Latin America's 12 km/100 sq. km, and Asia's 18 km/100 sq. km. Traveling from one African country to another sometimes entail transiting through a European city before reaching the intended destination (Njoh, 2007).

1.1.3 Local performance of firms in Kenya

Initially, Kenya Bus was the major provider of public transport in Kenya's major cities of Nairobi and Mombasa, KBS was owned by the United Transport Overseas (UTC) Ltd with 75% shareholding and the Nairobi City Council with 25%. The increase of informal

sector providers affected the role of KBS as a major transport provider in Kenya's urban centers. The number of matatus licensed in Kenya has been growing tremendously year by year. Study carried out by Meja (2016) show that by 1990 there were 17,600 matatus; by 2003 this increased to 40,000. Currently Matatus plying on Kenya roads are more than 100,000. Kenya just like other developing countries are characterized by lack of institutional framework, legal framework, poor infrastructure, general disregard of existing laws for instance the Michuki Laws and high rate of road traffic crashes.

Studies carried out on financial risk management have been mostly but not limited to financial institutions. These include; credit risk management and profitability of commercial banks in Kenya carried out by Kithinji (2010).

The closest research to the current study is from Kombo, Wesonga, Murumba and Makworo (2011) who asserted that strategic risk, credit risk and liquidity risk are the most frequent risks, whereas reputation and subsidy dependence risks occur at a very low incidence for Micro Finance Institutions (MFIs) located in Kisii area. The authors argue that to tone down these risks, the Micro Finance Institutions (MFIs) employ various management strategies, which include risk avoidance, transferring of risk and mitigating risks and also regard mitigation of risks as the most effective risk management strategy. Mokoro,Nyaoga,Magutu,Khoya and Onsongo (2010) assert that existence of various challenges facing the transition of informal MFIs into formal MFIs to recognize the existence of risks emanating from both the external and internal stakeholders also contributes greatly to Financial Risks for MFIs.

The length of the classified road network is 63,292 km, unclassified is estimated to range between 80,000 to 130,000 km. Kenya's public transport has been dominated by rail and road transport over the years. Rail transport manned by Kenya Railway was the most preferred transport. However, from the 1990's the sector deteriorated hence road transport has become the major transport provider in the region. The history of formal public road transport in Kenya dates back to 1934 when London based Overseas Trading

Company (OTC) introduced the first buses, a fleet of 13 buses on 12 routes in Nairobi (Meja, 2016).

The study concluded that Commercial banks are keen on making high profits thus should concentrate on other factors other than focusing more on amount of credit and nonperforming loans. Also the study of determinants of financial risks of listed companies on the Nairobi Securities Exchange in Kenya by Ayuma, Namusonge and Iravo (2015); Njuguna, Gakure, Waititu and Katuse (2013) studied effects of financial risk management on the growth of microfinance sector in Kenya.

1.2 Statement of the Problem

The complexity of transport industry is due to the fact that the sector is fragmented and heterogeneous and mainly dominated by small scale or family ownership. Financial risk represents the risk of being unable to meet prior claims on the company with cash generated by the firm. Debt servicing commitments usually account for a large component of these prior claims. Stakeholders in transport industry include; suppliers, banking institutions, customers, the government and the public which all face risks in their operations the study evaluated the effect of financial risks which either directly or indirectly affect transport firms in Mombasa.

Finance theory's premise, is that the goal of management should be to maximize the market value of the company's shareholder equity through investments in an environment where outcomes are uncertain. In order to ensure that financial risk strategy add value for shareholders, there has to be a sound relationship between risk management and shareholder value has to exist (Flesch, 2009). Globalization has brought about growth in infrastructure which has led to development of businesses including transport industry. The strategic location of Mombasa Port has developed neighboring landlocked countries making transport industry grow very fast. Growth of any financial entity involves risks thus the need to study financial risks of transport firms.

The Kenyan economy is becoming more and more open market in orientation, international trade constantly increasing and as a result Kenyan firms are becoming more exposed to foreign exchange rate fluctuations, scramble for scarce and expensive funding (loans) with both locals and MNCs, liquidity and credit risks, exchange rate exposures leading to changes in the relative prices of the firm's inputs and outputs and in general, affecting firms' performance. The studies carried out on financial risks include a study by Ayuma, Namusonge and Iravo (2015) on the determinants of financial risks of listed companies on the Nairobi Securities Exchange in Kenya. The study concluded that the level of leverage positively influences the financial risk of companies listed on the NSE more than financial information, cost of capital, capital structure and prudential regulation and supervision.

Njuguna, Gakure, Waititu and Katuse (2013) carried out study on effect of financial risk management on the growth of microfinance sector in Kenya, the study concluded that, financial risk management strategies were a significant determinant of growth in MFIs. Also, Kithinji (2010) carried out the study on credit risk management and profitability of commercial banks in Kenya. The study in conclussion asserted that the bulk of the profits of commercial banks are not influenced by the amount of credit and non-performing loans suggesting that other variables other than credit and non-performing loans have impact on profits.

Otieno, Waiganjo and Njeru (2015) asserted that, fluctuations have a major impact on the competitiveness of companies and internal factors of firms' performance are determined by entrepreneurs, governments and sector organizations. Despite of the previous studies done basically on how financial institutions (banks and other financial institutions) carry out financial controls in managing credit risks and other financial risk, little has been documented for non-bank institutions. These studies have scanty information to establish the effect on other firms which may be affected by financial risks in their performance such as transport firms. Most studies carried out on transport are based on road accessibility, traffic and accidents involved in the sector. To fill this

gap, this study established the effect of financial risks on performance of transport firms in Mombasa County.

1.3 Objectives

1.3.1 General Objective

The general objective of this study was to analyze the effect of financial risks on financial performance of transport firms in Mombasa County.

1.3.2 Specific Objectives

i. To establish effect of credit risk on financial performance of transport firms in Mombasa County.
ii. To establish effect of liquidity risk on financial performance of transport firms in Mombasa County.
iii. To assess effect of market risk on financial performance of transport firms in Mombasa County.
iv. To analyze effect of foreign exchange risk on financial performance of transport firms in Mombasa County.

1.4 Research Hypotheses

This study was guided by the following null hypotheses;

H_{o1}: There is no significant relationship between credit risk and financial performance of transport firms in Mombasa County.

H_{o2}: There is no significant relationship between liquidity risk and financial performance of transport firms in Mombasa County.

H_{o3}: There is no significant relationship between market risk and financial performance of transport firms in Mombasa County.

H_{O4}: There is no significant relationship between foreign exchange risk and financial performance of transport firms in Mombasa County.

1.5 Significance of the study

The study is important in that it evaluated the effects of financial risks and how they affect performance of transport firms. While there exist numerous studies on risks management and performance, these have been undertaken in developed Countries which have well developed financial institutions whose information is easy to access. The results and findings of this study will greatly contribution to the existing body of knowledge, will also increase and broaden the level of understanding relating to effects of financial risks on performance of transport firms in Mombasa County.

1.5.1 Management

The research will assist management in planning, averting and or control financial risks that are involved in performance of firms. Management may use the recommendations of this study to show the relationship between risk management and performance of transport firms Mombasa County.

1.5.2 Policy Makers

The research will equip the policy makers with measurements of financial risks and by use of models and theories control the same for the performance of firms. This will work as a tool for specifically County Governments and National Government in general in formulation of policies in regard to Infrastructure, space and revenue collection.

1.5.3 Academicians and Researchers

As an academic research, it will shade light on the correlation of financial risks and performance of transport firms in Mombasa. It will also open up the research gap that has not been academically researched as most studies on financial risks are based on

financial institutions. Availability of competitive structures and liberalization of transport industry creates a rich resource for research gap, in context of why do financial firms grow very fast (for instance, Akamba Bus Services, Kenya Bus Services, Bayusf and Sons, Transami Transport) and then easily collapse suddenly and wiped from transport history.

1.6 Scope of the study

Mombasa County is geographically enriched with Port of Mombasa a gateway and communication hub to regional trade that depends majorly on road transport as a means of transportation of goods and passengers from and to the Eastern Africa region. The research evaluated the types of financial risks, including credit, liquidity, market risk and foreign exchange risk and how they affect transport firms in Mombasa County. The construction of the Standard Gauge Railway (SGR) and development of the LAPSSET Corridor Project are among the developments that have created more opportunities for businesses to thrive and mostly have both direct and indirect effect on financial performance of transport firms in Mombasa.

1.7 Limitation of the study

This study encountered a number of challenges during the research process. Nevertheless these limitations were of little or no significance towards the results and outcome of the study. The use of self-administered questionnaire and “drop and Collect later” method was a limiting factor in that respondents had to fill at their own timings and in case of not understanding the questions, they had to leave unanswered questions. The challenge was reduced since research assistants were able to make follow-ups and clarify the questions that respondents were not able to comprehend or answer.

The research was on effects of financial risks on transport firms in Mombasa County. It initially involved obtaining a list of all registered transport firms at Kenya Transporters Association (KTA) and National Transport and Safety Authority (NTSA) operating in Mombasa County. It was difficult to identify.

Due to specialized nature of transport firms operating in Mombasa County, some of the respondents were not comfortable giving out information relating to their businesses, even after the Introduction Letter from the University were presented to them to conduct research on transport firms. The study was not able to obtain 100 percent response. However, the non-response rate was on the lower side as the research assistants tried to build rapport with the respondents during distribution of the questionnaires.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter analyzed the theoretical framework, conceptual framework, critique of the existing literature, summary and the research gaps.

2.2 Theoretical Framework

Theoretical Framework is an abstract, involving a set of statements built from clearly defined concepts that shows the interrelation of concepts. Theoretical framework demonstrates an understanding of theories and concepts that are relevant to the topic of a research paper and that relate to the broader areas of knowledge being considered (Cole, 2011).

Financial risk has many theories, which mainly are enhanced from the Modigliani and Miller theory. The relevant theories explaining these variables are critically explained evaluated, indicating the existing studies and their conclusions. The study was guided by the following theories; The Tobin Separation Theorem, Capital Asset Pricing Model, Stakeholder's Theory and Irrelevance of Risk Theory (Modigliani & Miller Theory).

2.2.1 The Tobin Separation Theorem

Tobin (1958) contributed to the expansion of the concepts introduced by Markowitz. Using Keynesian Theory as a starting point, he argued that investors choose situations that fall between a state of total liquidity and a point of total investment in high risk assets. In his work, Tobin noted that investors prefer liquidity, due to two aspects: one concerns individual inelasticity towards the expected interest rate, and the other, uncertainty as to the future of interest rates. In other words, investors are inclined to

avoid the risk of losing the wealth of their capital as a consequence of unpredictable asset price fluctuations -market risk (Mahfouz, 2012).

The proportion of the risk-free asset and risky asset vary from one investor to another, depending on the risk attitudes of investors. Investors who are willing to take higher-than-market risk can earn even higher returns through borrowing at the risk-free rate, whereas the least risk-averse investors would just earn the risk-free rate, by investing solely in risk-free assets. The replacement cost of installed capital depends on the situation in the capital goods sectors. Validity of Separation Theorem and efficient markets has been put to task in the past decade and notably under the 2008 global financial crisis (Gay, Jot & Gaiyan, 2011).

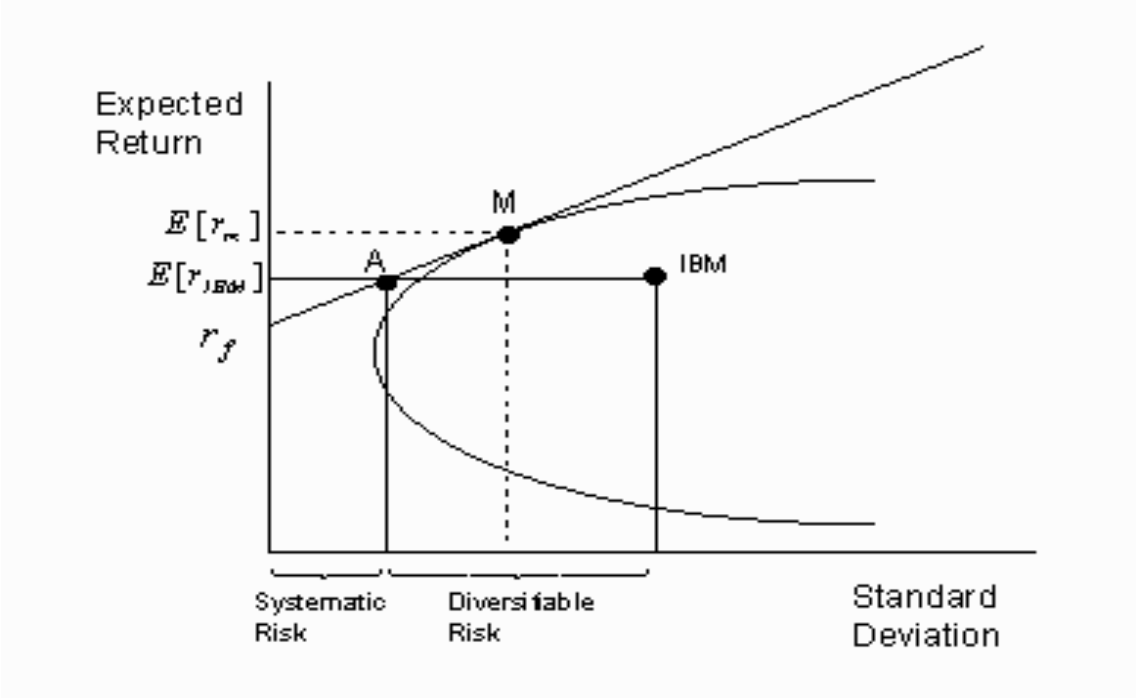


Figure: 2.1: The Capital Market Line

The key separation theorem proven by Tobin (1958) is that, in a world with one safe asset and a number of risky assets, portfolio choice by any risk averse portfolio holder can be described as a choice between the safe asset and the same portfolio of risky asset. An individual or company objective is to minimize the standard deviation of an investment's expected return. This could be determined by reference to indifference curves, which calibrate attitudes toward risk and return. The ratio of the shares in the total portfolio accounted for by any pair of risky asset is the same for all risk averse portfolio holders. The degree of risk aversion in the total portfolio accounted for by the safe asset and by the common portfolio of risky assets (Mahfouz, 2012).

The Separation Theory was Tobin's greatest contribution showing that the most efficient portfolio of risk-bearing investments is independent of personal preferences, according to Tobin, the demand for money has an economically and statistically significant interest rate-responsiveness; that a constant growth rate for some monetary aggregate is unlikely to contribute to economic stability and that both monetary and fiscal feedback rules can, in principle, help stabilize the real economy. Mean-variance efficiency analyses, premised on investor rationality (maximum return) and risk aversion (minimum variability), are not always sufficient criteria for investment appraisal. Even if investments are considered in isolation, wealth maximizing accept-reject decisions depend upon an individual's perception of the riskiness of its expected future returns, measured by their personal utility curve, which may be unique (Gay, Jot & Gaiyan, 2011).

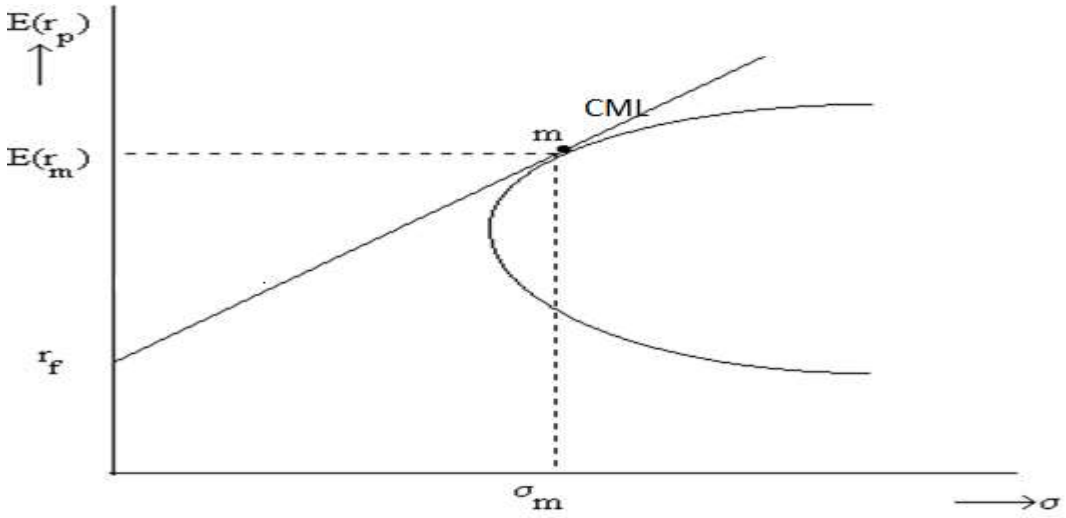
In relation to transport firms, portfolios involved are based on either on selection of Cargo transport and Passenger transport or the alternative transport for instance, Rail or Air transport due to development of Standard Gauge Railway (SGR). The study indicated the correlation between effects of financial risks and performance of transport firms in Mombasa.

2.2.2 Capital Asset Pricing Model (CAPM)

The capital asset pricing model (CAPM) is a model that gives an appropriate cost of capital for each project for the given project's relevant risk characteristics. The model states that an investment's cost of capital is lower when it offers better diversification benefits for an investor who holds the overall market portfolio - less required reward for less risk contribution. Market beta is its measure of risk contribution. Projects contributing more risk (market beta) require a higher expected rate of return; projects contributing less risk require a lower expected rate of return. The capital asset pricing model pictures investors as solely concerned with the level and uncertainty of their future wealth. The underlying principle in the CAPM is that company or industry specific events have very little impact on an asset's required return. The relevant risk is the market risk, which refers to the sensitivity of the asset's returns to the returns of the market as a whole, which is reflected in beta (Brealey, Myers & Allen, 2011). CAPM equates an asset's expected return $E(Ri)$ to three variables, namely beta (β), the risk-free rate (Rf) and the expected market return (Rm) (Fama & French, 2004). So that:

$$E(Ri) = Rf + \beta i[E(Rm) - Rf] \qquad (2.1)$$

The CAPM explains that the super-efficient portfolio obtained through the combination of risk-free and risky assets is located at the point of tangency between the Capital Market Line (CML) and the efficient frontier.



The Capital Market Line

Figure: 2.2: Capital Asset Pricing Model Movement

$E(Ri)$ - Asset's expected return

β - Beta

Rf - Risk-free rate

Rm - Expected market return

CML - Capital Market Line

The CML represents a set of combinations of risk-free and risky assets, which will be considered by all investors' homogeneous expectations and the point where the CML meets the efficient frontier known as the Market Portfolio.

As cited by Brealey *et al.* (2011), Sharpe (1964) asserted that the super-efficient portfolio is the market itself. Sharpe argued that investors cannot obtain above market returns in a consistent manner, because the market behaves in a manner conducive to its equilibrium, assuming that all investors are subject to the same risk-free rate. CAPM introduced the concept of beta, which measures the covariance between the return of an asset and the market, and represents the contribution of systematic (non-diversifiable) asset risk towards the risk of a diversified portfolio. Therefore, unlike Markowitz, the CAPM explicitly mentions the concept of systematic (non-diversifiable) risk.

In Capital Asset Pricing Model (CAPM) total risk associated with an asset can be split up in two components: systematic (non-diversifiable) and unsystematic (diversifiable) risk. If the number of assets included in the portfolio is high and these assets are not perfectly correlated, the unsystematic component of the portfolio risk diminishes. The CAPM shows that investors only get compensated for holding systematic risk, since the firm's specific component of risk can be eliminated through diversification (Monda, Giorgino & Modolin, 2013). Despite of its assumptions, CAPM has got shortcoming such as, the capital market is so unpredictable that it is impossible for investors to beat it using the CAPM. It is important to remember that the operational usefulness of alternative mean-variance analyses and expected utility models explained at the very beginning of this text are also severely limited in their application.

Transport Industry is faced by both systematic and unsystematic risks. The Industry related risks included competition from the Government funded SGR which was meant to improve Railway transport to ease congestion at the port, and the LAPPSET which involves Pipeline connection hence cutting down transportation of Oil through roads to East and Central Africa. Also other risks involved payments by Debtors, Exchange rates Volatility, Liquidity and Banking Industry related risks.

2.2.3 Stake-holder's theory

The sole purpose of a business is to maximize shareholders' value. According to Freeman (2010), the stakeholder theory was to focus explicitly on equilibrium of stakeholder interests as the main determinant of corporate policy. The most promising contribution to risk management is the extension of implicit contracts theory (a part of stakeholder theory) from employment to other contracts, including sales and financing. Friedman states that organization is a grouping of stakeholders and the purpose of the organization should be to manage their interests, needs and viewpoints through the following principles;

Firstly, the principle of entry and exit: This principle states that the contract has to define process that clarifies entry, exit and renegotiation conditions for stakeholders to decide when an agreement can be fulfilled. Secondly, the principle of governance: which states that procedures for changing the rules of the game must be agreed by unanimous consent. Thirdly, the principle of externalities: This has reflection that if a contract between A and B involve C, C has to be invited as a party of the contract. Fourthly the principle of contracting costs: This states that each party must share in the cost of contracting. Fifthly, the agency principle: Any party must serve the interests of all stakeholders (Freeman, 2010). However, many studies on stakeholders have concentrated on the results of addressing different groups of stakeholders rather than on strategies to deal with stakeholder interests for instance, addressing rights of stakeholders rather than focusing on the organizations at the expense of an appreciation of the stakeholders within the Organization.

Financial performance is important to many of a firm's stakeholders, but it is not the only aspect of value that is important to stakeholders. Consistent with Freeman, fundamental idea that a firm should serve multiple stakeholders, firm performance may be defined as the total value created by the firm through its activities, which is the sum of the utility created for each of a firm's legitimate stakeholders. Phillips (2003) identifies a firm's legitimate (normative) stakeholders as those groups to whom the firm

owes an obligation based on their participation in the cooperative scheme that constitutes the organization and makes it a going concern. They include customers, communities in which the firm operates suppliers of capital, equipment, materials, and labor. Firms may have other legitimate stake-holders specific to their own situations.

In certain industries, particularly high-tech and services, consumers' trust in a company can substantially contribute to the company's value. The value of implicit claims is also highly sensitive to expected costs of financial distress and bankruptcy. Since corporate risk management practices lead to a decrease in these expected costs, company value rises. The more sensitive a company's value is to financial distress, the higher the motivation for hedging hence reducing financial risk (Phillips, 2003). The role of business in society is evolving to a core business function, which should be central to each firms' overall strategy as it is vital to its success. In fact, firms that embrace society to its long-term strategy are able to successfully compete in this era of global and technological competition. However, it has to be planned and strictly developed accordingly with each firm`s strategy in order to be successful (Bockstette & Stamp, 2012).

Ramona and Radu (2013) asserted that different interests of stakeholders for instance, stockholders provide the firm with capital, they expect the firm to maximize the risk adjusted returns on Investment. Creditors provide the firm with finances and in exchange their loans and interest to be paid as scheduled. Managers and employees provide the firm with time, skills and human capital; they expect in return fair income and adequate working conditions. Customers supply the firm with revenues and expect value for their money. Suppliers provide input, they expect fair prices and dependable buyers. Local communities provide locations, infrastructure and favorable tax treatment, they expect corporate citizenry not to damage the environment. This study indicated that financial risks had effect on Returns on Assets and Returns on Investment of transport firms.

2.2.4 Irrelevance of risk (Modigliani and Miller Theory)

As cited by Horne and Wachowicz (2009); Modigliani and Miller (1958) in their original position advocated that the relationship between financial leverage and the cost of capital is explained by the net operating income approach. They make a formidable attack on the traditional position by offering behavioral justification for having the firm's overall capitalization rate, remain constant throughout the entire range of financial leverage possibilities. The study argued that the total risk for all security holders of a firm is not altered by changes in the firm's capital structure.

Modigliani and Miller (1958) argued that in the same risk class, there is no effect on the cost of capital in the case of a mere change of debt-equity. Modigliani and Miller also observed that two aspects; Firstly, there is no dependence between the value of the firm and firm costs of capital to its capital structure. Secondly, there is no dependence between the cutoff rate for investment purpose, and the form finance will carry. Similar studies on capital structure and ways through which firms are financed, with the persuasion that everything is irrelevant, stimulates possible need to identify the factors that in the real world are important and relevant was carried out by Faruk and Burim (2015).

The total value of the firm must be the same, regardless of the firm's financing mix. Simply put, the M&M position is based on the idea that no matter how capital structure of a firm is divided up among debt, equity, and other claims, there is a conservation of investment value. The total investment value of a corporation depends on its underlying profitability and risk, firm value is unchanging with respect to changes in the firm's capital structure. Thus, in the absence of taxes and other market imperfections, the value of the total Investment does not change as it is divided into debt, equity, and other securities (Horne & Wachowicz, 2009).

M & M theory asserts that expected cash flow is divided proportionally between company investors in compliance with the capital structure, whereas the company's value remains unaffected by the share-out. Modigliani and Miller start by assuming that the firm has a particular set of expected cash flows. When the firm chooses a certain proportion of debt and equity to finance its assets, the firm would be dividing up the cash flows among investors. Investors and firms are assumed to have equal access to financial markets, which allows for homemade leverage. The investor can create any leverage that was wanted but not offered, or the investor can get rid of any leverage that the firm took on but was not wanted. Thus, the leverage of the firm has no effect on the market value of the firm (Faruk & Burim, 2015).

The theory explains that, with well-functioning markets (and neutral taxes) and rational investors, who can undo the corporate financial structure by holding positive or negative amounts of debt. The theory assumes that there are no taxes; Transaction cost for buying and selling securities as well as bankruptcy cost is zero; there is asymmetry of information. This means that an investor will have access to same information that a corporate would and investors would behave rationally; the cost of borrowing is the same for investors as well as firms and Debt financing does not affect firms EBIT (Earnings Before Interest and Tax).

It follows, in particular, that the value of the firm should not be affected by the share of debt in its financial structure or by what will be done with the returns paid out as dividends or reinvested profits. The value of a leveraged firm (a firm which has a mix of debt and equity) is the same as the value of an unleveraged firm (a firm which is wholly financed by equity) if the operating profits and future prospects are same. That is, if an investor purchases shares of a leveraged firm, it would cost him the same as buying the shares of an unleveraged firm. This is given by equations 2.2 to 2.4;

$$P_0 = \frac{P_1 + D_1}{1 + K_e} \tag{2.2}$$

$$Ke = \frac{1}{Pe} \quad (2.3)$$

$$PE = \frac{MPS}{EPS} \quad (2.4)$$

Where;

P_0 - Current market price

P_1 - Market price at year end

D_1 - Dividend at year end

Ke - Cost of Equity

PE - Price earnings per share

MPS - Market price of share

EPS - Earnings per share

Most transport firms are either family business or partly leveraged. Transport Firms require large capital to invest given their Capital Structure, the study indicated that transport firms could leverage their capital diversification to hedge against financial risk.

2.3 Conceptual Framework

The conceptual framework used in the current study discussed the idea that Financial Risks affected firm's performance positively or negatively. This effect was beneficial to the firm's performance through high risk - high return or vice versa. These factors were derived from theoretical framework. The basis of the framework was the theories studied that showed relationship with the Variables of study.

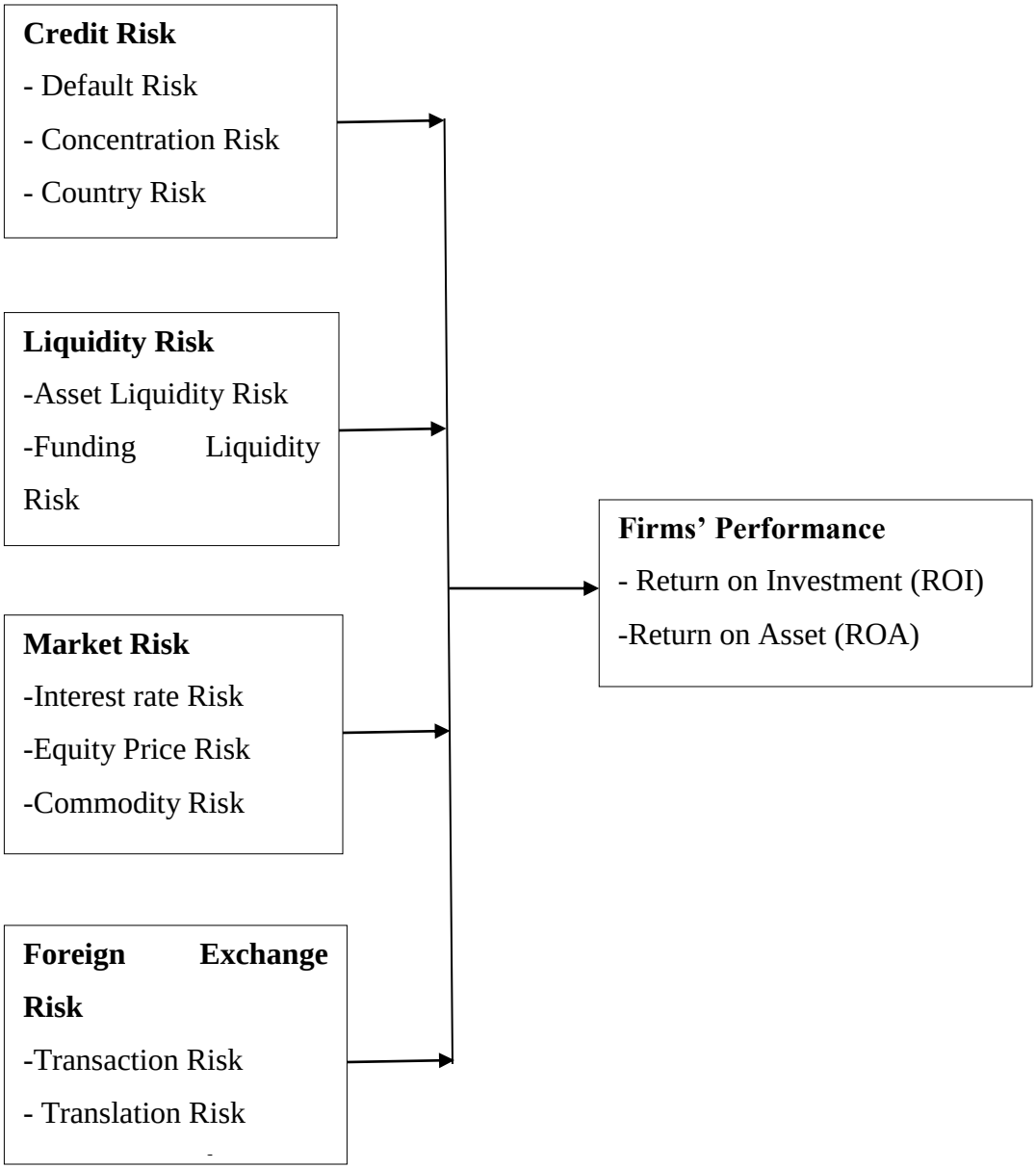


Figure 2.3: Conceptual framework

2.4 Review of the effect of Financial Risk on Performance of transport firms

The study identified credit risk, liquidity risk, market risk and foreign exchange risk and how they affected performance of transport firms.

2.4.1 Credit Risk

Credit risk is an exposure that puts a borrower in a situation being unable to make payment of interest or principal in a timely manner. It is the potential loss due to the non-performance of a financial contract, or financial aspects of non-performance in any contract (Global Association of Risk Professionals, GARP). Credit risk is a risk that contractual party will fail to meet its obligations in accordance with the agreed terms. The possibility that a contractual arrangement is not adhered to means that there is a risk of non-performance. This has the capacity to hurt the objectives of a firm when what it considered will happen, in fact, does not (Brown & Moles, 2014).

Credit risks are losses from the refusal or inability of credit customers to pay what is owed in full and on time. The main sources of credit risk include, limited institutional capacity, inappropriate credit policies, volatile interest rates, poor management, inappropriate laws, low capital and liquidity levels, directed lending, massive licensing of banks, poor loan underwriting, reckless lending, poor credit assessment, laxity in credit assessment, poor lending practices, government interference and inadequate supervision by the central bank (Coyle, 2000).

Exposure to credit risk is the leading source of problems in banks world-wide, many credit risk management studies have been based on banks thus supervisors/managers can be able to draw useful lessons from past experiences. Banks should now have a keen awareness of the need to identify measure, monitor and control credit risk as well as to determine that they hold adequate capital against these risks and that they are adequately compensated for risks incurred. Thus the need to encourage banking supervisors globally to promote sound practices for managing credit risk. The control is applicable

to where credit risk is available. To minimize these risks, it is necessary for the financial system to have; well-capitalized banks, service to a wide range of customers, sharing of information about borrowers, stabilization of interest rates, reduction in non-performing loans, increased bank deposits and increased credit extended to borrowers. Loan defaults and nonperforming loans need to be reduced (Sandstorm, 2009).

Credit Risk may be private, which is the cost that the lender must absorb when the borrower does not fulfill the credit contract plus the cost to the borrower. To the lender, this cost may in extreme cases represent the entire amount of the loan plus the expense of the unsuccessful attempt to collect it. Alternatively, it may be no more than the expense of keeping track of and bringing up to date a temporary delinquency. Lenders can protect themselves against these private costs through the interest rates they charge and the reserves they maintain (though of course they may not always do so). In the case of some trade credit, the seller can insure his accounts receivable against bad debt losses. Lenders who give credit on more generous terms to riskier borrowers and who thus experience greater losses, typically charge higher interest rates. Muriithi, Waweru and Muturi (2016) Effect of Credit Risk on Financial Performance of Commercial Banks in Kenya and concluded that as increase credit risk leads to decrease in profitability of banks.

In the case of banks, credit risk was first considered under the classical or traditional credit process, the concept of credit risk management had always been to ensure that adequate capital was available for loan funding and that reserves were provisioned according to the borrower's credit assessment. Credit extensions had always used a static approach whereby subsequent to the loan origination, the credit risk of the borrower would remain on the issuing creditor's balance sheet until maturity. As the credit markets started to change over the years, the rising defaults led to diverging loan costs and firm revenues that spiraled out of control for most banks. An agency conflict started to develop between bank profitability and account officers' performance compensation while funding and administrative costs on defaulted loans were not being recovered. At the same time, the credit markets were also changing as innovative financial products

came on stream into the markets, only to reveal the emerging credit quality disparities among borrowers (Joetta, 2007).

The nation's economic health, however, is an even more important factor that is constantly bringing about changes in the composition of risk related characteristics in the stock of credit outstanding. Some risk-related loan and borrower characteristics (e.g., maturities) will not be affected by cyclical changes in incomes, unemployment, prices, etc., but many of the important credit characteristics are directly influenced, and to a significant degree, by what happens to business conditions. Personal income and unemployment change leads to changes repayments-to-income and liquid-asset ratios on existing consumer installment credit. Variations in the resale value of homes or cars or farms will alter loan-to-value ratios on outstanding loans. A climb or fall in profitability will make a big difference in the liquidity and working-capital ratios of business borrowers. And these changes in the composition of risk-related characteristics in the continuing stock of credit outstanding will have an important impact on the incidence of collection difficulties (KNBS, 2018).

In general, credit risk is a concern when an organization is owed money or must rely on another organization to make a payment to it or on its behalf. The failure of counterparty is less of an issue when the organization is not owed money on a net basis, although it depends to a certain degree on the legal environment and whether funds are owed on a net or aggregate basis on individual contracts. The deterioration of credit quality, such as that of securities issuer, is also a source of risk through the reduced market value of securities that an organization might own (Karen, 2005).

The economic environment will influence credit risk in other ways, too. The view borrowers have of their economic prospects will influence the amount they desire to borrow and invest. Similarly, as the economy changes, so will lenders vary their lending standards and, also, their policies on how quickly and uncompromisingly they start foreclosure proceedings after the first signs of repayment difficulties. The most significant effect that business conditions exert on the risk of credit collection

difficulties comes about through the changes to the risk-related characteristics in the outstanding stock of credit.

The first component of credit risk is the continuing stock of consumer credit outstanding, the credit risk of which is reduced significantly over the course of the business expansion as incomes rise, unemployment falls, prices rise, etc. The second component is the flow of credit paid off, with lower-than-average credit risk, which probably doesn't change much over the business cycle. The third component is the flow of new credit. The credit risk on new credit is usually higher than average, and during a business expansion the availability of credit on easier terms and to less creditworthy borrowers tends to raise that risk substantially.

2.4.2 Liquidity Risk

Liquidity risk is the risk that a business will have insufficient funds to meet its financial commitments in a timely manner. All businesses need to manage liquidity risk to ensure that they remain solvent (CPA Australia, 2010). Liquidity risk can be divided further into funding liquidity risk and asset liquidity risk. Asset liquidity risk designates the exposure to loss consequent upon being unable to affect a transaction at current market prices due to either relative position size or a temporary drying up of markets. Having to sell in such circumstances can result in significant losses. Funding liquidity risk designates the exposure to loss if an institution is unable to meet its cash needs. This can create various problems, such as failure to meet margin calls or capital withdrawal requests, comply with collateral requirements or achieve roll-over of debt (Manish & Ghanshyam, 2013).

Liquidity Risk is risk brought about due to lack of marketability of an investment that cannot be bought or sold quickly enough to avoid or minimize a loss. It is a situation where a business may have insufficient funds to meet its financial commitments or obligations in a prompt manner. The two elements of liquidity risk include Asset liquidity and funding Liquidity risk. The long-term funding risk includes the risk that

loans may not be available when the business requires them or that such funds will not be available for the required term or at acceptable cost. Liquidity is the ability of an institution to fund increases in assets and meet obligations as they fall due, without incurring unacceptable losses (BCBS, 2008).

Liquidity problems may force an institution to liquidate assets, in such a case, asset liquidity and funding liquidity risks may combine if the institution is forced to sell illiquid assets at fire-sale prices. In such a situation, if portfolio leverage is high, the forced selling may create a positive feedback loop between falling prices (resulting in margin calls) and additional rounds of forced selling. Liquidity risk is managed through controlling concentrations and relative market sizes of portfolios in the case of asset liquidity risk, and through diversification, securing credit lines or other back-up funding, and limiting cash flow gaps in the case of funding liquidity risk (Manish & Ghanshyam, 2013). The causes of liquidity risk lie on departures from the complete markets and symmetric information paradigm, which can lead to moral hazard and adverse selection. To the extent that such conditions persist, liquidity risk is endemic in the financial system and can cause a vicious link between funding and market liquidity, prompting systemic liquidity risk (Kleopatra, 2009).

Liquidity impacts all markets. It affects the ability to purchase or sell a security or obligation, either for hedging purposes or trading purposes, or alternatively to close out an existing position. Liquidity can also refer to an organization having the financial capacity to meet its short-term obligations. Assessing liquidity is often subjective and involves qualitative assessments, but indicators of liquidity include number of financial institutions active in the market, average bid/ask spreads, trading volumes, and sometimes price volatility. Although liquidity risk is difficult to measure or forecast, an organization can try to reduce transactions that are highly customized or unusual, or where liquidity depends on a small number of players and therefore is likely to be poor. In a situation where an organization may have insufficient liquidity, it may not be able to maintain its day-to-day operations. While revenues and sales may be sufficient for long-

term growth, if short-term cash is insufficient, liquidity issues may require decisions that are detrimental to long-term growth (Karen, 2005).

Market liquidity risk is when an organization is unable to trade at a fair price immediately. It is the systematic, non-diversifiable component of liquidity risk. This has two important implications. First, it suggests commonalities in liquidity risk across markets. Such commonalities have been grounded theoretically by Brunnermeier and Pedersen (2007) and recorded empirically across stocks and across bonds and equity markets (Avramov, Chordia, Jostova & Philipov, 2009).

Muiruri, Memba and Njeru (2015) asserted that poorly regulated firms are expected to be less profitable, have more bankruptcy risks, lower valuations and pay out less to their shareholders, while well-governed firms are expected to have higher profits, less bankruptcy risks, higher valuations and pay out more cash to their shareholders. Whereas weak regulation in the banking sector not only lead to poor firm performance and risky financing patterns, but can also provide a conducive ground to macroeconomic crisis.

2.4.3 Market Risk

Market risk is the risk that the financial instrument's value will fluctuate as a result from market price changes, regardless of whether these changes are caused by factors typical for individual instruments or their issuer (counter-party), or by factors pertaining to all the instruments traded on the market. The four most common factors connected with market risk are interest rates, currency exchange rates, costs of investments in trade portfolio (regardless of the instruments' character debt or capital), prices of exchange commodities and other market variables related to the bank's activity. In general, market risk can be defined as a risk arising from market movements of prices, interest rates and currency exchange rates (Milanova, 2010).

Market risk refers to the risk to an institution resulting from movements in market prices, in particular, changes in interest rates, foreign exchange rates, credit spreads, and equity and commodity prices. The dictionary of financial terms (2008) defines market risk (systematic risk) as risk that results from the characteristic behavior of an entire market or asset class. Market risks are environmental in nature and encompass risks that might arise from financial losses due to changes in market interest rates (interest risk), or due to inadequate protection from fluctuations in currencies (foreign exchange risk), or due to long term asset and liability management (investment portfolio risk).

Market risk often arises from other forms of financial risk such as credit and liquidity risks. For example, a downgrading of the credit standing of an issuer could lead to a drop in the market value of securities issued by that issuer. Likewise, a major sale of a relatively illiquid security by another holder of the same security could depress the price of the security. The market risk factors cited above are not exhaustive. Depending on the instruments traded by an institution, exposure to other factors may also arise. The institution's consideration of market risk should capture all risk factors that it is exposed to, and it must manage these risks soundly.

Market risk is a possibility for an investor to experience losses due to factors that affect the overall performance of the financial markets. Market risk cannot be eliminated through diversification it can only be controlled through hedging. Market risk may be caused by natural disaster, which will cause a decline in the market. The natural disaster affects greatly the infrastructure which has direct impact on transport firms. Other sources of market risk include recessions, political turmoil, changes in interest rates and terrorist attacks. Systemic risk, while it may be triggered by other risks such as credit risk or liquidity risk is different from such risks (Tucker, 2010). The institution should also take into account the general market and macroeconomic conditions in which it operates in its assessment and management of risks and its loss absorbing capacity. It should ensure that its risk processes and capital levels are adequate for countering the impact of potential stress developments, including significant deterioration of market liquidity conditions, which emanate from its operating environment.

Labour market institutions play a crucial role in hiring and firing strategies of firms. Employers face a number of challenges to fill a vacancy. First, frictions on the labour market make hiring more difficult. Second, in case of imperfect screening technology, the extent of supervision of candidates' abilities exposes firms to the risk of a mismatch. These are costly for firms (Autor, Kerr and Kugler, 2007) Whether or not an event proves to be systemic depends on the overall market circumstances in which it arises. Dealing with systemic risk requires a response that is multifaceted and sophisticated. It requires a strong framework that builds resilience throughout the financial system in order to avoid creating areas of strength alongside areas of weakness (Tucker, 2010).

Globalization and liberalization has made business resources more mobile and transferable beyond borders. Globalization is the final stage of open economy for universal market. In the economic term, it is the process of integration of national economies with international market. Economic globalization is the eliminating process of national borders and the extension of market capitalism, which begins with the implementation of privatization policies followed by economic liberalization. Competition for resources such as material and capital has increased in many Asian and African countries including Kenya. Globalization promotes technology, source and knowledge transfer, as ever-new processes of production and services will be provided. Globalization also promotes the rapid innovation, easy entry as less government protection and convergence across industries due to less trade barriers within region, constant arrival of new range of products and liberalization opening up of new economies (Sharma, 2013).

Kimathi, Namusonge and Njeru (2016) indicated that besides all the good deeds, liberalization harms local SMEs as they have to compete with cheaper, more innovative incoming foreign products or services and compete for resources and capital. Globalization also creates unprecedented information and communication technologies. In contrary, globalization also requires an efficient risk management, relationship marketing, and supply chain management. Also, Lazonick (2011) stated that Superior economic performance depends on innovative enterprise: the development and

utilization of productive resources to generate higher quality, lower cost goods and services to facilitate quality management.

2.4.4 Foreign Exchange Risk

Foreign Exchange (FX) risk is the exposure to potential financial losses due to devaluation of the foreign currency against the domestic currency. The effect of FX risk is that export opportunities may be lost to competitors who are willing to accommodate their foreign buyers by selling in their local currencies. The volatility of the FX market poses a great risk of immediate and drastic FX rate movements, which may cause significantly damaging financial losses. Exchange rate started way back from 1876 to 1913 when they were dictated by Gold standard, the exchange rate between two currencies was determined by their relative convertibility rates per ounce of gold. This was later replaced by The Bretton Woods Agreement which was meant to administer fixed foreign exchange rates (Madura, 2009).

By1971, the Bretton Woods system of administering fixed foreign exchange rates was seen as not being favoring the growing pressure of demand for US Dollar. The US Dollar had gained ground and the demand for it was higher that its supply. Hence it was abolished and a fluctuating exchange rates system was introduced to determine foreign exchange rates. Another reason is due to high volatility in other markets around the world as a result of inflation and oil price (Madura, 2009).

Firms faced many problems in maintaining healthy operations due to uncertainty in profits, cash flows and future costs. Financial derivatives, foreign currency, interest rate and commodity derivatives have emerged to managing risks facing corporations in some parts of world. If foreign exchange markets are efficient such that purchasing power parity, interest rate parity, and the international Fisher effect hold true, a firm or investor does not need to protect against foreign exchange risk due to indifference toward international investment decisions. And the same affects all firms as long as they intend to make business without exception of transport firms.

In the context of growing globalization, firms engage more in international activities and thus, more exposed to fluctuations of foreign exchange rates. In the long run, existence of Foreign exchange rate risk is because of international parity conditions which include Purchasing Power Parity and the International Fisher Effect (Bartram, 2008). Fluctuations in exchange rates also make the volume of firm's cash flows unsecured and therefore impose a threat of mismatch between internal supply and demand of funds for investments. Firms can choose to hedge their exchange rate exposure by; operational hedge with foreign assets and operations and financial hedge with foreign currency debt and derivatives (Bartram, Brown & Conrad, 2009).

Exchange rate misalignments either over-appreciations or over-depreciations lead to misallocation of resources between the different sectors in the economy and between countries. There have been arguments for and against depreciation and appreciation of exchange rates in most developing economies. Due to diversity in the structures of these economies, there seems to be no consensus. Proponents of the export promotion theory argue that the government should strive to maintain a depreciating currency in order to make export prices relatively lower in the international markets, thus making exports more competitive. This should increase export volumes, thereby improving terms of trade, and the balance of payments, hence increasing national incomes (KIPPRA, 2010).

Proponents of appreciation in developing countries, on the other hand, argue that since imported raw materials form a substantial proportion of the developing countries cost of production, depreciation of the exchange rate is detrimental to the economy as it increases import prices, which leads to increased cost of production, making domestically produced goods less competitive in the international markets compared to foreign goods. They therefore argue that all government interventionist policies to stabilize or manage exchange rates must be geared towards maintaining an appreciating currency and avoiding over-depreciation. In most cases, monetary authorities in these countries find themselves in the centre of this debate without an idea on how to intervene. The responsibility of price stability in most countries is bestowed upon the central banks. How Central Banks intervene to correct unpredictable movements of

exchange rates depends on the intended direction of the correction. The direction depends on what levels of the exchange rates the central bank sees as the optimum (equilibrium) (KIPPRA, 2010).

Diamantini (2010) asserts that MFIs are particularly vulnerable to foreign exchange rate risk, since they operate in developing countries where the risk of currency depreciation is high. This is characterized by extreme currency depreciation which tends to be highly correlated with a general deterioration of local economic conditions, which can cause higher loan non-repayments and a reduction in profitability of financial activities. Through an appropriate hedging policy, the MFI can reduce or even eliminate the uncertainty of mismatches between local currency receivables and foreign currency repayments. MFI make decisions on which derivatives to use for hedging for foreign exchange risks such as forwards and options. As Financial Institutions control foreign exchange rate risk, the impact is transferred either directly or indirectly to non-financial institutions including Transport and Logistics firms.

Currency volatility, interest rate, stock and bond returns and commodity prices made financial institutions implement hedging techniques to manage their financial risks. Financial derivatives essentially design an effective hedging strategy. Derivatives are important source of revenues for financial institutions and speculators. The importance of Foreign exchange is that it acts as settlement risk (Diamantini, 2010).

2.4.5 Performance of Transport Industry

Firms' performance is affected by many factors notably political, social and economic factors. Economic factors for instance, the liberalization of the economy has been characterized by a shift in attention away from the real economy to trade in financial assets. Although devaluation of the shilling partly led to exceptionally high export earnings, imports remained depressed and real investments declined. With rates on government securities attracting excess premiums, it is likely that lending for investment

was considered unattractive. This partly explains the poor economic performance as shown by the GDP growth rate of 0.2% in 1993 (KIPPRA, 2001).

More recent study indicates that performance of transport industry has decelerated to 7.3 per 2017 from 7.8 per cent growth in 2016. Also the number of newly registered lorries/trucks, and heavy vans for transport industry declined by 22.5 percent, the number of passengers transported through SGR increasing and at the expense of other forms of passenger transport same effect is felt on freight traffic that has decreased by 16.9 percent in 2017 (KNBS, 2018).

As cited by Chimkono, Muturi and Njeru (2016), Rose and Hudgins (2008) defined performance of financial firms as the ability of meeting the needs of stockholders and stakeholders. The success or failure of institutions is usually uncovered through a review of their financial statements. The paramount important dimensions of performance are profitability and risk. An understanding into the concept of 'profit' can be traced to Hawley (1901), who explained that profit is the residual income which the entrepreneur receives for assuming business risks. Risk-taking is considered as the main function of the entrepreneur and profit is an excess of payment above the actuarial value of risk. Hence the reward for risk taking must be higher than the actual value of risk.

Shareholders, and managers like to see their business grow and become big, preferably the biggest in their industry. Large firms are assumed to have many advantages over their smaller rivals. Large firms can benefit from economies of scale and scope and from specialization and they have stronger bargaining power. Bigger firms are expected to be more profitable than smaller firms. Firm size may be measured as turnover and total assets and ranges from the largest in each industry to very small ones (Bjarni, 2007).

As cited by Kipngetich and Muturi (2015), analysis of the determinants of financial performance is essential for all the stakeholders, but especially for investors. The value of shareholders, defined as market value of a company is dependent on several factors: the current profitability of the company, its risks, and its economic growth essential for

future company earnings. All of these are major factors influencing the market value of a company.

Financial performance of a business enables managers and decision-makers to measure the results of business strategies and activities in objective and unbiased monetary terms. It therefore facilitates measurement of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Makokha, Mukanzi & Maniagi, 2016).

Firm's performance may be defined by its profitability which is measured in terms of return on assets (ROA). It is a common measure of performance of most financial institutions including commercial banks. ROA incorporates the broadest aspect of the financial institutions for instance, banking sector as it is a reflection of the ability of firms' management to generate profits from the available assets. ROA is regarded to be a core performance indicator used in the majority of empirical studies by Chimkono *et al,* (2016) and Muiruri *et al.* (2015).

Another important measure adopted by this study is Returns on Investment (ROI) or its Net profit Margins which is net profit as a percentage of the revenue.Many theories have been developed to explain the assumptions of Firm size and Firm's performance in general these include; Principal-Agent Theory, Strategic Theories and Institutional Theory (Bjarni, 2007). Profit Margin Ratio, the profit margin of a company determines its ability to withstand competition and adverse conditions like rising costs, falling prices or declining sales in future. This ratio measures the percentage of net profit to total income and thus is a measure of efficiency of the company. PMR = Net Profit / Total Income.

Ownership and management of transport firms are subsistence ranging from one truck to a fleet of 500 or more. The microenterprise kind of ownership is that insurance cannot obtain the protection because traditional banks are unwilling to operate under these conditions. The poor are often trapped in a vicious circle: generating income at a

subsistence level makes it difficult to accumulate savings or other assets which is a hindrance to Firms' financial performance. There are at least three channels through which Foreign Direct Investment can affect the performance of domestic firms: competition, labor market, and linkages. Increased MNC presence may imply more intense competition. On the one hand, increased product market competition may cause local firms to reduce their price markups, leading to a reduction in their profits. MNC presence, however, can have a positive effect on the performance of domestic firms. The linkages between MNCs and domestic firms create business opportunities and enhance the technological know-how and productivity of domestic firms (Javorcik & Spatareanu, 2009).

The relative price changes can affect the firms' competitive market position, leading to changes in cash flows and, ultimately, in firms' value. Firms in developed economies use a variety of instruments to manage financial risks. It is not clear whether the full potential of these instruments is being realized. While in developing economies notably Kenya, not all firms use derivatives and not all firms use all types and more important, whether they are used appropriately (Njoroge, Matumo & Maina, 2013).

2.5 Empirical Review

There are other studies that focus on comparing the performances of firms from different sectors. The Study carried out on MFIs (Microfinance Sector) indicated that Financial Risks affects the institution and that effective financial risk management strategies have been put to control these risks. The risks include liquidity risk, credit and Interest rate (Njuguna, Gakure, Waititu & Katuse, 2013).

However, the majority of these studies focus on particular processes or function such as supply chain performance (Akyuz & Erkan, 2009; Gunasekaran, Patel & Tirtiroglu, 2001) or manufacturing performance (Laugen, Acur & Boer, 2005) without paying much attention to overall performance of the firm. A study was carried out to investigate the effect of foreign currency hedging with derivatives on the probability of financial

distress. This study used structural default model to compute firms' distance to default as a proxy for their probability of financial distress. Using an instrumental variables approach to control for endogenous hedging and leverage, this study concluded that the extent of foreign currency hedging is associated with a lower probability of financial distress (Shane, 2012).

In Africa, as elsewhere, transport was until the late 1960s generally seen as a high priority area. Many new ports, railways and roads were built both before and after independence. This state of affairs, however, changed during the 1970s when transport was generally given low priority. This had serious consequences for the transport systems in the low-income African countries. It coincided with a shift from centralized to decentralized and local economic development in the industrialized countries, and a shift from export-orientation to import-substitution with a focus on self-reliance and local rural development in the developing countries (Alila, Khayesi & Odhiambo, 2005).

During the 1990s, trade liberalization and privatization started a process of change, mostly because of increased competition from South Africa following the end of the embargo on South Africa in 1994. At the same time restructuring of the transport system at a global scale, partly as a result of transport liberalization, is changing the position of Africa in the global transport network (Alila, Khayesi & Odhiambo, 2005).

Profit is the ultimate goal of all firms. All the strategies designed and activities performed thereof are meant to realize this grand objective. However, this does not mean that firms do not have other goals. Firms could also have additional social and economic goals (Ongore & Kusa, 2013). However, this study evaluated financial risks and their effect on performance transport firms Mombasa County. To measure performance, there are varieties of ratios used of which include Return on Asset, Return on Investment and Net Interest Margin.

Theories of financial crises contend that crises in the financial sector affect the ability of commercial banks to extend credit as well as the ability of the borrowers to service their loans. Portfolio theory in the banking sector is applied in constitution of loan portfolios of banks where there are guidelines on loans that banks should extend to their clients, such as limit in terms of credit that should be extended to third parties. The agency theory contends that many banks are managed by the managers and not by the owners. Banks that are managed by professional managers are expected to better analyze and monitor credit awarded to their clients (Kithinji, 2010).

Table 2.1: Summary of recent studies

Author	Title	Methodology	Findings/Recommendations
Ayuma (2015)	Determinants of Financial Risks of Listed Companies on the Nairobi Securities Exchange in Kenya	The research design that was used is the mixed research design consisting of both qualitative and quantitative methods	The results indicate that level of leverage positively influences the financial risk of companies listed on the NSE more than financial information, cost of capital, capital structure and prudential regulation.
Njeru (2013)	Determinants of Choice of Entrepreneurial Finance for Small and Medium Sized Enterprises. Survey of Thika District	This study adopted mixed research design and data was analysed by descriptive statistics and inferential statistics	Small- and medium-sized enterprises focus a lot more on optimizing their size in order to maximize on the potential to increase value.
Kithinji (2010)	Credit risk management and profitability of commercial banks in Kenya.	A regression model was used to establish the relationship between amount of credit, non-performing loans and profits.	Bulk of the profit of commercial banks is not influenced by the amount of credit and non-performing loans suggesting that other variables other than credit and non-performing loans impact on profits.
Njuguna *et al.,* (2013)	Effects of financial risk management on the growth of microfinance sector in Kenya.	The study adopted a correlation survey research design.	The study results were that financial risk management strategies were a significant determinant of growth in MFIs.
Kimathi *et al*., (2016)	Effects of Micro-Finance Funding On Sustainability of Women Owned Micro and Small Enterprises in Kenya.	Descriptive data analysis was adopted for the study.	Microfinance institutions should consider giving loans without strict conditions such as high guarantees and strong background information.
Ali *et al.,* (2016)	Effect of Firm Managerial Risk Aversion on Corporate Hedging of Listed Firms in Nairobi Securities Exchange in Kenya	A regression model was used to establish the relationship	The study found out that firm size significantly and positively influence corporate hedging.
Omar *et al.,* (2017)	Influence of Financial Literacy on the Growth of Family Businesses in Kenya.	Correlation analysis was used to establish the relationship between financing and growth of family businesses.	Planning for funds and financial leverage greatly influences growth of family businesses in Kenya.
Otieno *et al.,* (2015)	Effect of Employee Engagement on Organisation Performance in Kenya's Horticultural Sector	Cross sectional survey research design was adopted.	Employee engagement was found to encourage employee development thus affecting the general organization performance.

2.6 Critique of existing literature

Neither Transport Associations nor Individual transporters have consistent information about financial risks and management. Although empirical research has found significant relationship between financial risks and firms' performance, this has been majorly to financial institutions for instance banks. A study carried out by Asian Development Bank (ADB) in China, on the Transport efficiency through logistics development policy study show the need for Government to develop infrastructure in order to develop the Transport and Logistics Industry. The study showed the contribution of Transport and logistics to development of the Republic of China (ADB, 2012). This study applied different theories to explain and assess effects of financial risks and firm performance either singling out financial risks or firms' performance. This study assessed the effects of financial risks on Performance of transport firms in Mombasa. The study evaluated the relevancy of the theories adopted for instance CAPM and Tobin's Separation Theorem and their assumptions in application to developing Markets like Kenya.

Recent studies show the effectiveness of these theories to financial institutions, this study established the relationship of the variables when applied to non- banking sector notably the transport sector through findings and tests to explain their effects on performance of transport firms. Kenya's Economy is developing highly through its GDP more than its neighbors and seen as one of the most growing economies in the Eastern Africa. However, trade within East African countries is being threatened by growth and development of almost similar Industries, for instance, Kenya's Colgate with Tanzania's Whitedent. Political stability and Government policies of neighboring East African Countries like Rwanda and Tanzania has not only provided competition but also opened up avenue in development of transport Industry. In comparison to countries of Kenya's expected level of Growth like Egypt and Nigeria, Kenya's infrastructure is yet to be to the level.

A recent study carried out in Kenya by Ayuma (2015) was done on determinants of Financial Risk of Listed Companies on the Nairobi Securities Exchange in Kenya. The study concluded that the level of leverage is the strongest determinant of the financial risk of the listed companies since more debt financing implies higher possibilities of default, hence higher financial risk. The above study was carried out on the determinants of Financial Risks of Listed Companies on Nairobi Securities Exchange in Kenya while the current study focused on the effect of Financial Risk on performance of transport firms.

There is scanty information to indicate whether financial risk affect firms' performance of non -banking institution, thus the need to carry out the study of financial risks on performance of transport firms in Mombasa County. Ownership of Transport firms in Kenya is subsistence hence accessibility to information is undeveloped. This study combined both primary data through questionnaires and also secondary data from KTA and from individual transport firms.

2.7 Research gap

There exists a wealth of literature on risks but scanty studies have been carried out in Kenya especially on the effects of financial risks on performance of transport firms. Earlier studies on profitability conducted use cross sectional data of the firms to compare financial ratios and scanty information on specific risks in their models. Study carried out by Ayuma (2015) was on determinants of financial risks of listed companies on the Nairobi Securities Exchange in Kenya. In Kenya not all companies are registered with NSE, hence opening up a need to study effects of financial risks on firm's performance.

Other studies on Financial risks were based in Financial Institutions thus creating a research gap for the current study to be undertaken. Also, previous studies examined the internal and external factors of the firms, while the growth Kenya's Economy due to development of SGR and LAPPSET have opened up links between Kenya and its neighbors and have attracted many transport and Logistics firms Investors. As pointed

out in this study's conceptual framework, scanty information is available on all factors combined how they affect firms' performance.

2.8 Summary

In this study, Financial Risks was identified as different and independent entities despite them related for instance Market Risk and Foreign Exchange Risks. This study indicated how each variable of the financial risks affected performance of transport firms. The Study identified risks with their respective theories that explain their effects on performance of firms. Risk Management has been an important subject of research in a large number of developed and developing countries. The impact of financial risks on firms' performance differs from firm to firm and country to other country. This has necessitated this study to assess, determine and evaluate the impact of financial risks on performance of transport firms in Mombasa County.

Despite Kenya's GDP improvement and significant improvement in Infrastructure, the Country is yet to lay fundamental progress in meeting the country's infrastructure needs. Though could be seen above average compared to low Income countries in Africa, it is placed low in Middle Income Countries like Nigeria and Egypt. Much is required in the development of infrastructure, which has greater impact on causes of financial risks of Transport Industry. Most studies have been on financial risk management of banks, undoubtedly, the Transport industry in Mombasa County has scanty study can be utilized to enrich directly or indirectly the County's revenue and attract investors in this profitable venture which interconnects the landlocked neighbors who depend on the Port of Mombasa.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research design, study population, data collection and analysis techniques and procedures; and research ethics. The study adopted both a qualitative and quantitative approach. Data analysis was undertaken by means of standardized statistical procedures. Questionnaires were used to capture qualitative and quantitative data from finance department of transport firms under consideration. This research generalised the findings on the effects of financial risks on performance of transport firms in Mombasa County.

3.2 Research Philosophy

Research philosophy can be viewed as positivism, interpretivism or realism. Positivism research philosophy reflects the belief that reality is stable while reality can be observed and described from an objective viewpoint without necessarily interfering with the phenomenon itself and Positivists' belief that hypotheses developed from existing theories can be tested by measuring observable social realities, thus positivism is derived from natural sciences and only phenomena that is observable will lead to the production of credible data (Saunders, Lewis & Thornhill, 2009). Research Philosophy outlines the way data of a certain phenomenon should be gathered and analyzed. Positivists' researchers assume a controlled approach in conducting research by identifying research topic, research hypotheses and a suitable methodology. Positivism enables one to apply statistical techniques in testing hypotheses to analyze research data collected using quantitative research techniques. Positivists who believe reality is stable and hence can be observed from an objective viewpoint positivists argue that a phenomena can be isolated and observations can be duplicated (Creswell, 2014). The twentieth century action research represents the starting point for a new social scientific research paradigm

how practical philosophy has been transposed into a cultural context in which the pre-modern meanings attached to the concepts of action, practice, knowledge and philosophy have been radically transformed (Wilfred, 2006).

The research philosophy of this study was a mixed paradigm of the positivist, interpretivist and realism paradigm approach. Mixed approach tests hypotheses, with the intent of either rejecting or accepting the null hypotheses. This approach allows for the operationalization of the various hypothetical concepts as well as generalization of the results.

3.3 Research design

The purpose of research design is to ensure that the procedures undertaken are adequate to obtain valid, objective and accurate answers to the research questions. This involves selection of a study design that will assist the researcher to isolate, eliminate or quantify the effects of different sets of variable influencing the independent variable (Kumar, 2011).

Ogula (2005) describes a research design as a plan, structure and strategy of investigation to obtain answers to research questions and control variance. The research design used in this research was mixed research design. It involved combining or integration of qualitative and quantitative research and data in a research study (Triangulation). Triangulation is a process of verification that increases validity by incorporating several viewpoints and methods. It refers to the combination of two or more theories, data sources, methods or investigators in one study of a single phenomenon to converge on a single construct, and can be employed in both quantitative (validation) and qualitative (inquiry) studies (Yeasmin & Rahman, 2012). The way in which research design is made depend upon study's own preferences, researcher's philosophy, and researcher's ideas as to the most appropriate strategy and choices of methods for conducting research (Hakim, 2000).

This study used triangulation research method. It focused on collecting, analyzing, and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approaches, in combination, provides a better understanding of research problems than either approach alone. In this design, the study involves collection of both forms of data at roughly the same time and then integrates the information in the interpretation of the overall results. Contradictions or incongruent findings are explained or further probed in the design (Creswell, 2014).

The study involved collecting information from people based on their habits, opinions, attitudes and any other educational or social issues. As explained by Fei and Isa (2010) and Orodho (2003), this method of research is convenient and very flexible because a researcher is able to collect data to answer questions in regard to the questionnaire. Similar view was envisaged by Ochiri, Guyo, Odhiambo and Arasa (2015). The Research Design was used by Ayuma (2015) and was found to be suitable in the findings about the determinants of financial risks of listed companies on the Nairobi Securities Exchange in Kenya. Njeru (2013), used mixed design in the study of the determinants of choice of source of Entrepreneurial finance for Small and Medium Sized Enterprises. This design is found to be appropriate since it involves both qualitative and quantitative data collected, hence was found to be more reliable.

As cited by Yeasmin and Rahman (2012), Triangulation is a good way to reap the benefits of both qualitative and quantitative methods. It increases credibility of scientific knowledge by improving both internal consistency and generalizability through combining both quantitative and qualitative methods in the same study. Transport firms in Mombasa County in particular are privately owned through family business, they are informal and there is scanty of secondary information. To get the needed information, this study combined both quantitative and qualitative research designs, hence a need for triangulation research design.

3.4 Target Population

A population refers to any group of institutions, people or objects that have common characteristics. The target population composed of transport firms' senior managers dealing in Trucks cargo/Heavy Equipment, Fuel tankers, logistics/container carriers and long distance buses firms taking routes within Kenya. The target population was 2,013 Senior Managers in charge of risk management and firm's performance of Logistics and Transport firms (Carriage).

Table 3.1: Population Frame

Sectors	Senior Managers
Trucks cargo/Heavy Equipment carriers	986
Truck Fuel Tank carriers Firms	254
Truck Logistics/Container carriers Firms	681
Buses Firms	92
Total	2,013

This study had a target of 2013 firms' managers which were stratified from truck cargo/heavy equipment carriers firms' managers 986; truck fuel tank carriers firms managers 254; truck logistics/containers 681 firms managers and buses firms managers 92.

3.5 Sampling Frame

Lavrakas (2008) defines a sampling frame as a list of the target population from which the sample is selected and that for descriptive survey designs a sampling frame usually consists of a finite population. Since the study adopted a mixed Research design, the ideal Sampling frame was with both qualitative and quantitative sampling.

The sampling frame for the study were logistics and transport firms in Mombasa listed with KTA, County Government of Mombasa and NTSA of 2013 listed transport firms' managers and a sample of 172 transport firms senior managers were selected for the study.

3.6 Sample size and sampling technique

This study used stratified sampling. The accuracy of estimate largely depends on the extent of variability or heterogeneity of the study population with respect to the characteristics that have a strong correlation the study tries to ascertain. Under stratified sampling, the population is divided into many sub-populations in such a manner that they are individually more homogeneous than the rest of the total population (Kumar, 2011). This study adopted stratified sampling technique which was seen to be viable and more accurate given the target population and the kind of services within transport firms like, Trucks-Cargo Carriers/Heavy Equipment, Fuel Tank-Carriers, Logistics/Container Carriers and buses. Similar approach was used by Otieno, Waiganjo and Njeru (2015) in the study of Relationship between Labour Relations Practices and Organizational Performance in Kenya's Horticultural Sector.

This study considered the sample size based on the list of transport firms in Mombasa County. Sampling technique plays an important part in determining the size of the sample.

The study estimated using the following equation to determine the sample size;

$$n = \frac{z^2 pqN}{e^2(N-1)+z^2 pq} \qquad (3.1)$$

The equation was adopted from Kothari, (2004).

This led to estimation of 172 Transport firms' managers responsible for risk management as sample size of the study.

Given as;

N= Target Population

$Z^2 = 1.96$

p= Proportion of population $= 0.02$

q = $1 - 0.02 = 0.98$

e =Error Term = 1.96

$$\frac{1.96^2 X 0.02 X 0.98 X 2013}{0.02^2(2013-1)+1.96^2 X 0.02 X 0.98} \simeq 172 \quad \text{Transport firms} \qquad (3.2)$$

The sample was further stratified in terms of trucks cargo; truck fuel; truck logistics and buses. Thus, the sample of senior managers of respective strata was identified as potential sample;

$$\text{Stratified sample} = \frac{Stratified\ Target}{Target\ Population} * Derived\ Sample$$

Table 3.2: Sampling Distribution

Sectors	Managers	%	Sample Size
Trucks cargo/Heavy Equipment carriers	986	48.9	84
Truck Fuel Tank carriers Firms	254	12.6	22
Truck Logistics/Container carriers Firms	681	33.83	58
Buses	92	0.045	8
Total	2,013	100	172

3.7 Data Collection Methods

The research method consists of how the researcher collects, analyzes, and interprets the data in the study (Creswell, 2009). In social sciences, the most commonly used instruments are: questionnaires, interview schedules, observational forms and standardized tests (Saunders, Lewis and Thornhill, 2009).

This study applied research methodological triangulation because the study used both primary and secondary data methods of data collection in order to improve validity and reliability of the study. Studies by Yeasmin and Rahman (2012) show that by applying combination of several research methodologies in the study of same phenomenon, it increases credibility of knowledge by improving both internal consistency and generalizability.

3.7.1 Primary Data

Primary data was collected from Senior Managers of all one hundred and seventy two firms because of their role in making strategic choice and mobilization of organization resources that affect firm performance and financial risk. Questionnaires with open and structured questions were administered to respondents with the help of research assistants. The Questionnaire was divided into sections which included the following; Section A involved questions related to bio data information of the respondent of the firm while section B.*1* to *B.*5 , Credit; Liquidity ; market; foreign exchange and performance of firms related questions. The questionnaire was structured to cover all the parameters for the independent and dependent variables.

3.7.2 Secondary Data

Secondary data was obtained from various financial journals; internet published financial statements and documents. Secondary data was used to complements information from primary data. Dawson (2009) defines secondary research as collecting data using information from studies of other researchers in an area or subject. According

to Ember and Ember (2009) secondary data is one collected by other people. The Researcher used Secondary data collection instrument. Similar procedure approach was of secondary data collection procedure was carried out by Ali, Namusonge and Sakwa (2016) and Zhang (2012). Secondary data analysis is analysis of data that was collected by someone else for another primary purpose (Kothari & Garg, 2014). The utilization of this existing data provides a viable option for studies who may have limited time and resources.

3.8 Data Collection Procedures

Data collection procedures specify most appropriate procedure to be used for data collection and to carry out the practical, careful design and use of such instruments (Cohen et al., 2011). Data collection procedures in this study were primary and secondary data.

Questionnaires are appropriate for studies since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as experiences of individuals (Njeru, Njeru, Memba & Tirimba, 2015). Researchers administer questionnaires to some samples of a population to learn about the distribution of characteristics, attitudes, or beliefs. In deciding to survey a group of people, researchers make one critical assumption that a characteristic or belief can be described or measured accurately through self-reporting. In using questionnaires, researchers rely totally on the honesty and accuracy of participants' responses.

Also, questionnaires have the added advantage of being less costly and using less time as instruments of data collection. A questionnaire was developed which took a form of the mixed research design. It included Likert approach for quantitative and structured questions. The aim of the questionnaire was to collect information relating to how financial risks affect performance of transport firms in Mombasa County. The instrument was addressed to the senior managers; the "drop and pick later" method was

used. Interviews were also conducted together with questionnaires depending on the level of education of the managers and size of the firm. This increased validity and reliability of data collected.

The researcher administered questionnaires and interviews to Senior Managers of all one hundred seventy two transport firms. In order to ensure consistency in the interpretation of questions leading to answers those are consistent to real situation in the firm. This solved problem of misinterpretation of questions that will cause irrelevant and inconsistent answers. The introductory letter of authority to carry out research and questionnaires were dropped in companies. Follow up was done through telephone and personal visits to secure appointments with the companies executives.

Secondary data collection forms were used by researcher as checklists to record during data collection. The secondary research data was obtained from KTA journal and Financial Statements firms to ascertain their finance performance. Secondary data was collected from journals, periodicals and Income statements and also interviews from the target population.

3.9 Pilot study

A pilot study is a mini-version of a full scale study or a trial run down in preparation of complete study. It is also known as feasibility study. It can also be a specific pre-testing of research instruments, including questionnaires or interview schedules. The researcher sees the goal of a pilot study in general as related to the aim of the research project of which it forms part. The general goal of a pilot study is to provide information, which can contribute to the success of the research project as a whole. A pilot study could be conducted to test the research process, such as the different ways of distributing and collecting the questionnaires and to establish the issues to be addressed in a large-scale questionnaire survey (Teijlingen & Hundley, 2002).

3.9.1 Validity and Reliability of Research Instrument

To ascertain that an instrument is measuring what it is supposed to is based upon the logical link between the questions within in the data collection instrument and the objectives of the study Kumar (2011). The research instrument was pre-tested using a sample size of 4 transport firms as respondents. This is based on recommendations by Mugenda and Mugenda (2003) who observe that a successful pilot study uses 1% to 10% of the actual sample size. The data was analyzed using SPSS version 23. The study tested Cronbach's Alpha which indicated that the instrument coefficient of 0.7 overall and also all variables under study had above 0.7 which was clearly concluded that the instrument had clarity and objectivity of the selected questions and reliable.

a) Validity of Instrument

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. It is the degree to which the study proofs what has been set out to measure if it is, or not in line with research question. This is the extent to which differences found with a measuring tool reflect true differences among respondents being tested (Donald & Pamela, 2002).

Validity can be viewed as; a) criterion or predictive validity. This is when the purpose is to use an instrument to estimate some important form of behavior that is external to the measuring instrument itself; b) Construct validity is concerned with the validity of empirical measures and hypotheses testing of theoretical concepts; c) content validity is the extent to which an empirical measurement reflects a specific domain of content (Thatcher, 2010).

To ensure content valid data, the study identified identical indicators which were relevant to the variables of the study in order to test content, predictive and construct validity. The identified sets of indicators were discussed with research supervisors and

other experts to ensure that they accurately represent the concept of Financial Risks and performance firms.

b) Reliability Instrument

It refers to consistency throughout a series of measurements. For example, if a respondent gives out a response to a particular item, he is expected to give the same response to that item even if he is asked repeatedly. One of the ways by which reliability of data can be tested is by finding out the agency that collected such data, and if the data conforms to the rest of the population. The greater the degree of consistency and stability in an instrument, is the greater its accuracy and reliability. If the agency has used proper methods in collection of data, statistics may be relied upon (Kumar, 2011).

A measuring instrument is reliable if it provides consistent results. Accordingly reliability is not as valuable as validity, but it is easier to assess reliability in comparison to validity. If the quality of reliability is satisfied by an instrument, then while using it one can be confident that the transient and situational factors are not interfering. Reliability is referred to as the consistency, stability and repeatability of results i.e. the result of a study is considered reliable if consistent results have been obtained in identical situations but different circumstances.

Reliability can be categorized as; i) Stability -This is when a study obtains the same result in repeated administrations or when the same test tools are used on the same sample size more than once, and when there is a reliability co-efficient that provides an indication of how reliable the tool is; ii) Homogeneity -This is a measure of the internal consistency of the scales. Cronbach's alpha is used to measure the reliability of a tool; iii) Equivalence - This is level of agreement among studies using the same data collection tool. The ratings of two or more studies are compared by calculating a correlation co-efficient (Twycross & Shields, 2004).

A pilot study was conducted to ascertain and detect any ambiguities of questions that could not be easily understood or poorly constructed and even those that would have been irrelevant in the research instrument. Results indicated coefficient of more than 0.7 which by rule of thumb was reliable and convenient of the instrument to conduct this study.

3.10 Diagnostic Tests

In preliminary, collected data was screened and cleaned to find out whether there were errors that could be corrected. Before statically procedures, such as multiple regressions were done, researcher checked the assumption that independent variables are normally distributed. This was done by undertaking the following tests. Assumptions and technicality for the application of statistical tools and suitability of the tests are important in research work and normality is one of the most important aspects for statistical analysis. Verified data inspire stakeholder confidence, and give reliable inferences and trustworthy interpretations for policy-making (Ali & Akayuure, 2016).To check for normality, the study adopted the Kolmogorov-Smirnov Test, auto correlation test and skewness and kurtosis statistic.

3.11 Data analysis and presentation

The study used multiple linear regression models, and significance of the coefficient was tested using t-test. Use of a *t*-test can help the study to decide whether the difference between the conditions is "real" or whether due to merely chance fluctuations from one time of testing to another. The *t*-test is useful for hypotheses testing, both of sample means and of regression coefficients. Data collected was transformed into various indicators and scores that were reflective of the various variables. Statistical package for social sciences (SPSS) Version 23 was used. Data was edited which meant careful scrutiny of the completed questionnaires. Editing was be done to ensure that the data was accurate, consistent with other facts gathered, uniformly entered, as complete as

possible and was well arranged to facilitate coding and tabulation. Also other assumptions of linear regression model were verified and tested.

3.11.1 Quantitative data analysis

The data analysis involved numerical counts and frequencies which served as a basis in determining the effects of financial risks basing on the questionnaires. The data was analyzed through the use of SPSS program. This study analyzed the data percentages and measure of variability. The data was used to express the spread or variation in response and was presented in tabular and graphical forms. The main aspect of this quantitative analysis is that it provides the means to separate out the large number of confounding factors that often obscure the main qualitative findings. Data processing involved pre- processing of the data collected during pilot study. Collection and data analysis are concomitant activities, (Smith, 2008).

a. Multiple Regression Analysis

Financial Risks may affect a firm wholesomely, this is, all the types like credit risk, liquidity risk, Market risk and Foreign Exchange Risk. Alternatively, Firm may be faced by one or two types of financial risk, hence the need by this study to adopt a multiple regression model. The study developed-model was used to determine the relationship between independent and dependent Variables. This study adopted a multiple linear regression model to show the relationship between variables.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \qquad (3.3)$$

Y= Firms' performance

β_0 = Constant

β_1- β_4 = Regression Coefficient

X_1 = Credit Risk

X_2 = Liquidity Risk

X_3 = Market Risk

X_4 = Foreign Exchange Risk

ϵ = Error

b. Linearity test

Linearity in the parameters, means that each (additive) term in the model contains only one parameter and only as a multiplicative constant on the independent variable. This restriction excludes many useful mathematical forms including nearly all models developed from principles of behavior of the system. Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variable (Saunders, Lewis & Thornhill, 2009).

The test for Linearity was done using SPSS to determine whether the relationship between independent variables and dependent variable is linear or not. Linear regression needs the relationship between the independent and dependent variables to be linear. It is also important to check for outliers since linear regression is sensitive to outlier effects. Linear regression makes several key assumptions; Linear relationship, Multivariate normality, no or little Multicollinearity, no auto-correlation and homoscedasticity.

A good research in a regression model should have linear relationship between independent and dependent variables.

c. Test of normality

Many statistical procedures including correlation, regression, *t*-tests, and analysis of variance, are based on the assumption that the data follows a normal distribution or a Gaussian distribution. It is assumed that the population from which the samples are taken are normally distributed.

The normality tests are supplementary to the graphical assessment of normality. This study adopted Skewness, Kurtosis, Kolmogorov – Smirnov (K-S) test and Durbin - Watson test. The test compared scores in the sample to a normally distributed set of scores with the same mean and standard deviation. Normality tests are used to determine if data is well-modeled by normal distribution and to compute how likely it is for a random variable underlying the data set to be normally distributed (Nornadiah & Yap, 2011).

d. Hypotheses Testing

Hypotheses testing was undertaken using the probability (P) value method which is the probability of getting a value of the sample test statistic that is at least as extreme as the one found from the sample data (within 95 percent confidence level). Hypotheses testing requires the study to go through a process that comprises three phases; firstly, constructing a hypothesis; secondly, gathering appropriate evidence; and thirdly analyzing evidence to draw conclusions as to its validity. Test of hypothesis should be capable of verification in that, methods and techniques must be available for data collection and analysis. It should also be expressed in terms that can be measured (Kumar, 2011).

This study involved the following hypotheses testing summarized by table 3.3.

Table 3.3: Hypotheses Testing

Hypotheses Statement	Hypotheses Test	Decision Rule
H_{01}: There is no significant relationship between credit risk and financial performance of transport firms in Mombasa County.	P-value method of hypotheses testing $H_{01:}$ $\beta_1 = 0$;	Fail to reject H_{01} if (p) Value ≥ 0.05; Otherwise reject H_{01} if (p)Value < 0.05
H_{02}: There is no significant relationship between liquidity risk and financial performance of transport firms in Mombasa County.	P-value method of hypotheses testing $H_{02:}$ $\beta_2 = 0$;	Fail to reject H_{02} if (p) Value ≥ 0.05 Otherwise reject H_{02} if (p)Value < 0.05
H_{03}: There is no significant relationship between market risk and financial performance of transport firms in Mombasa County.	P-value method of testing hypotheses $H_{03:}$ $\beta_3 = 0$;	Fail to reject H_{03} if (p) Value ≥ 0.05; Otherwise reject H_{03} if (p)Value < 0.05
H_{04}: There is no significant relationship between foreign exchange risk and financial performance of transport firms in Mombasa County.	P-value method of testing hypotheses $H_{04:}$ $\beta_4 = 0$;	Fail to reject H_{04} if (p) Value ≥ 0.05; Otherwise reject H_{04} if (p)Value < 0.05

3.11.2 Qualitative Data Analysis

Qualitative data consist of words and observations, as with all data, analysis and interpretation are required to bring order and understanding. The main focus in qualitative research is to understand, explain, explore, discover and clarify situations, feelings, perceptions, attitudes, values, beliefs and experiences of a group of people. This requires creativity, discipline and a systematic approach. This study used Questionnaire through interviewing the relevant persons in order to carry out qualitative test. This study related the purpose of the study and evaluated the research questions to suffice the study's need.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

In this chapter, data from the questionnaires was analyzed and interpreted. Reliability test was done to assess consistency of the data. Normality tests were also done on the data before using other tests to determine the relationship between variables.

4.2 Response Rate

From the data collected, out of the 172 questionnaires administered, 155 were filled and returned, which represents 91.3% response rate. This response rate is considered satisfactory to make conclusions for the study. Mugenda and Mugenda (2003) observed that a 50% response rate is adequate, 60% good and above, while 70% rate is very good. A response rate above 50% is regarded as one that can provide quality data for analysis (Rindfuss, Choe, Tsuya, Bumpass & Tamaki, 2015).

The recorded high response rate can be attributed to the data collection procedures, where the study pre-notified the potential respondents of the intended survey, and utilized a self-administered questionnaire where the respondent's queries were addressed immediately. Waithira, Waiganjo and Njeru (2017) got similar response, indicating top management issues can be addressed by the top managers of the Organization.

4.3 Reliability Results

The reliability of an instrument refers to its ability to produce consistent and stable measurements. The most common reliability coefficient is the Cronbach's alpha, which is a measure of internal consistency, that is, how closely related a set of items are as a group. A "high" value of alpha is often used (along with substantive arguments and possibly other statistical measures) as evidence that the items measure an underlying (or

latent) construct. Cronbach's alpha can be written as a function of the number of test items and the average inter-correlation among the items. The following formula is used to calculate the coefficient for the standardized Cronbach's alpha:

$$\alpha = \frac{k \times \bar{c}}{\bar{v} + (k-1)\bar{c}} \quad (4.1)$$

Where:

k refers to the number of scale items $\bar{c}$ refers to the average of all covariance between items $\bar{v}$ refers to the average variance of each item

The formula indicates that if the number of items increases, Cronbach's alpha also increases. Additionally, if the average inter-item correlation is low, alpha will be low. As the average inter-item correlation increases, Cronbach's alpha increases as well (holding the number of items constant). It takes values between 0 – 1, where 0 is the weakest and 1 the strongest. Any value of at least 0.7 is considered good for data reliability. Cronbach' alpha is used appropriately when the items measure different substantive areas within a single construct. The Cronbach's alpha is defined analogously as the variance of the universe scores divided by the variance of the observable scores, analogous to the concept of reliability in classical test theory (Vijaya & Sumeet, 2015).

Table 4.1: Alpha Internal Consistency

Cronbach's alpha	Internal consistency
α = 0.9	Excellent
0.7 = α = 0.7 < 0.9	Good
α = 0.6 < 0.7	Acceptable
α = 0.5 < 0.6	Poor
α less 0.5	Unacceptable

Cronbach's alpha is said to be equal to the stepped-up consistency of the intra-class correlation coefficient, which is commonly used in observational studies. The results of the reliability tests are given by Table 4.2.

The test-retest reliability indicates score variation that occurs from testing session to testing session as a result of errors of measurement. It is a measure of reliability obtained by managing the same test twice over a period of time ranging from few weeks to months, on a group of individuals. The scores from Time 1 and Time 2 can then be correlated between the two separate measurements in order to evaluate the test for stability over time (Mohajan, 2017).

Table 4.2: Summary of Reliability Test of Constructs

Determinants for Performance of Transport	Cronbach's Alpha	Comments
Credit Risk	0.776	Accepted
Liquidity Risk	0.753	Accepted
Market Risk	0.737	Accepted
Foreign Exchange Risk	0.711	Accepted
Performance of Transport	0.786	Accepted

In this study to test the reliability of the instruments, Cronbach's alpha is adopted as the reliability test of choice. The findings indicated that Credit Risk had a coefficient of 0.776, Liquidity Risk had a coefficient of 0.753, Market Risk had a coefficient of 0.737, Foreign Exchange Risk had coefficient of 0.711, and Performance of Transport had a coefficient of 0.786. All constructs depicted the coefficient of Cronbach's Alpha value above the suggested value of 0.7. A reliability coefficient of 0.70 or higher is considered "acceptable" in most social science research situations. This view is supported by studies carried out by Omar *et al.* (2017), Ali *et al.* (2016). On the basis of reliability test it can be seen that the scales used in this study are reliable to capture the constructs.

4.4 Background information results

Before further analysis was done, the demographic distribution of the data was examined. It explored the general analysis on the demographic data from the respondents, which included the respondent's age, highest level of education, and the normal payment terms of the organization. The study issued 172 questionnaires to participants for collection data on the Effect of Financial Risk on Performance of Transport Firms in Mombasa County and 155 participants responded to the questionnaires.

4.4.1 Respondent's Age

The study explored 155 respondents, and evaluated respondent's ages. The findings showed that, 71 (45.8%) of the respondent's ages were below 35 years, 56 (36.1%) between 36 – 45 years, 11 (7.1%) between 46 – 50 years and 17 (11.0%) above 50 years. The data was analyzed using descriptive statistics by computing frequency in Table 4.2. The results suggest that, 127 (81.9%) of the respondents are aged below 45 years. Therefore, it can be concluded that, about three quarters of transport firms in Mombasa County employees are 45 years and below. Also Omar, Namusonge and Sakwa (2017) asserted that most enterprises in Mombasa County are basically family based financing which depend on younger family members being engaged in business immediately after or during school going age.

Table 4.3: Respondents Age

Age Range	Frequency	Percent
26 - 35	71	45.8
36 - 45	56	36.1
46 - 50	11	7.1
>50	17	11.0
Total	155	100.0

4.4.2 Highest Level of Education

In the survey, the respondents were asked to state their highest level of education achieved to date. Out of the 155 respondents, 15 (9.7%) of them has High School Certificates, 83 (53.5%) of the respondents hold degrees, 30 (19.4%) of the respondents hold Master Degree and 27 (17.4%) hold other certification. The results are given in Table 4.4. These results suggested that, more than half of the employees of transport firms in Mombasa County hold degree, hence being a very competitive sector to seek for employment opportunities. The higher level of education is one of the factors contributing to the success of transport firms in Mombasa County. These findings supports studies by King and McGrath (2002) who indicated that in today's constantly fluctuating business environment, education is one of the factors that impact positively on growth of firms and that those entrepreneurs with larger stocks of human capital, in terms of education and (or) vocational training, are better placed to adapt their enterprises to such unexpected fluctuations. This shows that the academic qualification affects the performance of transport firms in Mombasa County.

Table 4.4: Respondent's Education Level

Level of Education	Frequency	Percent
High School	15	9.7
Degree	83	53.5
Masters	30	19.4
Other	27	17.4
Total	155	100.0

4.4.3 Normal Payment Terms

The study investigated the normal payment terms of the respondent's transport firms. The results showed that majority 65 (41.9%) of the targeted firms' normal payment terms were cash, 30 days and 60 days, followed by cash and 30 days at 51 (32.9%), cash, 30 days, 60 days and over 90 days at 6 (3.9%), and cash only at 33 (21.3%) as shown in Table 4.5. This could be attributed to the fact that transport firms depend heavily on credit facilities to their customers to achieve a competitive advantage over their competitors in the sector as shown in the Table 4.4. These finding concurred with the studies carried out by Ayuma, Namusonge and Iravo (2014); Njeru, Njeru, Memba and Tirimba (2015) which attest that payment modes have effect on financial performance of Organizations.

Table 4.5: Respondent's Company Normal Payment Terms

Payment Terms	Frequency	Percent
Cash;	33	21.3
Cash; 30 days	51	32.9
Cash;30 days;60days	65	41.9
Cash;30days;60Days;Over 90days	6	3.9
Total	155	100.0

4.4.4 Survey Respondent Perception

The study sampled 172 respondents, and evaluated the distribution of the respondent perception on the effects of financial risk (Credit Risk, Liquidity Risk, Market Risk and Foreign Exchange Risk) on the Performance of Transport firms in Mombasa County. The data was analyzed using descriptive statistics by computing means of each financial risk determinant. The means were then evaluated against the questionnaires approximate survey value coded to the survey labels, as shown in table 4.6. The responses were mapped to questionnaire as; 1 = "Strongly Disagree", 2 = "Disagree", 3 = "Neutral", 4 = "Agree" and 5 = "Strongly Agree."

The findings showed that, the respondents asserted an average (mean = 4.61) for Credit Risk, inferring to Survey Value (5), coded as "Strongly Agree" on the likert scale response, (mean = 4.33) for Liquidity Risk, inferring to Survey Value (4), coded as "Agree" response, (mean = 4.52) for Market Risk, inferring to Survey Value (5), coded as "Strongly Agree" response, (mean = 4.53) for Foreign Exchange Risk, inferring to Survey Value (5), coded as "Strongly Agree" and (mean = 4.15) for Performance of Transport inferring to Survey Value (4),coded as "Agree" response.

The results indicate that, (mean = 4.43) for grand Perception of all financial risk determinants, inferring to Survey Value (4), coded as "Agree" response. Therefore, it can be concluded that, respondents were in general agreement to a rating scale of "Agree" that, the financial risks determinants (Credit Risk, Liquidity Risk, Market Risk and Foreign Exchange Risk) positively influence Performance of Transport Firms in Mombasa County. This study established similar findings as previous studies by Omar, Namusonge and Sakwa (2017); Omai, Njeru and Memba (2018).

Table 4.6: Respondent's Perception of the survey

Performance Determinants	N	Mean	Survey Value	Survey Label
Credit Risk	155	4.61	5	Strongly Agree
Liquidity Risk	155	4.33	4	Agree
Market Risk	155	4.52	5	Strongly Agree
Foreign Exchange Risk	155	4.53	5	Strongly Agree
Performance of Transport	155	4.15	4	Agree
Valid N (listwise)	155			
Grand Perception	155	4.43	4	Agree

4.5 Financial Performance Results

Ebrahim, Abdullah and Faudziah (2014) asserted that Performance measurement is the transference of the complex reality of performance in organized symbols that can be related and relayed under the same circumstances. In the current business management, performance measurement is considered to be in a more critical role compared to quantification and accounting. Financial Performance can best be explained by the outcome of the firm's existence. The study sought to investigate Financial Performance (dependent variable) of transport firms in Mombasa County. Financial Performance was assessed by Return on Investment (ROI) and Return on Asset (ROA).

4.5.1 Sample Adequacy Results on Financial Performance

Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy is always used to measure the sample adequacy of all variables under study. KMO index ranges from 0 to 1, with 0.5 and above considered suitable for factor analysis, Ali *et al*., (2016). Sphericity is the condition where the variances of the differences between all combinations of related groups or levels are equal. Sphericity can be likened to homogeneity of variances in

between-subjects (ANOVA), where there is no relationship variances, where combinations of related groups are not equal, Sphericity is said to be in violation. The sphericity assumption can be thought of as an extension of the homogeneity of variance assumption in independent measures (ANOVA). The Bartlett's Test of Sphericity is always considered significant if the p-value is less than 0.05 for factor analysis to be suitable.

Table 4.7: Financial Performance KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.834
Bartlett's Test of Sphericity	Approx. Chi-Square	388.047
	df	15
	Sig.	.000

Table 4.7 gives a KMO of 0.834 which is more than the 0.5 thresh hold while the Bartlett's test of sphericity has a p-value of less than 0.05. Therefore it can be seen that the data is sufficient and within the acceptable level to test for significance and validity of the collected of the data.

4.5.2 Factor Analysis Results of Financial Performance

Factor analysis is a technique that is used to reduce a large number of variables into fewer numbers of factors. It is also referred to as a collection of methods used to examine how underlying constructs influence the responses on a number of measured variables. This technique extracts maximum common variance from all variables and puts them into a common score. Factor analysis objective is that, measurable and observable variables can be reduced to fewer latent variables that share a common variance and are unobservable (An & Pearce, 2013). Hair, Black, Babin and Tatham (2006); Tabachnick and Fidell (2013) described the factor loadings as follows: 0.32 (poor), 0.45 (fair), 0.55 (good), 0.63 (very good) or 0.71 (excellent). Factor analysis was

done on financial performance variables, constructs were subjected to a variance tests through the principal component analysis.

Table 4.8: Financial Performance Total Variance Explained

	Initial Eigenvalues			Rotation Sums of Squared Loadings		
Component	Total	% ofVariance	Cumulative %	Total	% ofVariance	Cumulative %
1	3.367	56.115	56.115	3.367	56.115	56.115
2	1.020	16.993	73.108	1.020	16.993	73.108
3	.565	9.414	82.522			
4	.449	7.478	90.000			
5	.342	5.700	95.700			
6	.258	4.300	100.000			

Extraction Method: Principal Component Analysis.

Factor analysis makes it easy to interpret the results or generalize the construct for a general overview. The results showed that there were two critical factors that affected financial performance of Transport firms which accumulated to 73.108% of the total variance in the tested factor analysis construct. Factor one had the highest variance of 56.115% while factor two had 16.993%. Leading to the use of two factors extracted explaining the financial performance of transport firms which accumulated to 73.108% of the total variance in this construct. These factors had an Eigen value greater than 1 as shown in Table 4.8.

4.5.3 Financial Performance Rotation Component Matrix results

Rotation method makes it more reliable to understand the output. Eigenvalues do not affect the rotation method, but the rotation method affects the Eigenvalues or percentage of variance extracted. Factor Analysis attempts to identify any underlying factors that

are used for variation among group of variables. The goal of rotation is to simplify and clarify the data structure. Rotation cannot improve the basic aspects of the analysis, such as the amount of variance extracted from the items. This study adopted a view of that factor analysis is the best mean to identify any underlying data (Costello & Osborne, 2005).

Table 4.9: Financial Performance Rotated Component Matrix[a]

	Component	
	ROA	ROI
Your firm faces delays in implementation of contracts with clients causing contingency risk	.845	
Your organization is able to allocate appropriate resources in support of risk management policy and practice	.813	
Containerization will affect your firm's performance	.772	
Your firm is able to allocate resources to counter Financial Risk Management		.994
Development of LAPPSET will have direct effect on your firm's performance		.848
Development of SGR will have direct effect on your firm's returns		.823

Extraction Method: Principal Component Analysis.

Financial Performance was best explained by the two subvariables as indicated by factor components of ROA and ROI. The study used Likert scale of 1-5. All the six items from the results noted to have factor loading of more than 0.4. Factor Analysis authors indicate that a determining factor is based on the theory that asserts a linear relationship between the factors and the variables when computing the correlations (An and Pearce, 2013).The findings were presented in Table 4.9.

4.5.4 Descriptive Results on Financial Performance

Descriptive statistics are used when the objective of the study is to describe and discuss a data set more generally and conveniently than would be possible using raw data alone. They are always used in reports which contain a significant amount of qualitative or quantitative data. Studies by Otieno *et al.* (2015) assert that descriptive statistics help the researcher to summarize and support assertions of fact of the study. Each descriptive statistic reduces lots of data into a simpler summary. The dependent variable of the study was financial performance of transport firms in Mombasa County. The results of the descriptive statistics for financial performance of transport firms were represented in Table 4.9. Financial Performance was assessed by two measures namely, Returns on Investment and Returns on Asset. Descriptive data shown on Table 4.10 presents the relevant results on a scale of 1 to 5 (where 5 = Strongly Agree and 1 = Strongly Disagree).

Table 4.10: Descriptive Results of Financial Performance

Variable	Mean	Std. Deviation	Cronbach's Alpha
Return on Investment	4.080	.867	0.725
Return on Asset	3.896	.802	0.721
Overall Performance Cronbach's Alpha			0.786

The respondents strongly agreed that ROI and ROA for transport firms have been increasing and that such returns led to good financial performance. The increased returns was also as a result of proper management of financial risks like, credit risk, liquidity risk, market risk and foreign exchange risks managed by transport firms as indicated by the mean score of the two measures (Table 4.10). Cronbach's alpha was used to test the reliability of the proposed constructs. Similar view was held by Ali *et al*. (2016) and

Omar *et al.* (2017). The findings indicated that financial performance measures of ROA and ROI had reliable coefficient for further data analysis.

4.6 Credit Risk on Financial Performance

The study sought to investigate the effect of credit risk on financial performance of transport firms in Mombasa County. The first objective of this study was to establish credit risks effect on performance of transport firms in Mombasa County. Credit Risk was assessed by default risk, concentration risk and country Risk.

4.6.1 Sample Adequacy Results of Credit Risk

This study was based on the constructs which was refined by utilizing principal component analysis on the initial sub variable comprising each construct. Each principal component analysis extracted factors, and factor loadings greater than 0.5 were retained (Hair *et.al*, 2006). The study examined Kaiser Meyer-Olin Measure of Sampling Adequacy indicator as shown in Table 4.11 to assess the factorability of items.

Table 4.11: Credit Risk KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.809
Bartlett's Test of Sphericity	Approx. Chi-Square	276.869
	df	21
	Sig.	.000

The Bartlett's Test of Sphericity's p-value is 0.000 which shows high significance. Rusuli, Tasmin, Takala and Norazlin (2013), explained that Measure of Sampling Adequacy should exceed 0.5 and for Bartlett's test of Sphericity's p-value should be less than 0.05. Table 4.11 gives a KMO of 0. 809 which is more than the 0.5 threshold while the Bartlett's test of Sphericity's p-value is less than 0.05. Bartlett's test indicates the

strength of the relationship among variables, thus results of 0.809 shows strong relationship among variables. Therefore it can be seen that credit risk data is sufficiently adequate for further analysis.

4.6.2 Factor Analysis Results of Credit Risks

Factor Analysis is either Exploratory Factor Analysis (EFA), which tries to discover the nature of the constructs influencing a set of responses or Confirmatory factor analysis (CFA) which investigates if an intended variable or a specified set of constructs is influencing responses in a predicted way (Hair *et al.*, 2006). This study was based on the Principal Component Analysis (PCA) which is to derive a relatively small number of components that can account for the variability found in a relatively large number of measures through data reduction procedure. The study sought to establish credit risks effect on performance of transport firms in Mombasa County.

Table 4.12: Factor Analysis Results of Credit Risks Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% Variance	ofCumulative %	Total	% Variance	ofCumulative %
1	3.054	43.634	43.634	3.054	43.634	43.634
2	1.046	14.949	58.583	1.046	14.949	58.583
3	.810	11.576	70.159			
4	.671	9.585	79.745			
5	.586	8.371	88.116			
6	.544	7.769	95.885			
7	.288	4.115	100.000			

Extraction Method: Principal Component Analysis.

Factor analysis was carried out in order to find out how close variables are in relation to each other. Two factors were identified which had the highest influence on credit risk with cumulative variance of 58.585%. Factor one has the highest Eigen value of 3.054 and factor two had 1.046. This extraction followed the Kaiser- Meyer – Olkin criterion which asserts that Eigen value of 1 or more indicates uniqueness of factors as compared to others in variance. These accounted for 43.634% and 14.949% of total variance respectively. Thus, the two factors were found to have highest influence on credit risk and explain about 58.583% of total variance as shown in Table 4.12.

4.6.3 Credit Risk Rotated Component Matrix Results

In order to make interpretation of the factors that are considered relevant, the first selection step is generally followed by a rotation of the factors that were retained. Two main types of rotation are used: orthogonal, when the new axes are orthogonal to each other and oblique when the new axes are not required to be orthogonal to each other. By rotating factors, this study attempted to look for factor solution that is equal to that obtained in the initial extraction of Factor Analysis but which has the simplest interpretation.

Table 4.13: Credit Risk Rotated Component Matrix[a]

	Component	
	Country Risk	Default Risk
Your firm has placed a system for the ongoing administration of its various credit risk-bearing portfolios.	.770	
There is a set strategy to reflect the firm's tolerance for risk and the level of profitability the firm expects to achieve for incurring various credit risks.	.758	
Your firm operates within sound, well-defined credit-granting criteria.		.889
Your Firm has established credit risk strategy approved for developing policies and procedures for identifying, measuring, monitoring and controlling credit risk		.674

Extraction Method: Principal Component Analysis.

Four constructs of credit risk variable have a factor loading of higher than 0.4, the rule of thumb asserts that factor loading above 0.4 is said to be suitable for further analysis. The highest loading has 0.889 while the least has 0.674. The study showed that the two components of Credit Risk were identified as Country Risk and Default Risk which had loadings above the recommended 0.4. This study sought to establish credit risks effect on performance of transport firms in Mombasa County. The findings were indicated in Table 4.13.

4.6.4 Descriptive Results of Credit Risks

Descriptive measures are used to make a comparison in the variability of the two series which purportedly differs widely in their averages. The study derived coefficient of dispersion based on different types of descriptive measures of deviation or dispersion.

Credit Risk was assessed by default risk, concentration risk and country risk sub variables. The measure carried out was on Mean, standard deviation and Cronbach Alpha. Descriptive data shown in Table 4.14 presents the relevant results on a scale of 1 to 5 (where 5 = Strongly Agree and 1 = Strongly Disagree).

Table 4.14: Results of Credit Risks Descriptive Results

Variable	Mean	Std. Deviation	Cronbach's Alpha
Country Risk	4.010	.9225	.712
Default Risk	4.025	.9820	.752
Overall Credit Risk	4.1428	.95090	
Cronbach’s alpha			.733

It was established that the respondents strongly agreed that credit risk has effect on financial performance of transport firms in Mombasa. Country risk and default risk

influences credit risk in Transport firms as indicated by mean score of 4.1428. Cronbach's alpha was used to test the reliability of the proposed constructs (Ali *et al*., 2016). The findings indicated that credit risk measures had a coefficient of 0.733. Thus, measures depicted Cronbach's alpha of above the suggested value of 0.7 hence the reliability of this study.

4.6.5 Credit Risks Data Normality Test Results

Normality tests are statistical analysis tools that take the assumptions that the variables are normally distributed. To test for Normality, the study used Skewness and Kurtosis and Kolmogorov and Smirnov tests and autocorrelation test. These tests give confidence and reliability inferences in the data collected.

a) Skewness and Kurtosis

Measures of skewness based on mean and median while kurtosis measures the peakedness of the curve of the frequency distribution (Kothari and Garg, 2014). George and Mallery, (2010) were of a view that in order to prove normal univariate distribution the values of asymmetry and kurtosis have to be between -2 and +2 to be acceptable. The findings indicate that the data was negatively skewed as shown in table 4.15.

Table 4.15: Credit Risk Skewness and Kurtosis test

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Credit_Risk	155	4.1428	.95090	-0.897	.195	0.751	.387
Valid N (listwise)	155						

The results in Table 4.15 show that skewness coefficient of -0.897 and kurtosis coefficient of 0.751. Based on these results, was concluded that data was normally distributed and could be considered for further analysis.

b) Kolmogorov – Smirnov (K-S) Test of Normality

Ali *et al*. (2016) argued that most of the statistical methods require population distribution to be nearly normal. But in some studies the one sample Kolmogorov-Smirnov test has been used for testing normality while the assumptions of applying the test are not satisfied. To conduct this test, it is assumed that the population distribution is fully specified. This is a non- parametric test normally used to test the null hypothesis that the data came from a normal population against the alternative that it did not come from a normal distribution. Usually the null hypothesis is rejected when the p value is less than some specified level of significance (usually but not always 0.05).

Table 4.16: Kolmogorov – Smirnov (K-S) Test of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Credit_Risk	.184	155	. 195	.814	155	. 271

a. Lilliefors Significance Correction

Decision making process in K-S test is that if the value of significance is > 0.05, then data is normal and if the value of significance is <0.05, then data is not normal. Based on output coefficients the obtained value significance of credit risk is 0.195, meaning that the value of the variables sig > 0.05, indicate that the data is normal. From the Table 4.16, the data on credit risk did not deviate significantly from the normal distribution and thus, it can be asserted as fit for statistical tests and procedures that assume normality of the variables.

c) Credit Risk Auto Correlation test (Durbin – Watson Test) Results

Correlation is the existence of some definite relationship between two or more variables. Correlation among residuals of the regressions' data sets may produce inefficient results. According to Yupitun (2008), Durbin and Watson's test statistic is used to detect the presence of serial of correlation among the error terms in time series. A high degree of correlation among residuals of the regressions' data sets may produce inefficient results. As such, the presence of serial correlation among the OLS regressions is checked using Durbin and Watson's test statistic (Omar *et al.,* 2017).

Table 4.17: Credit Risk Auto Correlation test (Durbin – Watson Test) Results [b]

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.764[a]	.584	.581	.43614	1.772

a. Predictors: (Constant), Credit_Risk

b. Dependent Variable: Performance

Durbin-Watson statistic determines whether the regression under study has autocorrelation which ranges in value from 0 to 4 with an ideal value of 2 indicating that errors are not correlated, although values from 1.75 to 2.25 may be considered acceptable. Whereas some authors like Makori and Jagongo (2013) stated that a value between1.5 and 2.5 is acceptable. As indicated in table 4.16, the statistical value of Durbin-Watson ranges between 0 and 4. A value of 1.772 can be asserted to be within the acceptable range thus indicating a positive autocorrelation between credit risk and performance of transport firms Mombasa County.

4.6.6 Credit Risk and Performance Correlation Results

In order to establish the relationship between credit risk and performance of transport firms in Mombasa County a correlation matrix was used. Table 4.18 shows the correlation matrix. The Pearson correlation coefficient was generated at a significant

level of one percent (2-tailed). The output indicates a strong positive relationship between credit risk and performance of transport firms. Credit Risk had positive coefficient which indicated that credit risk had greater effect on performance of transport firms.

Table 4.18: Correlation Analysis Results between Financial performance and Credit Risk

		Performance	Credit Risk
Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	155	
Credit Risk	Pearson Correlation	.764**	1
	Sig. (2-tailed)	.000	
	N	155	155

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

The results as indicated in table 4.18 show there was some positive significance association between Performance and credit risk (Pearson Correlation r= 0.764, $\rho = 0.000$). Therefore, the credit risk is very important factor in determining financial performance.

4.6.7 Credit Risks ANOVA Results

F statistic of 214.974 indicated that the overall model was significant. The findings imply that credit risk was statistically significant in explaining financial risks effects on performance of transports firms in Mombasa County. The results show that F (40.893, 0.190) = 215.2263, p = 0.000. Rule the thumb is that the larger an F-value, the better the results of a significant effect and a reflection of a consistent pattern that is unlikely due to chance.

Table 4.19: Credit Risks ANOVA[a] Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.893	1	40.893	215.2263	.000[b]
	Residual	29.104	153	.190		
	Total	69.997	154			

a. Dependent Variable: Performance

b. Predictors: (Constant), Credit Risk

The findings of the study were that the variance in the model may not be by chance but can be explained statistically. Table 4.19 shows the analysis of variance of the study on Credit Risks and financial Performance of Transport Firms. The results show that a significant relationship exists between Credit Risk and Performance (F = 215.2263, p-Value= 0.000) as indicated in Model 1.

4.6.8 Credit risks Goodness-of-fit Model Results

The first hypothesis of the study was that there is no significant effect of credit risk on performance of transport firms in Mombasa. This hypothesis was tested through regression analysis between credit risk and performance. The results of simple regression analysis for credit risk and performance of transport firms in Mombasa were done and the model summary was presented in Table 4.20.

Table 4.20: Credit risks Goodness-of-fit Model Results

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.764[a]	.584	.581	.43614	1.772

a. Predictors: (Constant), Credit Risk

b. Dependent Variable: Performance

The results on Table 4.20 reveals that Credit Risk had explanatory power on performance of the transport firms as it accounted for 58.40% of its variability (R Square = 0.5840) on Model 1.

4.6.9 Regression Results of Credit Risk and Performance of Transport Firms

The first objective of the study was to establish the effect of Credit Risk on performance of transport firms in Mombasa and the following hypotheses were stated:

Hypothesis One

H_{01}: There is no significant relationship between credit risk and financial performance of transport firms in Mombasa County.

The regression analysis was carried out to determine beta coefficients of credit risk versus performance of transport firms. The results indicate that there is significant relationship between credit risk and performance of transport firms. Since the coefficient of credit risk is 0.542 which is statistically greater than zero. The t statistic is 14.662 which is greater than zero. This demonstrates that credit risk has a positive influence on performance of transport firms as shown in Table 4.21.

Table 4.21: Regression Results of Credit Risk and Performance of Transport firm

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.624	.157		10.341	.000
	Credit_Risk	.542	.037	.764	14.662	.000

a. Dependent Variable: Performance

Table 4.21 shows the regression results of the Credit Risks. Credit Risks (supported by β=0.542, p-value = 0.000) is statistically significant in explaining performance of transport firms. The results indicate that one positive unit change in performance is as a result of 0.542 changes in credit risks. This confirms there is positive effect of credit risk on performance of transport firms in Mombasa as indicated in table 4.21 and equation 4.2.

$$Y = 1.624 + 0.542 X_1 \qquad (4.2)$$

Statistically, it can be concluded that there is significant correlation between Credit Risk and performance of transport firms. This implied that the study rejected null hypothesis and failed to reject the alternative hypothesis.

4.7 Liquidity and financial performance of transport firms

The study sought to determine the influence of liquidity risk on the performance of Transport firms. Liquidity Risk was operationalized by two sub variables namely, asset liquidity risk and funding liquidity risk where six factors were assessed and tested for factor analysis.

4.7.1 Sample Adequacy Results on Liquidity Risk

The KMO and Bartlett's tests were used to test the correlation between liquidity variables. The KMO measure of sample adequacy results is 0.797 as shown in Table 4.22. This indicates good partial correlation exhibited in the data for this study. A value of 0 indicates that the sum of partial correlations is large relative to the sum of correlations, indicating diffusion in the pattern of correlations and the factor analysis is not appropriate to be conducted. A value close to 1 indicates that patterns of correlations are relatively compact and so factor analysis should yield distinct and reliable factors. A value of 0.5 and above is considered suitable for factor analysis. Thus, the results of the study indicate Kaiser-Meyer-Olkin Measure of Sampling Adequacy has 0.797 which was found to be reliable for further analysis. The Bartlett's Test of Sphericity should be

significant at p<0.05 for factor analysis to be suitable. The Bartlett's Test of Sphericity p- value is 0.000 indicating less than 0.05 which shows high significance.

Table 4.22: Sample Adequacy Results on Liquidity Risk KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.797
Bartlett's Test of Sphericity	Approx. Chi-Square	330.784
	df	21
	Sig.	.000

4.7.2 Factor Analysis Results of liquidity risk

Factor analysis is a useful tool for investigating variable relationships for constructs. It enables researchers to evaluate the constructs that are not easily measured directly by collapsing a large number of variables into a few interpretable underlying factors. The eigenvalue is a measure of how much of the variance of the observed items explains the variables.

Factor analysis was done on Liquidity risk as reflected in Table 4.23 where constructs were subjected to a variance test through the principal component analysis test. In ascertaining factor analysis, variables are grouped by their correlation such that all those factors with higher Eigen values tend to represent the others, reflecting how much of a variable variance is shared with others in the factor under study.

Table 4.23: Factor Analysis Results of liquidity risk

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% ofVariance	Cumulative %	Total	% ofVariance	Cumulative %
1	3.214	45.920	45.920	3.214	45.920	45.920
2	1.113	15.893	61.813	1.113	15.893	61.813
3	.878	12.539	74.352			
4	.619	8.838	83.190			
5	.462	6.598	89.788			
6	.415	5.931	95.719			
7	.300	4.281	100.000			

Extraction Method: Principal Component Analysis.

The principle component analysis was thus used for data reduction and interpretation of the large set of data. Factor one has the highest eigenvalue of 3.214, and factor two has eigenvalue of 1.113, this accounted for 45.920% and 15.893% of total variance respectively. These factors had a cumulative variance of 61.813%. The two factors were found to have the highest influence on Liquidity risk as indicated in table 4.23.

4.7.3 Liquidity Risk Rotation Component Matrix Results

Table 4.24 depicts the component factor loadings for determinants of liquidity risk measures after factors having been rotated. Factor rotation matrix gives the most acceptable and interpretable pattern of factor loadings. . Factors are rotated so that they are easier to interpret. Rotation Component Matrix makes it easier to interpret the factors within the constructs so that, as much as possible, different items are predicted by different underlying factors, and each factor explains more than one item.

Table 4.24: Liquidity Risk Rotation Component Matrix Results

	Component	
	Asset Liquidity Risk	Funding Liquidity Risk
Your firm is able to identify the focus of liquidity risks and their impacts in advance when the transport firm starts the handling new clients or new portfolio.	.782	
The country's active participation in regional trade has encouraged your firm to over invest in assets	.752	
Debtors' overdue accounts can be overcome by your firm's strategies to counter liquidity risk	.688	
Your firm has Rules exhaustively to cover the arrangements necessary for the liquidity risk management.	.624	
Liquidity risk affects your firms' financial performance		.842
Your firm is able to develop a contingency plan for a liquidity crisis in accordance with the Liquidity Risk Management Policy.		.778
Your firm is able to use to capacity its available Assets with less exposure to risk and adheres to Liquidity Risk Management Rules.		.736

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.[a]

a. Rotation converged in 3 iterations.

The study found out that all the seven constructs (items) have factor loading higher than 0.4. The highest construct has 0.842 and the lowest has 0.624. Thus, data was suitable for further analysis. Previous studies by Rusuli *et al*. (2013); Ali *et al.* (2016) showed that each individual construct must have value of at least 0.4 and above as a rule of thumb for the data to be regarded as fit for further analysis. The components of Liquidity Risk under study were indicated as Asset Liquidity Risk and Funding Liquidity Risk.

4.7.4 Descriptive Results of Liquidity Risks

Liquidity Risk was assessed by two measures namely access to Asset liquidity and funding liquidity risk. Concentration by virtue of data collected and analyzed, Liquidity risk was represented by Asset liquidity and funding risk. Descriptive data shown on Table 4.25 presents the relevant results on a scale of 1 to 5 (where 5 = Strongly Agree and 1 = Strongly Disagree).

Table 4.25: Descriptive Results of Liquidity Risks

Variable	Mean	Std. Deviation	Cronbach's Alpha
Asset Liquidity	4.1775	0.8696	0.768
Funding Liquidity	4.056	0.8143	0.719
Overall Liquidity risk	3.8566	.98146	
Cronbach’s alpha			0.762
Valid N (listwise)			

The respondents agreed that liquidity risk affect performance as indicated by mean score of 3.8566. Cronbach’s alpha was used to test the reliability of the proposed constructs (Ali *et al*., 2016). The result shows that Liquidity risk had a coefficient of 0.762 making the study instrument to be reliable for further data analysis.

4.7.5 Liquidity risk Data Normality Test Results

One of the assumptions of linear regression is that the sample must have been drawn from a population that is normally distributed. Normality was used to test for significance and construction of confidence interval estimates of the parameters. Therefore testing for the normality assumption is of utmost interest (Ali *et al*., 2016). After qualifying the assumptions of normality tests, this study tested the data using

Skewness and Kurtosis and Kolmogorov – Smirnov (K-S) tests to ascertain if the data was normally distributed.

a) Skewness and Kurtosis Results

Measures of skewness is based on mean and median while kurtosis measures the peaked-ness of the curve of the frequency distribution (Kothari & Garg, 2014). The results in Table 4.26 show that a skewness coefficient of -0.963 and kurtosis coefficient of 0.049. Based on these results, it was concluded that data was normally distributed since their statistic values were between -2 and +2.

Table 4.26: Liquidity risk Skewness and Kurtosis Results

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Liquidity_Risk	155	3.8566	.98146	-.963	.195	.049	.387
Valid N (listwise)	155						

b) Kolmogorov-Smirnov Results

Kolmogorov – Smirnov Test (K-S test) is used to decide if a sample comes from a population with a completely specified continuous distribution. The Kolmogorov-Smirnov and Shapiro-Wilk tests were used to compare the scores in the sample to a normally distributed set of data. Hypothesis testing for this data was that null hypothesis follow a specified distribution and an alternative hypothesis does not.

Table: 4.27: Kolmogorov-Smirnov Results Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Liquidity_Risk	.153	155	.734	.879	155	.655

a. Lilliefors Significance Correction

From the above table, Kolmogorov-Smirnov test, p Value 0.734 indicated that the data on effects of liquidity did not deviate significantly from the normal distribution hence the variables could be used for further statistical tests and procedures.

c) Durbin-Watson Test Results

Durbin and Watson's test statistic is used to check for the presence of serial correlation, a high degree of correlation among residuals of the regressions' data sets may produce inefficient results Yupitun (2008). Presence of correlation among residuals most of the time gives inefficient results. Durbin-Watson value between 1.5 and 2.5 is always considered to be desirable. As indicated in table 4.28, Durbin-Watson value of 1.792 indicates that the model did not suffer from autocorrelation. Durbin – Watson was adopted by Omar *et al*. (2017) in explaining the Influence of Financing on the Growth of Family Businesses in Mombasa and obtained similar results.

Table 4.28: Durbin-Watson Test Results

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.757[a]	.573	.570	.44212	1.792

a. Predictors: (Constant), Liquidity_Risk

b. Dependent Variable: Performance

4.7.6 Liquidity Risk and Performance of transport firms Correlations Results

Correlation analysis was used to ascertain the strength of the relationship between liquid risks linked to funding risks and performance of transport firms. The results of this study indicate that there was high degree of relationship between liquidity risk and financial performance of transport firms. The Pearson correlation coefficient was generated at 0.000 significance level (2-tailed). The output indicates a strong positive relationship between liquidity risk and financial performance of transport firms in Mombasa (r = 0.757, p-value = 0.000). The p-value was <0.01 significant at 0.000 level, the correlation matrix indicates there is a strong positive relationship between liquidity risks and performance of transport firms as shown in Table 4.29.

Table 4.29: Liquidity Risk and Performance of transport firms Correlations Results

		Performance	Liquidity Risk
Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	155	
Liquidity Risk	Pearson Correlation	.757**	1
	Sig. (2-tailed)	.000	
	N	155	155

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

Therefore Liquidity risk measures are significant factors in the performance of transport firms. These results concurred with Omar *et al.* (2016), who found out that firm liquidity is positive and significant to Corporate Hedging of listed firms in Mombasa and Afza and Alam (2016) indicated that liquidity is positive and significant to hedging

because it is used as a potential instrumental precautionary motive which serves as a substitute of derivative usage. Liquidity risk is positive and significant to performance because as businesses thrive, there is always need for liquid capital, through borrowing and lending which when not managed may lead transport firms to financial distress.

4.7.7 Liquidity Risk ANOVA Results

Table 4.30 shows the analysis of variance of the study on liquidity risk and financial performance of transport firms. The results show that a significant association exists between liquidity risks and performance of transport firms F (40.090, 0.195) = 205.590 and p- value = 0.000 as indicated in Model 1.

Table 4.30: Liquidity Risk ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.090	1	40.090	205.590	.000[b]
	Residual	29.906	153	.195		
	Total	69.997	154			

a. Dependent Variable: Performance

b. Predictors: (Constant), Liquidity_Risk

The regression sum of squares is the amount of variability in the response that is accounted for by the regression model whereas residual is the error sum of squares that cannot be accounted for after the model is fitted. The results show F statistic 205.590 and significance of 0.000. Thus, P value for the model was found to be less than 0.05, hence, the predictor variable explain the variation in the dependent variable which is liquidity risk on the performance. The results indicate that liquidity risk has effect on financial performance of transport firms.

4.7.8 Liquidity Risks Goodness-of-fit Model Results

The results in Table 4.31 indicates that Liquidity Risk measure had explanatory power on the Performance of transport firms as it accounted for 57.3% of its variability (R^2= 0.573 as indicated in Model 1). This implies a strong positive relationship between Liquidity Risk and Performance of transport firms.

Table 4.31: Liquidity risk Goodness-of-fit Model Results

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.757[a]	.573	.570	.44212	1.792

a. Predictors: (Constant), Liquidity Risk

b. Dependent Variable: Performance

4.7.9 Regression Results of Liquidity Risk and Performance of Transport Firms

The second objective of this study was to determine the effects of liquidity risk on performance of transport firms in Mombasa, the following hypotheses were stated:

Hypothesis Two

H_{01}: There is no significant relationship between liquidity risk and financial performance of transport firms in Mombasa County.

Regression analysis was done to empirically determine whether liquidity measures had significant effect on the performance of transport firms.

Table 4.32: Regression Results of Liquidity Risk and Performance of Transport Firms

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.864	.144		12.909	.000
	Liquidity Risk	.520	.036	.757	14.321	.000

a. Dependent Variable: Performance

Table 4.32 displays the regression coefficients results of Liquidity Risk supported by β=0.520, p-value = 0.000 which is statistically significant in explaining performance transport firms. This implied that the study failed to reject the alternative hypothesis and rejected the null hypothesis. The model is given by equation 4.3.

$$Y = 1.864 + 0.520X_2 \qquad (4.3)$$

The equation 4.2 as shown in the Table 4.28 indicated that 0.520 increases in liquidity risks lead to one unit effect on performance of transport firms. Statistically, it can be concluded that Liquidity risk has significant effect on performance of transport firms in Mombasa.

4.8 Market Risk and Financial Performance results

The study sought to determine the effect of Market Risk on Performance of transport firms. Market risk was operationalized by three sub variables namely, interest rate risk, commodity risk and equity risk. Six factors were assessed and tested for factor analysis.

4.8.1 Sample Adequacy Results on Market Risk

The KMO and Bartlett's tests were used to test the correlation between market risk variables. The KMO measure of sample adequacy results is 0.718 as shown in Table 4.33.

Table: 4.33: Sample Adequacy Results on Market Risk KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.718
Bartlett's Test of Sphericity	Approx. Chi-Square	414.080
	df	21
	Sig.	.000

KMO ranges between 0 to 1, Ali *et al*. (2016). A value of 0.5 and above is considered suitable for factor analysis. The Bartlett's Test of Sphericity should be significant at $p<.05$ for factor analysis to be suitable. The Bartlett's Test of Sphericity result for Market Risk had a p-value of 0.000 which shows high significance. Thus data was suitable for further analysis.

4.8.2 Factor Analysis Results Market Risk

Factor analysis was done on Market risk variables where constructs were subjected to a variance tests through the principal component analysis test. The aim of factor analysis is to regroup variables into limited set of clusters based on shared variance, Yong and Pearce (2013). The principle component analysis was thus used for data interpretation and regrouping as indicated in Table 4.34. All the measures of market risk were subjected to factor analysis and the results showed that two factors best explain the market risk variable. They had a contribution of 60.032% of the total variance with Eigen value greater than 1.

Table 4.34: Factor Analysis Results Market Risk Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.093	44.186	44.186	3.093	44.186	44.186
2	1.109	15.846	60.032	1.109	15.846	60.032
3	.952	13.594	73.626			
4	.787	11.238	84.864			
5	.530	7.572	92.436			
6	.416	5.944	98.380			
7	.113	1.620	100.000			

Extraction Method: Principal Component Analysis.

Factor one has 3.093 and factor two has 1.109 eigenvalues and cumulative variance of 44.186% being the highest and 15.846% respectively. These two factors had their Eigen values greater than 1 and were considered to have the greatest influence on market risk as they explain about 60.032% of the total variance as shown in Table 4.34.

4.8.3 Market Risks Rotation Component Matrix Results

Table 4.35 depicts the rotated component factor loadings for determinants of market risk measures. The Components of the market risk were Equity Price Risk and Commodity Price Risk which had three constructs each. The rotated component factors loadings is regarded as suitable if the loading are found to be higher than 0.4. Rotation component is basically used for data interpretation.

Table 4.35: Market Risks Rotation Component Matrix Results

	Component	
	Equity Price Risk	Commodity Risk
Your firm has undertaken appropriate roles in accordance with the Market Risk Management Policy	.911	
Your firm financial reports include comments for consideration by the Manager on the status of major market risks compiled regularly.	.713	
You firm's changes in the risk measurement technique (measurement technique, assumptions, etc.) are accurately reflected in computer systems for your reference.	.633	
Introduction of LAPPSET and SGR, your firm firmly comprehend the nature of the market risks involved and build the risks into the market risk measurement technique.		.913
Market risk affects your firms' financial performance		.812
Competition within the industry affects your firms' returns on assets and return on investments		.550

Extraction Method: Principal Component Analysis.

The findings of the study indicate that six constructs had factor loading rotated of more than 0.4 with the highest being 0.913 and lowest of 0.550. Basing on the rule of thumb, items in the construct were fit for further analysis as indicated in Table 4.35. The study reflects

4.8.4 Descriptive Results of Market Risk on financial performance

Market risk was assessed by three measures namely; interest rate risk, Equity price risk and commodity risk. Descriptive data shown on Table 4.36 presents the relevant results

on a scale of 1 to 5 (where 5 = Strongly Agree and 1 = Strongly Disagree). Cronbach's alpha was used to test the reliability of the proposed constructs. The findings show that market risk measures had a coefficient of 0.737, justifying reliability of the study.

Table 4.36: Descriptive Results of Market Risk on financial performance

Variable	Mean	Std. Deviation	Cronbach's Alpha
Equity Price Risk	4.056	.9654	0.710
Commodity Price Risk		.8979	0.745
Overall Market Risk			
	3.9157	.98542	
Cronbach's alpha			0.737
Valid N (listwise)			

It was established that the respondents agreed that competition within the industry affects firms' return on assets; development of standard gauge railway is a threat to firm's performance; the prices for metal and petroleum has effect on financial performance of your firm. The study indicated that Equity Price and Commodity Price Risk had strong significance as effect on performance as indicated by mean score of 3.9157. The study also indicated that market risk measures had a coefficient of .737 as indicated in Table 4.36.

4.8.5 Market Risk Data Normality Test Results

Normality is one of the assumptions of a linear regression model. The data was subjected to normality test before fitting the model. The assumption is that the variables are normally distributed hence, this study used the Skewness and Kurtosis and Kolmogorov – Smirnov tests for normality.

a) Skewness and Kurtosis Test Results

Measure of skewness is based on mean and median while kurtosis measures the peakedness of the curve of the frequency distribution (Kothari and Garg, 2014). The results presented in Table 4.37 show that a skewness coefficient of -1.390 and kurtosis coefficient of 0.741. Based on these results, it was concluded that data was normally distributed since their statistic values were between -2 and +2.

Table 4.37: Skewness and Kurtosis Test Results Descriptive Statistics

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Market_Risk	155	3.9157	.98542	-1.390	.195	.741	.387
Valid N (listwise)	155						

b) Kolmogorov – Smirnov (KS) Test of Normality Normality Test

K-S test is used to decide if a sample comes from a population with a completely specified continuous distribution. The null hypothesis of this test is that the data follow a specified distribution and an alternative hypothesis tells that the data do not follow.

Table 4.38: Kolmogorov – Smirnov Test of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Market Risk	.205	155	.226	.792	155	.231

a. Lilliefors Significance Correction

The result indicate that K-S has value of 0.226 which is above the acceptable significance value of >0.05. Market risk did not deviate significantly from the normal distribution and for this reason it was safe to use statistical tests and procedures that assume normality of the variables.

c) Durbin-Watson Test Results - Autocorrelation

Correlation means the existence of some definite relationship between two or more variables. According to Ali *et al.* (2016), Durbin - Watson statistics is a test for autocorrelation which is based on the assumption of time series. Durbin and Watson's test statistic is used to check for the presence of serial correlation, Yupitun (2008). Presence of correlation among residuals most of the time gives inefficient results. Durbin-Watson value between 1.5 and 2.5 is always considered to be desirable (Makori & Jagongo, 2013).

Table 4.39: Durbin – Watson's Test Results Model Summary[b]

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.733[a]	.537	.534	.46020	1.681

a. Predictors: (Constant), Market Risk

b. Dependent Variable: Performance

Durbin-Watson statistics is 1.681 which indicates that the disturbance generated by different cross-sectional observations is independent of each other hence the data did not suffer autocorrelation as shown in Table 4.39.

4.8.6 Correlation between Market risk and financial Performance

Correlation analysis was used to ascertain the strength of the relationship between market risks and performance of transport firms in Mombasa. Table 4.40 shows correlation matrix showing the correlation analysis with varied degree of interrelationship between market risk and financial performance of transport firms. The Pearson correlation coefficient was generated at 0.01 significance level (2-tailed). The output indicates a strong positive relationship between market risk and financial performance of transport firm(r = 0.733, p-Value = 0.000 and p-value<0.01) significant at 0.01 level. The correlation matrix indicates that there is a strong relationship between market risk and financial performance (market risk, r = 0.733 and performance).

Table 4.40: Correlation between Market risk and financial Performance

		Performance	Market_Risk
Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	155	
Market Risk	Pearson Correlation	.733**	1
	Sig. (2-tailed)	.000	
	N	155	155

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

The results indicate that there is positive significance in correlation between Market Risk and performance ($r = 0.733$, Sig. of 0.000) which is <0.01 significance level. Therefore, Market risk is a very important factor in determining performance of transport firms in Mombasa as indicated in Table 4.40.

4.8.7 Market Risk ANOVA

Table 4.41 presents the analysis of variance of the study on Market risk and financial performance of transport firms, F = 177.508, p- value = 0.000 as indicated in Model 1.

Table 4.41: Market Risk ANOVAa Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.593	1	37.593	177.508	.000[b]
	Residual	32.403	153	.212		
	Total	69.997	154			

a. Dependent Variable: Performance

b. Predictors: (Constant), Market Risk

The ANOVA results for regression coefficients indicate that the significance of the F(37.593,0.212) is 177.508 and p- value is 0.000 which is less than 0.05. This indicates that the regression model statistically predicts the outcome variable, thus, it is a good fit for the data. The results reveal that a significant relationship exists between market risk and performance of transport firms.

4.8.8 Market Risk goodness-of-fit Model Results

The results on Table 4.42 showed that Market risk measure i.e. commodity risk, had explanatory power on the financial performance of transport firms as it accounted for 53.70% of its variability (R^2 of 0.537 on Model 1). This implies a moderate positive relationship between market risk and financial performance of the transport firms.

Table 4.42: Market Risk goodness-of-fit Model Results

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.733[a]	.537	.534	.46020	1.681

a. Predictors: (Constant), Market Risk

b. Dependent Variable: Performance

4.8.9 Regression Results of Market Risk and Financial Performance of transport firms

To establish the influence of market risk measures on the financial performance of the transport firms, the following hypotheses were stated:

3. Hypothesis Three

H_{03}: There is no significant relationship between market risk and financial performance of transport firms in Mombasa County.

Regression analysis was conducted to determine the effect of market risk on the financial performance of transport firms.

Table 4.43: Regression Results of Market Risk and Financial Performance of transport firms

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.906	.152		12.546	.000
	Market Risk	.501	.038	.733	13.323	.000

a. Dependent Variable: Performance

Table 4.43 displays the regression coefficients results of the Market risk measure supported by β=0.501, p-value = 0.000 which is statistically significant in explaining financial performance of transport firms. This implies that the study failed to reject the alternative hypothesis and rejected the null hypothesis. i.e. H_{0A} is fail to reject since $\beta \neq 0$ and p-value<0.05. The regression model is summarized as shown in equation 4.4:

$$Y = 1.906 + 0.501X_3 \quad (4.4)$$

Where,

Y= Performance

X_3 – Market risk.

The table 4.41 indicate that 0.501 increase in market risk leads to a one unit effect on performance. It can be concluded that there is statistically significant effect of market risk on performance of transport firms.

4.9 Foreign Exchange Risk and Financial Performance of transport firms

The study sought to determine the influence of foreign exchange risks on financial performance of transport firms. Foreign exchange was operationalized by three sub variables namely, transaction, translation and economic risk.

4.9.1 Sample Adequacy Results on foreign exchange risk

The KMO index ranges from 0 to 1, with 0.5 and above considered suitable for factor analysis, Ali *et al*. (2016). The KMO and Bartlett's tests were used to test the correlation between foreign exchange risk variables. The KMO measure of sample adequacy results is 0.834 as shown in Table 4.44. This value indicates good partial correlation exhibited in the data for this study.

Table 4.44: Sample Adequacy Results on foreign exchange risk KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.834
Bartlett's Test of Sphericity	Approx. Chi-Square	388.047
	df	15
	Sig.	.000

The Bartlett's Test of Sphericity p-value should be at most 0.05 for factor analysis to be suitable. Table 4.44 shows that Bartlett's test of sphericity's p-value is less than 0.05. This is consistent with Rusuli *et al*. (2013), who explained that Measure of Sampling Adequacy should exceed 0.5 and for Bartlett's test of Sphericity the significant level of p-value at less than 0.05.

4.9.2 Factor Analysis Results of foreign exchange risk

Factor Analysis allows studies to investigate concepts that are not easily measured directly by collapsing a large number of variables into a few interpretable underlying factors. Factor analysis was done on foreign exchange risk variables where constructs were subjected to variance tests through the principal component analysis test. Mbugua, Waiganjo and Njeru, (2015) in the study of the effect of strategic human resource on employee retention indicated that factor analysis was used to reduce the number of indicators which did not explain variable and retained the indicators which were capable of explaining the effect a independent variable for further study and analysis. In factor analysis, only factors with loading values of above 0.4 can be used for further analysis as recommended by Hair *et al*. (2006) and Tabachnick and Fidell (2007) who noted that factors with factor loading above 0.4 shall be retained for further study. The results of this study are summarized by table 4.45.

Table 4.45: Factor Analysis Results of foreign exchange risk

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.367	56.115	56.115	3.367	56.115	56.115
2	1.020	16.993	73.108	1.020	16.993	73.108
3	.565	9.414	82.522			
4	.449	7.478	90.000			
5	.342	5.700	95.700			
6	.258	4.300	100.000			

Extraction Method: Principal Component Analysis.

All the items of foreign exchange risks variable were subjected to factor analysis and the results showed that two factors extracted explain foreign exchange risks variables which has their Eigen values greater than 1. Factor one had 3.367 and Factor two had 1.020 eigenvalues and the variances of 56.115% as the highest and 16.993% respectively. The results indicated that the items in the construct accounted for total variance value of 73.108%. The two factors had their Eigen values greater than 1 and were considered to have the greatest explanation of Foreign exchange risk.

4.9.3 Foreign Exchange Risk Rotation Component Matrix Results

The components of the variable of foreign exchange risk had factor loading of higher than 0.4. Similar results were obtained by Rusuli *et al*. (2013), who indicated that factor loading of higher than 0.4 was reliable for further data analysis. The Table 4.46 depicts the component factor loadings for determinants of foreign exchange risk measures after factors having been rotated. It gives the most acceptable and interpretable pattern of factor loadings.

Table 4.46: Foreign Exchange Risk Rotation Component Matrix Results

	Component	
	Transaction Risk	Economic Risk
Development of LAPPSET will have direct effect on your firm's performance	.848	
Your firm faces delays in implementation of contracts with clients causing contingency risk	.845	
Containerization will affect your firm's performance	.772	
Your firm is able to allocate resources to counter Financial Risk Management		.994
Development of SGR will have direct effect on your firm's returns		.823
Your organization is able to allocate appropriate resources in support of risk management policy and practice		.813

Extraction Method: Principal Component Analysis.

The Table 4.46 depicts that the component factor loadings for determinants of foreign exchange risk measures after factors having been rotated, gives the most acceptable and interpretable pattern of factor loadings. All factors rotated had their values higher than 0.4. The highest loading is 0.994 and the lowest 0.772, thus a reflection that items of the construct were suitable for further analysis. The components under study were Transaction and Economic Risk.

4.9.4 Descriptive Results of foreign exchange risks

Foreign exchange risk was measured by Transaction and Economic risk. Descriptive data shown on Table 4.47 presents the relevant results on a scale of 1 to 5 (where 5 = Strongly Agree and 1 = Strongly Disagree). Cronbach's alpha was used to test the reliability of the proposed constructs. Similar measures on Cronbach's Alpha was used by Ali *et al*. (2016); Mbugua *et al*. (2015). The findings in this study indicated that foreign exchange risk measures had a coefficient of 0.711.

Table 4.47: Foreign Exchange Risk Descriptive Results

Variable	Mean	Std. Deviation	Cronbach's Alpha
Transaction Risk	4.1180	.72700	.701
Economic Risk	4.2005	.79333	.722
Overall Foreign Exchange	3.6598	.96354	
Risk Cronbach's alpha			.711

Cronbach's alpha was used to test the reliability of the proposed constructs (Ali *et al*., 2016). The findings show that transaction and economic risk had a coefficient of 0.711. Foreign Exchange risks depicted Cronbach's alpha of the value above 0.7 hence the study was reliable.

The respondents agreed that there was relationship between foreign exchange risk and performance of transport firms as indicated by mean score of 3.6598. The respondents strongly agreed that foreign exchange risk had great effect on financial performance of transport firms as indicated by Table 4.47.

4.9.5 Foreign Exchange risks Data Normality Test Results

Normality of the collected data was tested. One of the assumptions of linear regression is that the data must have been taken from a normal population. Various tests are valuable in the literature. This study used Skewness and Kurtosis and Kolmogorov - Smirnov (K-S) tests to ascertain data normality.

a) Skewness and Kurtosis Results

Skewness is a measure of symmetry while kurtosis measures the peaked-ness of the curve of the frequency distribution. The results presented in Table 4.48 show that a skewness coefficient of -1.170 and kurtosis coefficient of 0.309. Based on these results, it can be concluded that data was normally distributed since their statistic values were between -2 and +2.

Table 4.48: Skewness and Kurtosis Results

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Forex Risk	155	3.6598	.96354	-1.170	.195	.309	.387
Valid (listwise)	N 155						

b) Kolmogorov – Smirnov (K-S) Tests of Normality

K-S test was used to interpret the data and ascertain if a sample comes from a population with a completely specified continuous distribution. Decision making process in K-S test is if the value Sig. >0.05, then data is normal and if the value Sig. < 0.05, then data is not normal. Based on output coefficients of the obtained value sig. of foreign exchange risk

is 0.201, meaning that the value of the variables sig > 0.05, the findings can be concluded that the data is normal.

Table 4.49: Kolmogorov – Smirnov Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Forex_Risk	.182	155	.201	.847	155	.432

a. Lilliefors Significance Correction

From the table 4.49, the data on foreign exchange risk is K-S 0.201 which is greater than 0.05 which indicates that the data did not deviate significantly from the normal distribution and for this reason it was reliable to use statistical tests and procedures that assume normality of the variables.

c) Durbin-Watson Test Results

The presence of serial correlation among the regression is checked using Durbin and Watson's test statistic (Yupitun, 2008). Auto correlation which could lead to wrong standard errors was performed using Durbin-Watson (DW) statistic. Based on the recommendation by Gujarati and Porter (2009), null hypothesis is that there is no autocorrelation which can only be accepted when Durbin and Watson's test statistic test shows a value equal or close to 2.

Table 4.50: Durbin-Watson Test Results

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.694[a]	.482	.478	.48688	1.885

a. Predictors: (Constant), Forex_Risk

b. Dependent Variable: Performance

Makori and Jagongo, (2013) states that Durbin-Watson value between 1.5 and 2.5 as acceptable level indicating no presence of collinearity. Durbin-Waston test is based on the assumption that the errors in the regression model are generated by a first-order autoregressive process observed at equally spaced time periods. Therefore, the study can safely assume that there is no first order linear auto-correlation in the multiple linear regression data.

4.9.6 Foreign Exchange Risk and Financial performance of transport Firms Correlations Results

Pearson Correlation co efficient was obtained to establish the strength and the nature of the association of foreign exchange risks and financial performance of transport firms. Table 4.51 shows correlation matrix showing the correlation analysis. A correlation coefficient of 0.694 was obtained which is significant at 1% level of significance.

The Pearson correlation coefficient was generated at 0.01 significance level (2-tailed). The output indicates a strong positive relationship between foreign exchange risk and financial performance of transport firms in Mombasa (r = 0.694, p-value = 0.000). The p-Value is significant at 0.01 level as the correlation matrix indicates. Foreign exchange risk is therefore a very important factor in the financial performance of transport firms.

Table 4.51: Economic Risk and Financial performance of transport Firms Correlations Results

		Performance	Foreign Exchange Risk
Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	155	
Foreign Exchange Risk	Pearson Correlation	.694**	1
	Sig. (2-tailed)	.000	
	N	155	155

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

There is a strong relationship between economic risk, transaction risk and translation risk, and financial performance of transport firms. Therefore the foreign exchange measures were established to be very important factors in the financial performance of transport firms in Mombasa.

4.9.7 ANOVA Results of Foreign Exchange risks

Regression analysis helps in generating equation that describes the statistical relationship between one or more predictor variables and the response variable (Mbugua, *et al.,* 2015). The regression analysis results were presented using regression model summary tables, analysis of variance (ANOVA) table as indicated in Table 4.52.

Table 4.52: ANOVA Results of Foreign Exchange risks

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.728	1	33.728	142.283	.000[b]
	Residual	36.268	153	.237		
	Total	69.997	154			

a. Dependent Variable: Performance

b. Predictors: (Constant), Forex_Risk

Table 4.52 shows the Analysis of Variance for foreign exchange risks and financial performance of transport firms table. The results reveal that a significant relationship exists between foreign exchange and financial performance of transport firms as shown in Model 1. Thus, results indicate that Foreign Exchange risk has effect on performance of transport firms.

4.9.8 Foreign Exchange Risks Goodness-of-fit Model Results

Regression analysis was conducted to empirically determine whether foreign Exchange risk was a significant effect on performance of transport firms in Mombasa. Regression results were presented in Table 4.53. The results show that the goodness of fit for the regression between Foreign Exchange risk and performance was satisfactory since the p value was less than 0.05, indicating that the relationship that exists between the two variables is statistically significant.

Table 4.53: Foreign Exchange Risks Goodness-of-fit Model Results

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.694[a]	.482	.478	.48688	1.885

a. Predictors: (Constant), Forex Risk

b. Dependent Variable: Performance

The results in Table 4.53 showed that foreign exchange risk measure has explanatory power on the financial performance of transport firms as represented by 48.20% of its variability (R^2 = 0.482) as indicated in Model 1. This implies a positive relationship between foreign exchange risks and financial performance of transport firms.

4.9.9 Regression Results of Foreign exchange risks

To establish the influence of foreign exchange risks measures on the financial performance of transport firms, the following hypotheses were stated:

4. Hypothesis Four

H_{04}: There is no significant relationship between foreign exchange risk and financial performance of transport firms in Mombasa County.

Foreign exchange risk is supported by β of 0.486, p-value of 0.000 which is statistically significant in explaining financial performance of transport firms. This implied the study failed to reject the alternative hypothesis and rejected the null hypothesis.

Table 4.54 Regression Results of Foreign exchange risks

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.092	.154		13.577	.000
	Foreign Exchange Risk	.486	.041	.694	11.928	.000

a. Dependent Variable: Performance

The regression model is summarized as shown in equation 4.5:

$$Y = 2.092 + 0.486 x_4 \qquad (4.5)$$

Where,

Y= Performance

X_4 – foreign exchange risk

The results indicate that 0.486 increases in Foreign Exchange risk leads to one unit effect on Performance of transport firms. It was concluded that there is statistically significant correlation between foreign exchange risk measures i.e. economic, transaction and translation risk and financial performance of transport firms in Mombasa County.

From the results of Table 4.54 it can be concluded that foreign exchange risk influences financial performance of transport firms.

4.10 Summary of Study Variables Results

Performance of transport firms was assessed by four financial risks variables, namely credit risk, liquidity risk, market risk and foreign exchange risk. The significant results showed that the means were statistically different and most respondents accepted the constructs.

Table 4.55: Summary of Study Variables

Variable	Mean	Numerical Scale	Survey Scale
Credit Risk	4.1428	4	Agree
Liquidity Risk	3.8566	4	Agree
Market Risk	3.9157	4	Agree
Foreign Exchange Risk	3.6598	4	Agree
Performance	3.8694	4	Agree

Table 4.55 presents the relevant results which show that on a scale of 1 to 5 (where 5 = strongly agree; 1= strongly disagree, most respondents agree (4) that credit risk, liquidity risk, market risk and foreign exchange risk have significant effect on performance. Overall, the intensity of financial risks on performance of transport firms on performance of transport firms was considerably high since most respondents agreed with them.

4.11 Overall Goodness of Fit Results

The coefficient of multiple determinants denoted by R^2, is a measure of proportion of the variations of the regress and explained by the corresponding explanatory variables. The

values of R^2 lie between zero and unity, $0 \leq R^2 \geq 1$. A value of unity implies that 100 per cent of the variations of Y have been explained by the explanatory variables. On the other hand, a value of zero implies that no variations have been explained at all (Ithai, 2013). The overall goodness of fit was obtained through regression of goodness of fit for all the independent variables and the results were depicted in Table 4.56.

Table 4.56: Overall Goodness of Fit Results

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.868[a]	.753	.746	.33969	1.587

a. Predictors: (Constant), Credit Risk, Liquidity Risk, Market Risk, Forex Risk

b. Dependent Variable: Performance

From the study, a value of 0.753 is attained for the coefficient. This means that 75.3 per cent of the variations of the dependent variable have been explained by the explanatory variations. The study concluded that the regression model at issue has a good fit. Thus, dependent variable (Performance) is affected by the predicators of the study as Credit Risk, Liquidity Risk, Market Risk and Foreign Exchange Risk.

In order to check if the data residual terms are uncorrelated, the study evaluated the Table 4.56 Model Summary by examining the Durbin-Watson value. Durbin-Watson values can be anywhere between 0 and 4, however, a value close to 2 is considered good in order to meet the assumption of independent errors. As a rule of thumb if the Durbin-Watson value is less than 1 or over 3 then it is counted as being significantly different from 2, and thus the assumption has not been met. The results indicated that the data met the assumption of independent errors shown by the Durbin-Watson value of 1.587.

4.12 Overall Analysis of Variance (ANOVA) Results

In statistics, regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. The regression analysis was modeled to measures how well our overall model fits, and how well predictors; Credit Risk, Liquidity Risk, Market Risk and Foreign Exchange Risk, are able to predict Performance of Transport. The linear regression analysis modeled the relationship between the dependent variable (Performance of Transport) and independent variables (Credit Risk, Liquidity Risk, Market Risk and Foreign Exchange Risk) (Gujarati & Porter, 2009).

Analysis of variance (ANOVA) is a collection of statistical models used to analyze the differences between group means and their associated procedures (such as "variation" among and between groups). In the ANOVA setting, the observed variance in a particular variable is partitioned into components attributable to different sources of variation. In its simplest form, ANOVA provides a statistical test of whether or not the means of several groups are equal, and therefore generalizes the t-test to more than two groups. The F test (Fisher F distribution) is the ratio of two variances, which are used to determine if two variances are equal. The F test has two numbers for its degrees of freedom. These are called the numerator and denominator degrees of freedom (Gujarati & Porter, 2009).

Table 4.57: Overall Financial performance ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	52.688	4	13.172	114.151	.000[b]
	Residual	17.309	150	.115		
	Total	69.997	154			

a. Dependent Variable: Performance

b. Predictors: (Constant), Credit Risk, Liquidity Risk, Market Risk Foreign Risk

In the Table 4.57, the numerator degree of freedom (df = 4) indicates study has four predictors which include, Credit Risk, Liquidity Risk, Market Risk and Foreign Exchange Risk and the denominator degrees of freedom (df =154 – 4 = 150) for bivariate regression use. The results showed that the value of the F test in Table 4.55, F is 114.151; p-value 0.000, the rule of thumb is acceptable p-value < 0.05. This means the value of F is statistically significant at a level of 0.01, which suggests a linear relationship among the variables. The statistical significance at a 0.01 level means there is a 99 percent chance that the relationship among the variables is not due to chance.

4.13 Overall Financial Performance Multicollinearity Test

Multicollinearity is a statistical phenomenon in which two or more predictor variables in a multiple regression model are highly correlated (Porter & Gujarat, 2009). It arises when there is a linear relationship among two or more independent variables in a single equation model. In regression, multi-collinearity refers to predictors that are correlated with other predictors. Multi-collinearity occurs when the model includes multiple factors that are correlated not just to the response variable, but also to each other. In order for the data to meet the assumption of collinearity, the study evaluated the Coefficients Table 4.58 in the regression analysis output results. Tolerance and VIF (Variance Inflation Factor) were analyzed. If the VIF value is greater than 10, or the Tolerance is less than 0.10, then one have concerns over multi-collinearity.

Table 4.58: Regression coefficients of financial risks on performance of transport firms

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Credit Risk	.516	1.940
	Liquidity Risk	.419	2.385
	Market Risk	.364	2.746
	Forex Risk	.430	2.324

a. Dependent Variable: Performance

The study tested to see if the data met the assumption of collinearity, the results indicated the existence of multi-collinearity in Credit Risk has Tolerance of 0.516, VIF of 1.940, Liquidity Risk has Tolerance 0.419, VIF of 2.385, Market Risk has Tolerance has 0.364, VIF of 2.746 and Foreign Exchange Risk of Tolerance 0.430 and VIF of 2.324.

Regression coefficients represent the mean change in the dependent variable for one unit of change in the predictor variable while holding other predictors in the model constant. This statistical control that regression provides is important because it isolates the role of one variable from all of the others in the model. The regression coefficient is the slope of the regression line. It gives the information for writing the regression equation. The regression equation will take the form:

Predicted variable (dependent variable) = slope X independent variable + intercept (4.6)

The slope is how steep the line regression line is. A slope of 0 is a horizontal line, a slope of 1 is a diagonal line from the lower left to the upper right, and a vertical line has an infinite slope. The intercept is where the regression line strikes the Y axis when the independent variable has a value of 0.

The study has four predictor variables which include, Credit Risk, Liquidity Risk, Market Risk and Foreign Exchange Risk. Therefore, a linear regression model with four predictor variables can be expressed with the following equation 4.5:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \quad (4.7)$$

The variables in the model are Y, the dependent variable (Performance of Transport Firms); X_1, the first predictor variable (Credit Risk); X_2, the second predictor variable (Liquidity Risk); X_3, the third predictor variable (Market Risk); the fourth predictor variable (Foreign Exchange Risk) and ε, the residual error, which is an unmeasured variable.

The parameters in the model are β_0, the Y-intercept (Constant = 1.091); β_1, the first regression coefficient (Credit Risk = .264); β_2, the second regression coefficient (Liquidity Risk = 0.182); third regression coefficient (Market Risk = 0.132); β_3, and the fourth regression coefficient (Foreign Exchange Risk = .126); β_4. Therefore, these results can also be inferred and modeled as Performance of Transport (Y) based on the financial risk determinants which included Credit Risk (X_1), Liquidity Risk (X_2), Market Risk (X_3), and Foreign Exchange Risk (X_4). Hence, the regression equation (4.6) can be substituted as follows:

$$Y = 1.091 + 0.264X_1 + 0.182X_2 + 0.132X_3 + 0.126X_4 + \varepsilon \quad (4.6)$$

The Y-intercept (β_0) can be interpreted as the value one would predict for ;

Y if $X_1 = 0$, $X_2 = 0$, $X_3 = 0$ and $X_4 = 0$.

The study would expect the Performance of Transport to be 1.091.

However, this is only a meaningful interpretation if it is reasonable that;

if $X_1 = 0$, $X_2 = 0$, $X_3 = 0$ and $X_4 = 0$

and if the dataset actually included values for if;

X_1, X_2, X_3 and X_4 that were near 0.

If neither of these conditions is true, then β_0 really has no meaningful interpretation.

A unit increase in credit risk holding other variables constant would increase the effect of credit risk on performance of transport firms by 0.264; a unit increase in liquidity holding other variables constant would increase the liquidity risk effect on performance of transport firms by 0.182; a unit increase in market related factors would increase market risk effects on performance of transport firms by 0.132 and a unit increase in foreign exchange related factors would increase the effects of foreign exchange risk on

performance of transport firms by 0.126. The p values of credit risk, liquidity risk, market risk and foreign exchange risk effects on performance of transport firms in Mombasa are 0.000, 0.000, 0.005 and 0.004 respectively which are all less than 0.05 and therefore they were statistically significant.

These findings concurred with the study carried out by Muthoni, Jomo and Mputhia (2016) on the Influence of Knowledge Technology transfer on the Growth of Micro and Small Catering Enterprises in Nairobi County, Kenya, they cited Lasserre (1982), A typology of training activities for technology transfer. The studies showed the relationship between objective training and appropriate method. Similar findings carried out by Wangeci and Mathuva (2017), on Determinants of Small and Medium Sized Enterprises Ability to do Business with Large Corporations in Nairobi County. Also Otieno, Waiganjo and Njeru (2015) contend that employee communication, employee engagement, human resource procedure and leadership styles have positive relationship with organization performance, the findings showed that all the variables tested were statistically significant with p-values less than 0.05, the results were similar to the current study.

4.14 Summary of Hypotheses

The study used the regression results to test the research hypotheses. Therefore, from the results the following deductions were made:

Ho_1: There is no significant relationship between credit risk and financial performance of transport firms in Mombasa County. Ho_1 was rejected, hence Credit Risk has effect on Performance of Transport Firms.

Ho_2: There is no significant relationship between liquidity risk and financial performance of transport firms in Mombasa County. Ho_2 was rejected thus, liquidity Risk has effect on Performance of Transport Firms

Ho_3: There is no significant relationship between market risk and financial performance of transport firms in Mombasa County. Ho_3 was rejected the findings were that, Market Risk has effect on Performance of Transport Firms.

Ho_4: There is no significant relationship between foreign exchange risk and financial performance of transport firms in Mombasa County. Ho_1 was rejected hence it can be safely be concluded that Foreign Exchange Risk has effect on Performance of Transport Firms.

A summary of the hypotheses indicate that the null hypotheses were rejected and the study failed to reject the alternative hypotheses.

Table 4.59: Summary of Hypotheses

	HYPOTHESES	REJECTED/ FAIL TO REJECT
H_{o1}	There is no significant relationship between credit risk and financial performance of transport firms in Mombasa County.	Rejected
H_{o2}	There is no significant relationship between liquidity risk and financial performance of transport firms in Mombasa County.	Rejected
H_{o3}	There is no significant relationship between market risk and financial performance of transport firms in Mombasa County.	Rejected
H_{o4}	There is no significant relationship between foreign exchange risk and financial performance of transport firms in Mombasa County.	Rejected

Table 4.59 summarizes Hypotheses of the findings; hence, Financial Risks affects Performance of Transport firms in Mombasa. Regression results suggest that, Credit Risk, Liquidity Risk, Market Risk and Foreign Exchange Risk had a statistical significant effect on Performance of Transport Firms in Mombasa.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the research findings and provides conclusion and recommendations in line with the topic of study that is to investigate the effects of financial risks on performance of transport firms in Mombasa.

5.2 Summary

The overall objective of this study was to investigate the effect of financial risk on performance of transport firms in Mombasa County. In this study, the specific objectives were; to establish effect of credit risks, liquidity risk, market risk and foreign exchange risk on performance of transport firms in Mombasa County. The results of the study was presented and discussed in chapter four with emphasis on the objectives and research questions of the study which were used as units of analysis. Also the results got from this study were compared to theoretical and empirical literature of previous studies.

The scope of the study was transport firms in Mombasa County, long distance carriers for fuel tankers, containers carriers and lose cargo and passengers (buses) plying through Mombasa County. Target population was senior managers of transport firms registered under Kenya Revenue Authority, National Transport and Safety Authority and Kenya Transporters Association Ltd which was used to derive to the sample size used in this study. A pilot study was conducted to test reliability of the research instrument using a sample of 4 firms, selected using simple random sampling technique. In regard to the findings presented and discussed in chapter four, this study came up with the following findings;

5.2.1 The Effect of Credit risk on Financial Performance of Transport Firms in Mombasa

The first objective of the study sought to establish credit risks effect on performance of transport firms in Mombasa County. The indicators of credit risk were default, concentration and country risks. In analysis for Descriptive statistics, majority of the respondents were with the view that country risk and default risk had great effect on financial performance of transport firms in Mombasa County. Data was also tested and assertion made that it was reliable to measure the constructs of Credit Risk.

Normality test carried out also showed that data was normally distributed and thus the data can be quantified. Durbin – Watson test proved that there was correlation between credit risk and financial performance of transport firms.

Also the Goodness of fit model showed that credit risk had explanatory power on financial performance of transport firms.

The study rejected the null hypothesis and failed to reject the alternative hypothesis, hence there was statistically significant correlation between credit risk and financial performance of transport firms.

5.2.2 The Effect of Liquidity Risk on Financial Performance of Transport Firms in Mombasa

The second objective of the study was to establish effect of liquidity risks on financial performance of transport firms in Mombasa County. The indicators of liquidity risk were Asset Liquidity Risk and Funding Liquidity Risk.

Descriptive statistical methods used indicate that both Asset Liquidity and funding risk had significant effect on financial performance as established by the study, many transport firms ownership was subsistence, from family business developments, managing as few as one Truck or bus. Tests also showed constructs were reliable.

Majority of the respondents agreed that liquidity risk had greater effect on financial performance of transport firms in Mombasa.

The study carried out normality test which indicated that the data was normally distributed. Durbin – Watson test showed that the data did not suffer from autocorrelation. The study indicated that there was strong positive relationship between liquidity risk and financial performance of transport firms.

ANOVA tests showed that there was significant existence of association between liquidity risk and financial performance of transport firms. Also the Goodness of fit model showed that liquidity risk had explanatory power on financial performance of transport firms which showed a strong positive relationship between liquidity risk and financial performance of transport firms.

This study failed to reject the alternative hypothesis and rejected the null hypothesis, thus there was a statistically significant effect between liquidity risk and financial performance of transport firms.

5.2.3 The Effect of Market Risk on Financial Performance of Transport Firms in Mombasa

The third objective of the study was to assess effect Market Risk on financial performance of transport firms in Mombasa County. The indicators of market risk were Interest rate Risk, Equity Price Risk and Commodity Risk. The findings indicate that market risk had greater influence on financial performance.

Tests also showed constructs were reliable given Cronbach Alpha test that indicated coefficient was within the acceptable range. Majority of the respondents agreed that Market risk had significant effect on financial performance of transport firms in Mombasa. It was established by the respondents that Equity Price Risk and Commodity Price Risk has effect on financial performance of transport firm.

Normality test carried out by this study were analysed in previous chapter. Based on study results, it was concluded that the data was normally distributed since their statistic values were within the acceptable range.

Durbin – Watson test statistic was carried to check for presence of serial correlation of market risk and if the data suffered autocorrelation which study concluded that there was no autocorrelation of the variable.

The study as represented in the correlation matrix showed that the correlation analysis had varied degree of interrelationship between market risk and financial performance of transport firms. Also ANOVA tests revealed that a significant relationship exists between0 market risk (Equity and Commodity Price Risk) and financial performance of transport firms.

The Goodness of fit model showed that liquidity risk had explanatory power on financial performance of transport firms which showed a strong positive relationship between Market risk and financial performance of transport firms. This study failed to reject the alternative hypothesis and rejected the null hypothesis. There was a statistically significant effect between market risk and financial performance of transport firms.

5.2.4 The Effect of Foreign Exchange Risk on Financial Performance of Transport Firms in Mombasa

The fourth objective of the study was to establish effect of Foreign Exchange risk on financial performance of transport firms in Mombasa County. The indicators of foreign exchange risk were Transaction Risk, Translation Risk and Economic Risk.

Descriptive statistical methods used indicate that transaction and economic risk had effect on financial performance as indicated by the study. Foreign Exchange risk was measured by Transaction and Economic risk which indicated a great effect on performance of transport firms. Cronbach Alpha tests carried out indicated that the constructs were reliable, thus, most of the respondents interviewed were with the view

that foreign exchange risk had greater role on financial performance of transport firms in Mombasa.

The study gave a reflection that data normality existed, using Skewness and Kurtosis and Kolmogorov- Smirnov Tests. Durbin – Watson test, a statistic that indicates the likelihood that the deviation (error term) values for the regression have a first-order auto-regression component. The regression models assume that the error deviations are uncorrelated. It indicated that the data did not suffer from autocorrelation. The study indicated that the respondents strongly agreed that foreign exchange risk had great effect on financial performance of transport firms.

The Pearson correlation coefficient generated indicated a strong positive relationship between foreign exchange risk and financial performance of transport firms in Mombasa. The ANOVA tests showed that there was a significant relationship between Foreign exchange risk and financial performance of transport firms.

Also the Goodness of fit model, indicated that foreign exchange risk had explanatory power on financial performance of transport firms which revealed that there was a significant relationship between foreign exchange and financial performance of transport firms. This study failed to reject the alternative hypothesis and rejected the null hypothesis, thus there was a statistically significant effect between foreign exchange risk and financial performance of transport firms.

5.3 Conclusions

Based on the results of this study, the Effects of Financial Risks had significant influence on Financial Performance on Transport firms in Mombasa. In this study, multiple regression results indicated Credit Risk, Liquidity Risk, Market Risk and Foreign Exchange Risk had statistical influence on performance of transport firms in Mombasa.

5.3.1 Credit Risk and Financial Performance

The relationship between credit risk and performance of transport firm was found to be statistically significant, thus, the study rejected the null hypothesis and failed to reject the alternative hypothesis.

5.3.2 Liquidity Risk and Financial Performance

Based on the findings of this study, it can, therefore, be concluded that liquidity risk significantly influenced performance of transport firms in Mombasa. Hence, when transport firms in Mombasa consider liquidity risk controls and management, financial performance of transport firms would increase positively and the reverse is true.

5.3.3 Market Risk and Financial Performance

Also the study indicated that given the infrastructure development as part of the Vision 2030, Transport firms need to embrace change so that they are not wiped out of the market. Thus, engage in competitive nature by also bringing in the market competitive products to offer to their clients and share the market with SGR and LAPSSET.

5.3.4 Foreign Exchange Risk and Financial Performance

This study also indicated that Foreign Exchange risk plays a significant role in performance of transport firms. Cross border trade, volatility of currency and speculation among other major factors that either directly or indirectly precipitates foreign exchange risk which affects firms' performance.

5.4 Recommendations

This study's recommendations were based on the general objective, the effects of financial risks on performance of transport firms in Mombasa.

5.4.1 Credit Risk and Financial Performance

It can be evidenced that credit risk affects firms' performance. This study recommends that Transport firms should establish appropriate credit risk environment; Firms should be operating under sound credit granting process; Also maintain appropriate credit administration, measurement and monitoring process; and lastly transport firms should ensure adequate controls over credit risk.

5.4.2 Liquidity Risk and Financial Performance

The findings led to recommendations that Transport firms should maintain minimum operating liquidity level in order to maintain a comfortable cushion to meet cash flow needs which is paramount to financial performance of transport firms. Firms should establish well defined operating liquidity which will be in line with Firms' Performance, as much as low liquidity affects firms' operations; too much liquidity has a negative effect on earnings. Also Firms should control loan advances and overdrafts which are used as shock absorbers to rescue transport firms from illiquidity.

5.4.3 Market Risk and Financial Performance

In order to counter market risk, Transport firms should address the unexpected loss at certain confidence level for this includes Equity and Commodity price risk and ensure solvency and stability of transport firms just like Financial Institutions in case of market shocks.

Managers should institute measures by which significant changes in the size or scope of firms' activities would trigger an analysis of the adequacy of capital, unnecessary competition and proactive rather than reactive response to market risk which have great effect on firm' financial performance.

Managers should be encouraged to have an internal capital allocation that would link identification, monitoring and evaluation of market risks to financial performance.

5.4.4 Foreign Exchange Risk and Financial Performance

Most Transport firms that operate cross border trade face foreign exchange risk. In order to control Transaction risk, managers should invoice its clients and also ensure payments of the bills and /or invoices are charged in Home currency. This will help counter transaction exposure which has effect on financial performance of transport firms. In controlling transaction exposure, Managers should measure the degree and magnitude of transaction size, hedge period and volatility of the currency and their effect on performance of firms.

Managers should control Economic risk through diversification internationally, in terms of subsidiary outlets, liaison offices and access to financing. Diversification will significantly reduce the impact of economic exposure as compared to a purely domestic firm which will provide greater flexibility in reaction to exchange rate volatility.

To envisage Vision 2030, Kenya is caught up in either doing away with long distance road transport for both cargo and passengers through development of SGR and LAPSSET or improve on the road networks to accommodate and improve road transport since it is serves most parts of the Country. Transport and Logistics firms in Mombasa and Kenya in general have got a big stake in employment and contribution to GDP of the country. The Government should improve on infrastructure and ensure proper investing environment and bail outs similar to receivership in financial institution so that it can tap in taxes and secure employment for the masses.

5.4.5 Study's Contribution to Transportation and Existing Knowledge

There is currently inadequate framework or a theory on financial risk management of firms other than Financial Institutions to enhance studies with empirical research and interpretation of the results of their studies. Previously, financial risk was associated with financial institutions especially Commercial Banks and even definitions and terms relate to banks. Thus, it lacked in-depth in terms of theoretical foundations. The findings

of this study will contribute to the existing body of knowledge with focus effects of financial risks on performance of transport firms. There has been scarce literature on financial performance of Transport firms in Mombasa.

Most studies have been on Financial Institutions and measures which jointly have led to revised measures like Basel International regulatory framework for banks. Scarce measures and regulations have been instituted for non-financial institutions, notably transport firms given their great contribution towards Financial Performance.Thus, the findings of this study fills the knowledge gap by focusing on financial risks on performance of transport firms in Mombasa. This study concentrated on credit risk, liquidity risk, market risk and foreign exchange risk which are part of the wider financial risks that affect financial performance. Therefore, the study increases further knowledge on recent and existing empirical literature in the field of financial management in explaining the effects of financial risks on performance of transport firms in Mombasa.

5.5 Areas for Further Research

This research provides empirical evidence and will assist intellectuals as a reference for studies on effects of financial risks on performance of transport firms in Mombasa. Findings of this study are important in that they provide insight into effects of financial risks on performance of firms. Concentration of this study was based on financial risk which included Credit risk, liquidity risk, Market risk and foreign exchange risk and Performance (Return on Asset and Return on Investment). Therefore, this study opens up other aspects of financial risks which include; Operational risk, Business Risk, Inflation Risk and Performance includes returns on capital, returns on equity respectively.

Theories of CAPM, Agency Theory and Irrelevance Theory and refined Theory of Finance can lead to a more comparative research on Financial Risk Management of transport firms in Kenya.

The findings of this study need to be further developed in future research. Research could also focus on identifying other practical dependant variable such as financial performance to substitute for performance. On the other hand, new financial risks determinants may be identified by conceptual investigations. Finance Theory models of risk management can be modified to fit empirical observations.

The results of this study indicate that Tobin's separation theory, Capital Market Pricing Theory (CAPM), Stakeholder's Theory and the Modigliani and Miller's Irrelevance of Risk theory, together with selected elements of financial economics, form a useful basis for new models. Furthermore, more transport firms can be included in future studies to determine financial risks effects on performance. Thus, while this research has achieved its objectives, there are opportunities for further research. Also this area for further study includes the impact of SGR on the Economic Development of Eastern Africa especially Kenya. SGR can also be a moderating factor in financial risk on performance of transport firms.

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APPENDICES

Appendix- I: letter of introduction

Introduction Letter

P.O BOX 83230 – 80100

Mombasa

Date…….

Dear Respondents,

I am a student at Jomo Kenyatta University of Agriculture and Technology, Mombasa campus, pursuing Doctor of Philosophy- Business Administration. I intend to carry out an academic research on Effects of financial risks on performance of transport firms in Kenya. This Thesis is a requirement for a Doctor of Philosophy Degree of Business Administration. I would therefore kindly request you to give me a chance to conduct the research in your organization.

The information gathered will be used exclusively for the purposes of study and shall be kept with the confidentiality it deserves and used only for academic purpose.

Thank you in advance for your kind support.

Yours Sincerely,

Jamal Ali Mohamed Noor

Appendix - II: Questionnaire

SECTION A: Background Information

Q1. Age

Between 26 – 35 ☐ Between 36 – 45 ☐

Between 46 – 50 ☐ 50 and Above ☐

Q2. Highest level of Education

High school ☐ Degree ☐ Masters ☐ PhD ☐

Q3. What are your normal payment terms?

Cash ☐ 30 Days ☐ 60 days ☐ Over 90 Days ☐

SECTION B: CREDIT RISKS/LIQUIDITY RISK AND MARKET RISK

The following Likert questions relate to Credit, Liquidity and Market Risk. Please insert a tick to the correct answer in regard to the following questions (1. Agree; 2. Strongly Agree; 3.Neutral; 4. Disagree; 5. Strongly Disagree)

NO.	STATEMENT	1	2	3	4	5
B.1	Effects of Credit Risk on Performance of Transport firms					
1.	Your firm has placed a system for the ongoing administration of its various credit risk-bearing portfolios.					
2.	Foreign Investments has effect on performance of your firm					
3.	There is a set strategy to reflect the firm's tolerance for risk and the level of profitability the firm expects to achieve for incurring various credit risks.					

4.	Your firm operates within sound, well-defined credit-granting criteria.					
5.	Your Firm has established credit risk strategy approved for developing policies and procedures for identifying, measuring, monitoring and controlling credit risk.					

6. Credit risk affects your firms' financial performance?

A. Yes ☐

B. No ☐

7. Give reason for your answer……

B.2	Effects of Liquidity risk on performance of Transport firms					
8.	Your firm is able to identify the focus of liquidity risks and their impacts in advance when the transport firm starts the handling new clients or new portfolio.					
9.	The country's active participation in regional trade has encouraged your firm to over invest in assets					
10.	Debtors' overdue accounts can be overcome by your firm's strategies to counter liquidity risk					
11.	Your firm has Rules exhaustively to cover the arrangements necessary for the liquidity risk management.					
12.	Your firm is able to develop a contingency plan for a liquidity crisis in accordance with the Liquidity Risk Management Policy.					
13.	Your firm is able to use to capacity its available Assets with less exposure to					

	risk and adheres to Liquidity Risk Management Rules.					

14. Liquidity risk affects your firms' financial performance.

A. Yes ☐

B. No ☐

15. Support your answer…….....

……

B.3	Effects of Market Risk to Performance of Transport firms					
16	Your firm has undertaken appropriate roles in accordance with the Market Risk Management Policy.					
17	Your firm financial reports includes comments for consideration by the Manager on the status of major market risks compiled regularly.					
18	You firm's changes in the risk measurement technique (measurement technique, assumptions, etc.) are accurately reflected in computer systems for your reference.					
19	Introduction of LAPPSET and SGR, your firm firmly comprehend the nature of the market risks involved and build the risks into the market risk measurement technique.					

20. Market risk affects your firms' financial performance?

A. Yes ☐

B. No. ☐

21. Support your answer……

……..

B4	Effects of Foreign Exchange Risk to performance of Transport firms					
22	Development of LAPPSET will have direct effect on your firm's performance					
23	Your firm faces delays in implementation of contracts with clients causing contingency risk					
24	Containerization will affect your firm's performance					
25	Your firm is able to allocate resources to counter Financial Risk Management					
26	Development of SGR will have direct effect on your firm's returns					

27. Volatility of foreign exchange affects your firms' financial performance

A. Yes ☐

B. No ☐

28. Support your answer……..

……..

B5	Performance of Transport firms					
29	Your firm has good improvement of ROA in the last five years (RETURN ON ASSET)					
30	Your firm has better ROA than industry average (RETURN ON ASSET)					
31	Containerization will affect your firm's performance (RETURN ON ASSET)					
32	Your firm is able to allocate resources to counter Financial Risk Management (RETURN ON INVESTMENT)					
33	Development of LAPPSET will have direct effect on your firm's performance (RETURN ON INVESTMENT)					
34	Development of SGR will have direct effect on your firm's returns (RETURN ON INVESTMENT)					

35. Your firm able to allocate resources to counter Financial Risks

A. Yes ☐

B. No ☐

36. Support your answer……

……

37. How does your Firm handle the following?

i) Translation of its trade from foreign currency into local currency

_____

_____

_____ ii) Transaction of sales and purchases from regional currency to local currency

_____

_____

38. Which common currency does your firm operate under?

i)	US dollar	☐
ii)	Euros	☐
iii)	Sterling Pounds	☐
iv)	Local currency	☐

Thank You

Appendix B: Secondary Data collection instrument

Secondary data for registered Transport firms as at 31 December 2016 was collected as follows:

Name of Transport Firm…….

Description	2007	2007	2009	2010	2011	2012	2013	2014	2015	2016
Net Income before tax										
Total equity Capital										
Total assets										
Degree of financial Leverage										
Net Profit Margin										

Appendix- III: list of transport and logistics firms

1	12c Transport Sacco Ltd	45	African Express Automobile Ltd
2	2nk Sacco	46	African Line Transport Co Ltd
3	365 Logistics Ltd	47	African Roadways Ltd
4	A A Transporters Ltd	48	African Salihiya Cargo & Clearing Ltd
5	A.K Abdulghani Ltd	49	Afrika Aviation Handlers Ltd
6	A.O Bayusuf & Sons Ltd	50	Afrika International Cargo Services Ltd
7	A.O.Said Transporters	51	Afrilog Ltd
8	Aatsons Ltd	52	Afrique Freight Services Ltd
9	Abaadila Enterprises Ltd	53	Afro Sea Link (K) Ltd
10	Abdii Investments	54	Afrofreight Forwarders Ltd
11	Abexims Freight Masters Ltd	55	Agility Logistics Ltd
12	Acacia Systems Ltd	56	Ags Frasers
13	Access Africa Logistics	57	Ahero Freight Forwarders
14	Access Shipping & Logistics Ltd	58	Aikon Freight Ltd
15	Act Kenya Agencies	59	Air - Go Consultants Ltd
16	Action Business Systems Ltd	60	Air Connection Ltd
17	Active Forwarders Ltd	61	Air Maritime (K) Ltd
18	Active Line Ltd	62	Air Space Forwarders Ltd
19	Ada Transport Ltd	63	Airband Cargo Forwarders Ltd
20	Adair Cargo Services Ltd	64	Aircare Charterers & Brokers
21	Adair Freight Services Ltd	65	Airmaritime (K) Ltd
22	Adamson Trans Agencies	66	Airport Shuttles Ltd
23	Adept Clearing Co Ltd	67	Airspeed Cargo Services Ltd
24	Adex Kenya Ltd	68	Airwagon Cargo Movers
25	Aditest Agencies	69	Airwings Ltd
26	Adra Ltd	70	Ajawaab Trans. Co. Ltd
27	Advent Logistics Services	71	Akamai Freight Forwarders Ltd
28	Aela Co Ltd	72	Akamai Holdings Ltd
29	Aero Car & Truck Rental Ltd	73	Akarim Agencies Co Ltd
30	Aero Cargo Express Ltd	74	Akiba Air Cargo Ltd
31	Aero Container Handlers Ltd	75	Akilla Transporters Co. Ltd
32	Aero Marine Cargo Services Ltd	76	Al - Sea Forwarders
33	Aero Ocean Freight Ltd	77	Al Heelam Clearing And Forwarding
34	Aeromarine Cargo Services Ltd	78	Al Malik Brothers Limited
35	Aeromarine Logistics(K) Ltd	79	Al Zakwan Transporters Ltd
36	Aeropath (K) Ltd	80	Al-Afif Global Agencies
37	Aerospace Consortium	81	Al-Ashraf Trading Co Ltd

38	Afreen Enterprises	82	Alexandria Freight Forwarders Ltd
39	Afri Global Ltd	83	Alfa Logistics
40	Afric Freight Services Ltd	84	Alfajiri Express
41	Africa Commuter Services Limited	85	Alfost Transporters
42	Africa Pacific Co Ltd	86	Alikahan Freights Ltd
43	African Cargo Handling Ltd	87	Al-Iman Trading Co
44	African Cargo Services Ltd	88	Al-Itgan Clearing & Forwarding Co Ltd
89	Aljalal Trading Co. Ltd	132	Arusha Shuttle Bus
90	Alkasum Freighters	133	Asfaw Trading Co Ltd
91	Allcliff Agencies	134	Asg Transport Ltd
92	Alliance Cargo Forwarders Ltd	135	Ashdhi Co. Ltd
93	Alliance Logistics (K) Ltd	136	Asia Pacific Clearing & Forwarding Ltd
94	Allports Forwarders Ltd	137	Ask Cargo Ltd
95	Al-Mubarak Forwarders	138	Associated Building & Civil Engineering Contractors
96	Almug (K) Ltd	139	Associated Internation Movers Ltd
97	Aloys & Roy Freight Systems Co Ltd	140	Associated Lines Ltd
98	Alpha Logistics (K) Ltd	141	Associated Movers Ltd
99	Alpine Swift Services (K) Ltd	142	Astral Aviation Ltd
100	Alvine Forwarders Co Ltd	143	Ataco Freight Services Co Ltd
101	Am Construction Group Africa	144	Atlantic Logistics International Limited
102	Amal Freighters & Forwarders Ltd	145	Auni Transporters
103	Amalgaled Agencies	146	Australian Unitech Freighters (K) Ltd
104	Amazon Freight Ltd	147	Avandu General Merchants Ltd
105	Amazon Freighters Imports & Exports Ltd	148	Awale Transporters
106	Ambica Transport Co	149	Ayman Travels
107	Amer Traders Ltd	150	Azad Construction Co
108	Ameritrans Freight International Ltd	151	Azusa Ltd
109	Ammona Forwarders Ltd	152	B T A Bigtimer Agencies Ltd
110	Amritlal Premchand & Company	153	Bablo Freighters Ltd
111	Ancarta Construction Co Ltd	154	Babuh Freighters
112	Anchor Logistic Services Ltd	155	Badilisha Construction Co
113	Andy Forwarders Services Ltd	156	Bahari Forwarders Ltd
114	Annointed Freighters	157	Bahari Logistics Ltd
115	Ansa Freights Ltd	158	Bahari Transporters Ltd

116	Anthill Freight Ltd	159	Bajaber Freighters Ltd
117	Anwarali & Brothers Ltd	160	Bajber Stores
118	Anytime Clearing & Forwarding Co	161	Bakriz Holdings Ltd
119	Ao Z Transporters	162	Baphilda Kenya Ltd
120	Apm Global Logistics (Kenya) Ltd	163	Bargaaba Business Agency Pty Ltd
121	Apokori Logistics Ltd	164	Bario Exim Services
122	Apollo Eleven Properties Ltd	165	Barkadie Transport
123	Aquaero Cargo Co Ltd	166	Batian Construction Co
124	Archie - Craft Holdings Ltd	167	Bax Logistics Ltd
125	Arcpro Agencies Ltd	168	Bayland Freight Agencies
126	Arcpro Logistics Ltd	169	Bayport Freighters Ltd
127	Arkan Holdings Ltd	170	Bazzu Express Company
128	Armstrong Clearing & Forwarding Agency	171	Beach Connection Ltd
129	Aro Cargo Clearing & Forwarding	172	Beach Links Ltd
130	Around The World Merchandise	173	Beachlines Ltd
131	Around World Cargo Handlers Ltd	174	Beacon Hill Ltd
175	Beeline Enterprises Ltd	218	Blueline Cargo Services Ltd
176	Beetee Kenya Ltd	219	Bluewave Logistics Services Ltd
177	Bell Euro Express (K) Ltd	220	Bedelly Freight Forwarders
178	Belt Cargo Services Export Ltd	221	Bolfa Cargo Logistics Ltd
179	Belt Transport & Logistics Ltd	222	Bollore Africa Logistics Kenya Ltd
180	Bemacy Freighters Ltd	223	Bomco Building Contractors Ltd
181	Bemm Importers & Exporters Ltd	224	Bondeni Kaya Ltd
182	Ben Africa Enterprises Ltd	225	Bonfide C & F Co Ltd
183	Ben-Africa Kenya Ltd	226	Bonne Freight Ltd
184	Beneli Freighters Limited	227	Borborei Freighters Ltd
185	Benjo Cargo Services	228	Borderlink Agencies
186	Benlloyd Holdings Ltd	229	Bosco Group Of Companies
187	Bepah Builders & General Contractors Ltd	230	Boslika Building Contractors
188	Best Fast Cargo Ltd	231	Bosmar Clearing & Forwarding Enterprises Ltd
189	Best Freighters Ltd	232	Bosmar Freight Services Co Ltd
190	Best Joinery & Building Contractors	233	Box Clever (K) Ltd
191	Best Wing Cargo Ltd	234	Boxline Freighters & Forwarding
192	Bestfast Cargo (K) Ltd	235	Break Bulkers Africa
193	Bestfast Logistics Kenya Ltd	236	Bretty Agencies Ltd
194	Bestfreight Conveyors Ltd	237	Bridge Freighters & Forwarders International
195	Bestlines Express (K) Ltd	238	Bridgeco International Ltd

196	Betoyo Logistics Ltd	239	Bridgeline Cargo Services Ltd
197	Better Best Services Ltd	240	Bright & Best Ltd
198	Beyond Africa Freighters Ltd	241	Bright Field Cargo Ltd
199	Bhandari Construction Co Ltd	242	Brightways Air Services Ltd
200	Bhogal Construction	243	Bristish Airways World Cargo
201	Bhudia Builders	244	Brits Freighters Ltd
202	Bhudia Construction Co Ltd	245	Broadfields Ltd
203	Big Cargo Services	246	Broadway Express
204	Big Mack Agency	247	Broch Trading Co Ltd
205	Big Night Freight & Travel Ltd	248	Bronzepound Llc
206	Bigmack Agency	249	Bucca International Agencies
207	Bikha Agencies Ltd	250	Buildafrica Ltd
208	Billdock Enterprises Contractors	251	Builtech Services Ltd
209	Bin Zain Logistics Ltd	252	Bungoma Transporters
210	Birdwell Ventures Ltd	253	Buscar Ltd
211	Blaze Cargo Ltd	254	Busclass Ltd
212	Blue Bell Freighters Ltd	255	Bustrack Limited
213	Blue Horizon Travels	256	Busways (K) Ltd
214	Blue Line Shuttle Company	257	Buzeki Enterprises Limited
215	Blue Link Limited	258	C B F Ltd
216	Blue Seal Freighters	259	Calbens Conveyors Ltd
217	Blue Waves Logistics Ltd	260	Call Fast Services Ltd
261	Care Freight Clearing	307	Calofrana Clearing & Forwarding
262	Cargo Corridor Ltd	308	Capital Cargo Freight Ltd
263	Cargo Elegance Logistics Ltd	309	Capital Construction Co Ltd
264	Cargo Front International Ltd	310	Capri Construction
265	Cargo Logistics Services Ltd	311	Caravel Logistics Expeditors
266	Cargo Marketing International Ltd	312	Chershire Freight Ltd
267	Cargo Point International Ltd	313	Chesaka International Co. Ltd
268	Cargo Rollers	314	Choice Intel Forwarding Co. Ltd
269	Cargo Star Kenya Ltd	315	Chomba Construction Co
270	Cargo System Ltd	316	Chomel Freichtrs Ltd
271	Cargo Works (K) Ltd	317	Chorua Co Ltd
272	Cargo World Aviation Ltd	318	Chris Cargo Handling
273	Cargo World Conveyors Ltd	319	Chromel Freighters Ltd
274	Cargo World Logistics Ltd	320	Chwile Investments Ltd
275	Cargocare International Ltd	321	Cien Freight Forwarders Ltd
276	Cargofax Ltd	322	Cipro Logistics
277	Cargoline Services	323	Circle Freight Services
278	Cargolux (Kenya) Ltd	324	Circlelines Agency Ltd
279	Cargomart Ltd	325	Citimax Technologies Ltd
280	Cargotrav Ltd	326	Citizen Clearing
281	Carjet Kenya Ltd	327	City Cartech Enterprises

282	Carmel Mount Freight Logistics (K) Ltd	328	City Hoppa Limited
283	Casements (A) Ltd	329	City Link Express Ltd
284	Castle Freight Co Ltd	330	Civicon Ltd
285	Catco Enterprises Ltd	331	Clamexim Company Ltd
286	Catesam Enterprises	332	Clarion International Shipping & Logistics
287	Cedar Cargo Ltd	333	Clearing Master
288	Certis Co Ltd	334	Clearing Services (K) Ltd
289	Cfc Freight Services Ltd	335	Clearpack Freight Services Ltd
290	Chada Freight	336	Clever (K) Ltd
291	Chaiso Agencies Ltd	337	Climax Coaches Limited
292	Challenger Cargo Carriers Ltd	338	Clique Agencies Ltd
293	Champion Kenya Ltd	339	Cma Cgm Kenya Ltd
294	Chanes Freight & Forwarders Ltd	340	Coast & Hinterland Cargo Ltd
295	Changamwe Cargo Depot	341	Coast Agency
296	Chania Genesis Ltd	342	Coast Bus (Msa) Limited
297	Chania Transport Company	343	Coast Hauliers
298	Channel Enterprises Ltd	344	Coast Professional Freighters Ltd
299	Chapet Cargo Services	345	Coastal Clearing Co.
300	Charansons Ltd	346	Coastline Agencies
301	Charities Logistics Ltd	347	Coimex S.A.R.L
302	Charity Logistics	348	Coinage Investments
303	Charles And Rennic Cargo	349	Collect Handling Services Ltd
304	Charleston Freight Limited	350	Combined Freight Ltd
305	Charmael Freighters	351	Commercial Forwarders Ltd
306	Chasefast Logistics Ltd	352	Commercial Shipping & Trading Co Ltd
353	Conken Cargo Forwarding Ltd	398	Commercial Transporters Ltd
354	Consolidated (Msa) Ltd	399	Commodity Fields International Llc
355	Consolidated Freight Co Ltd	400	Compact Freight Systems
356	Consolidated Warehouses Ltd	401	Concise Freighters Limited
357	Construction Masters (K) Ltd	402	Condor Maritime Services (K) Ltd
358	Containers Africa Limited	403	Dahman Transporters
359	Contilogic Forwarders Ltd	404	Daima Cargo Forwarders Ltd
360	Continental Cargo Services (Kenya) Ltd	405	Daima Cargo Services Ltd
361	Continental Conveyors Ltd	406	Dakawou Transport
362	Continental Freighters Ltd	407	Dallas Holdings Ltd
363	Continental Hauilers Ltd	408	Dalsan Freighters Ltd
364	Continental Logistics Ltd	409	Damco Logistic (Kenya) Ltd
365	Continental Logistics Network Ltd	410	Damint Forwarders Ltd
366	Contruck Movers Ltd	411	Damka Transporters

367	Contrust House, Moi Ave, City Centre, Nairobi	412	Damosada Freighters Ltd
368	Convectional Cargo Conveyors Ltd	413	Dane Investments
369	Corner Garage Transport Ltd	414	Danev Investments
370	Cornerstone Limited	415	Danna Frica Logistics Ltd
371	Cornwall Traders	416	Danny Construction Ltd
372	Corporate Aviation Ltd	417	Dap Logistics Ltd
373	Cosag Trading Co Ltd	418	Daqare Transporters
374	County Hauliers	419	Dar Express Co. Ltd
375	County Link	420	Dart Express Kenya (Pvt) Ltd
376	Cramasons Ltd	421	Datima Travellers Transport
377	Creative Freight Handling Ltd	422	Dato Forwarders
378	Creative Jointers	423	Davanu Shuttle Services
379	Crescent Forwarders Ltd	424	Dave Air Carriers Ltd
380	Crescent Transportation Co Ltd	425	Daveair Carriers Ltd
381	Crescent Transporters	426	Dayah Express Company
382	Crono Company Ltd	427	Dean Logistics Ltd
383	Cross Border Cargo Ltd	428	Dear Cargo Forwarders Ltd
384	Cross Ocean Ltd	429	Debtex & General Traders
385	Crossland	430	Decoship Services Ltd
386	Crossland Servics Nyamakima Ltd	431	Deepmark Cargo
387	Crossline Ltd	432	Dejas Enterprises Ltd
388	Crown Bus Service Limited	433	Delta Express
389	Crown Relocations	434	Demael Enterprises
390	Crystal Freight Connections Ltd	435	Denali Logistics Ltd
391	Crystal Freight Ltd	436	Denlink
392	Crystal Spark	437	Denvi Fuels Services
393	Cyberport Logistics Ltd	438	Desert Cruiser Bus Services Ltd
394	Cyka Shipping & Logistics (Ea) Ltd	439	Desert Hoppers Bus Services
395	Cyrus Construction Ltd	440	Desiny Cargo Forwarders Ltd
396	Daham Transporters	441	Destiny Cargo Handling Ltd
397	Dahla (K) Ltd	442	Deugro East Africa Ltd
443	Diamond Head Agencies	487	Development Initiative, The (Tdi)
444	Didar Construction (K) 1986 Ltd	488	Devji Manji Construction
445	Difam Freight (K) Ltd	489	Dhanush Forwarders Kenya Limited
446	Digeta Agencies Ltd	490	Dhl Global Forwarding (K) Ltd
447	Digital Cargo Forwarders	491	Diamond Acres Ltd
448	Dilole Enterprises	492	Echken Agencies
449	Dinesh Construction Ltd	493	Economic Carriers Ltd
450	Dip Mark Co	494	Edga Services Ltd
451	Diverse Cargo Marine & Air C & F	495	Effective Cargo Consolidators

	Services		
452	Dlao Clearing & Forwarding	496	Effective Management Support Services Ltd
453	Dock Port Trading & Courier Co. Ltd	497	Eldocon Forwarders Ltd
454	Dock Suppliers	498	Eldom Shippers Ltd
455	Dockport Trading & Courier Co Ltd	499	Eldoret Shuttle Sacco
456	Dodwell Transporters	500	Elimara Cargo Freighters
457	Dofar Enterprises	501	Elizaki Enterprises
458	Dolphin Cargo Ltd	502	Elka Cargo (K) Ltd
459	Dolphin Coaches	503	Ellite Freight Forwarders Ltd
460	Dominion Cargo Systems (K) Ltd	504	Elmi Transporters
461	Dominion Freight (Kenya) Ltd	505	Emasa Kenya Clearing & Forwarding Ltd
462	Donwell Technical Services Ltd	506	Emerald Freight International Limited
463	Don-Woods Co Ltd	507	Emkay Builders
464	Doric Enterprises Ltd	508	Em-Lel Freight Forwarders
465	Dracko Haulage Ltd.	509	Emmarn Ltd
466	Dreamline Ltd	510	Emmess Transport Ltd
467	Drenal Enterprises Ltd	511	Emotel Kenya Ltd
468	Duale Transport Services	512	Empire Logistics Services Ltd
469	Dubai Connect Ltd	513	Endip Freighters Co Ltd
470	Duke International Ltd	514	Epic Freight Ltd
471	Dunguni Agencies	515	Equatorial Cargo Services
472	Duniya Forwarders	516	Eraceve Construction Ltd
473	Dynamic Cargo - Link International	517	Eremo Stores Ltd
474	Dynamic Freightmovers Ltd	518	Eri Kenya Ltd
475	Dynamite Logistics Ltd	519	Eridos Company
476	Eagles General Enterprises	520	Erin West International Logistics Agency
477	Earth Link Freighters Ltd	521	Ernie Campbell & Co Ltd
478	East Africa Cargo Logistics Ltd	522	Esidende Freight Agency
479	East African Express Ltd	523	Eskay Transporters
480	East Cape Enterprises Ltd	524	Esri Star Ltd
481	East Global Logistics Kenya	525	Esteem Companies
482	Eastern African Construction Co	526	Eston Cargo Links
483	Eastern Bypass Travellers	527	Etako Freighters Ltd
484	Eastern Global Ltd	528	Eunitepride (K) Ltd
485	Eastex Kenya Ltd	529	Eurasian Freight Forwarders
486	Easy Coach Limited	530	Euro Transport Ltd

531	Easy Transporters	576	Eurolink Services Ltd
532	Exon Investments Ltd	577	Evalast Enterprises Ltd
533	Expolanka Freight Ltd	578	Everfreight Forwarders Ltd
534	Export Consolidation Services (K) Ltd	579	Everlast Enterprises Ltd
535	Express Company Ltd	580	Excellent Logistics
536	Express Kenya Ltd	581	Exel Kenya Ltd
537	Exrol Freight Limited	582	Four Angels Forwarders Ltd
538	Exxem Express Cargo Company Ltd	583	Fourseas Internation Ltd
539	Eyeblink Freight Management Ltd	584	Fra-Alex Top Freighters
540	F & A Trading Co Ltd	585	Framic Cargo Agencies Ltd
541	F Y Simba Shipping Agents	586	Franato Enterprises Ltd
542	Fadan Freight Enterprises	587	Frank & Geoffrey Cargo Ltd
543	Faida Cargo Services Ltd	588	Frank General Agencies
544	Faima Ventures Ltd	589	Frankline Cargo Services
545	Fairways Consolidated Ltd	590	Franvi Construction Co Ltd
546	Family Priorities Ltd	591	Fredtech Forwarders (K) Ltd
547	Famo Forwarders Ltd	592	Free Freighters Co Ltd
548	Fanaka Ventures Ltd	593	Free States Enterprise Ltd
549	Fasmiqam Contractors	594	Freetrade Enterprises Ltd
550	Fast Freight Services Ltd	595	Freight & Transporters
551	Fast Movers & Hauliers	596	Freight Care Ltd
552	Fast Waves Logistics Ltd	597	Freight Commandos Ltd
553	Fastlane Freight Forwarders Ltd	598	Freight Consultants Ltd
554	Fastlane Logistics Systems Ltd	599	Freight Contractors Services Ltd
555	Fastnet Ltd	600	Freight Dispatchers & Forwarding Ltd
556	Federal Freight & Transport Inc	601	Freight Forwarders Kenya Ltd
557	Feederlink Logistics Ltd	602	Freight Hauliers Ltd
558	Femco International Ltd	603	Freight Logistics
559	Fenkel International Logistics Ltd	604	Freight Point Ltd
560	Filicen Transit Forwarders Ltd	605	Freight Reach Services Ltd
561	Filmline Ltd	606	Freight Wings Ltd
562	Finavest Enterprises	607	Freight World
563	First Africa Freight Conveyors Ltd	608	Freightcare Logistics Ltd
564	First Cargo Freight Forwarders Ltd	609	Freightways Agencies Ltd
565	First Class Coaches Ltd	610	Freightways Mombasa Ltd
566	Flamingo House Holdings Co	611	Freightwell Express Ltd
567	Fleet Cargo Services	612	Freightwings Cargo Systems Ltd
568	Fleet Freighters Ltd	613	Freightwings Ltd
569	Flex Air Cargo Ltd	614	Fringerhot Enterprises
570	Flexi Travel Agencies Limited	615	Frontline Cargo Ltd

571	Flightnet Forwarders	616	Frontline Safaris
572	Fliway Kenya Ltd	617	Full Circle Clearing & Forwarding
573	Floatways Forwarders	618	Future Freight Co Ltd
574	Flooring & Interiors Ltd	619	Futureline Freight Forwaders Clearing & Forwarding
575	Focus Initiative Import & Export Co. Ltd	620	G K Martin Transporters
621	Forester Forwarders Ltd	665	G M & Nazareth Ltd
622	Forward Travellers	666	Gaab Transporters
623	Gateway Bus Services	667	Gaanguai Trading Company Ltd
624	Gemini Freighters Ltd	668	Galaxy Holdings Ltd
625	General Cargo Services Ltd	669	Gallion Logistic Ltd
626	General Freighters Ltd	670	Garex Kenya Ltd
627	General Large Services Ltd	671	Garissa Coach Limited
628	Genesso Ltd	672	Grain Bulk Hauliers Ltd
629	Genka Freighters	673	Grand Bus Service Limited
630	Geomit Agencies Ltd	674	Grand Bus Services Ltd
631	Georine Agencies Ltd	675	Great Lakes Auto Tech Int'l Ltd-Greatlakes Group
632	Gilbi Construction Co Ltd	676	Greatspan Maritime Services Ltd
633	Gilfreight Cargo Services Ltd	677	Green Leaf Travellers
634	Gimbco Freight Ltd	678	Green Star Cargo
635	Giraffe Forwarders	679	Green World Logistics International Ltd
636	Githui Construction Co.Ltd	680	Greenway Agencies
637	Glinter Logistics Ltd	681	Ground Logistics Ltd
638	Global Cargo Handlers & Logistics Ltd	682	Gts Cargo Logistics Limited
639	Global Freight Logistics Ltd	683	Gulf Stream Investments Ltd
640	Global Merc East Africa Ltd	684	Guton County Link
641	Global Nvocc Lines Ltd	685	H A Basmer Transporters Ltd
642	Global Reach	686	H H Mody & Co Ltd
643	Global Traders Ltd	687	H H Tharoo & Sons
644	Globe Forwarders Ltd	688	H K Builders & Gen Contractors
645	Globeflight Worldwide Express (K) Limited	689	H.A Basmer Transporters
646	Globus Freighters Ltd	690	H.P Mashru Ltd
647	Go Contractors Ltd	691	Habo Agencies Ltd
648	Goal Clearing & Forwarding	692	Habo Logistics And Transport
649	Goemwa Cargo Services	693	Hakika Transports Services Ltd
650	Gokh Construction & Kokotoni Quarry	694	Halai Construction Co
651	Gold Well Forwarders	695	Halal Freighters Ltd

652	Golden Gateway Air Cargo	696	Hambufreight Services Ltd
653	Golden Gulf Forwarders Ltd	697	Hanif Mohamed Ltd
654	Golden Ray Freighters Ltd	698	Happyworld Freighters Ltd
655	Golden Sea Jewellers	699	Harbinger Ltd
656	Golden Sparrow Freighters	700	Harbour Help (K) Ltd
657	Golden West Forwarders Ltd	701	Hardy General Contractors
658	Goldline Bus Services	702	Harish Construction Company
659	Goldline Ltd	703	Harribet Freight Services
660	Goldmark International Co Ltd	704	Harsha Construction Co
661	Goldwell Forwarders Ltd	705	Harvard Trading Co Ltd
662	Goodrich Trading Co Ltd	706	Hasa Agencies
663	Goodwinds Maritime Freight Forwarders	707	Hasaki Freight Conveyors Ltd
664	Gordhandas Dharamshi & Bros Ltd	708	Hasmad Cargo Ltd
709	Goshen Intl Ltd	751	Hassan Raza Nhr (N. Transporters)
710	Grace Removals	752	Haste Line Clearing & Forwarding Ltd
711	Hellmann Perishable Logistics (Hpl)	753	Hatimy Group Ltd
712	Hellmann Worldwide Logistics	754	Hayat. K . Ltd
713	Helly Freight Co	755	Hazaline Import & Export Ltd
714	Helman Perishable	756	Hazel Services Ltd
715	Hempri Builders	757	Heavy Industry Logistics Ltd
716	Henmarts Clearing & Forwarding	758	Inca Cargo & Forwarding Co Ltd
717	Hercules Transport Co .Ltd	759	Inet Cargo
718	Hewa Investments Ltd	760	Ing'oni Enterprises
719	High Tech Freight Movers Ltd	761	Inland Africa Logistics
720	Highlands Forwarders Ltd	762	Inland Services
721	Highway Carriers	763	Insight Cargo Ltd
722	Highway Travellers Limited	764	Instra Ship Clearing & Forwarding
723	Hima Freight Forwarders	765	Intelligent Logistics Solutions Ltd
724	Hind Construction Co Ltd	766	Inter Africa Freight Services Ltd
725	Hiro Clearing & Forwarding	767	Inter Counties Travellers
726	Hitraj Construction	768	Inter Freight Ease Africa Ltd
727	Hollywood Freight Agencies	769	Inter Ocean Forwarding Services
728	Homebase Enterprises Co Ltd	770	Inter- Pol Freighters
729	Homeland Freight Ltd	771	Interborder Express Agencies
730	Homeland Transporters Ltd	772	Intercept (K) Ltd
731	Homeline Consolidation Services Ltd	773	Intercities Freight & Shipping Ltd
732	Homenet Clearing & Forwarding Logistics Limited	774	Intercon Clearing Agency
733	Hood Transport	775	Intercontinental Maritime Agency

734	Hoppa	776	Intereact Clearing & Fowarding Ltd
735	Horiken Freighters	777	Interfreight (K) Ltd
736	Horizon (Kenya) Express Ltd	778	Interfreight East Africa Limited
737	Horizon Bus Service Co Ltd	779	Inter-Globe Services Ltd
738	Huaye International Logistics Co. Ltd	780	Intergrid Business Solutions Ltd
739	Hunjan General Works	781	Interken Enterprises Ltd
740	Huron Freighters Ltd	782	Interlinks Freight Ltd
741	Huruma Mini-Bus Sacco Ltd	783	Intermediate Technology Workshops (K) Ltd
742	I A Barkadle Enterprises Ltd	784	Intermodal Freight Services
743	I M C L	785	Intermodel Commodities Ltd
744	Iceberg Movers Enterprises	786	International Clearing & Forwarding Co Ltd
745	Ichiban Freighters Ltd	787	International Commercial Co (K) Ltd
746	Ideal Solutions Epz Ltd	788	International Commodity & Freight Centre Ltd
747	Ifra Services Ltd	789	Internet Express Cargo Ltd
748	Ikinu Ngwation Co Ltd	790	Internet Trade Connection (K) Ltd
749	Ilongo Agencies Ltd	791	Interocean (Ea) Ltd
750	Ima Transporters Ltd	792	Inter-Service Transporters Ltd
793	Imenti Freight Ltd	839	Inter-Trust Forwarders Ltd
794	Impex Freight Ltd	840	Interworld Freight Consultants
795	Impressive Cargo Services	841	Intra Speed Arcpro
796	Imprex Freight Ltd	842	Intra Speed Ltd
797	In And Out Contractors Ltd	843	Intraline Shipping & Logistics
798	Island Technical & Supplies Ltd	844	Inva Freight Ltd
799	Isom Agencies Ltd	845	Inyati Developers Ltd
800	Issa Transport Company Ltd	846	Iris Forwarders Ltd
801	Ital Afri Investments Ltd	847	Isedal Kenya Ltd
802	Itarome Agencies Ltd	848	Island Freighters Ltd
803	J B Maina & Co Ltd	849	Jokam World Freight Forwarders
804	J K Marijn C & F Co	850	Jomapess E A Ltd
805	J S M Builders	851	Jomo & Co Enterprises Ltd
806	Jacaranda Cargo Link Ltd	852	Jomwak Enterprises
807	Jacaranda Logistics	853	Jongens Contracting Co Ltd
808	Jadat Freighters Ltd	854	Jordan Freight
809	Jagjit Construction Co	855	Joshan Air Cargo Ltd
810	Jaguar Carriers Junior Ltd	856	Jostum Agencies Ltd
811	Jamba Transporters	857	Jowaba Superlinks
812	Jambo Cargo Services Ltd	858	Jowak Agencies Ltd
813	Jamil Bus Services	859	Jsk Cargo

814	Jamka Agencies	860	Juhudi Forwarders Ltd
815	Jamkell Enterprise Ltd	861	Jumbo Transporters Co. Ltd
816	Jamonit Freight (Kenya) Ltd	862	Jumula Freighters Ltd
817	Jamsheed Forwarders Ltd	863	June Freight Co Ltd
818	Janda Worldwide Destinations Ltd	864	Jupiter Forwaders Co Ltd
819	Jasmeen Logistics	865	Just In Time Forwarders
820	Jaspa Logistics Ltd	866	K B Construction Ltd
821	Jasu Freighters Co	867	K N Airlink Ltd
822	Jasus Freighters Ltd	868	K. Logistics
823	Jayesh Construction Co Ltd	869	Kabaalay Trading Co Ltd
824	Jaysee Dispatch Logistics	870	Kabco Contractors Ltd
825	Jedima Trade Agencies Ltd	871	Kabon Transporters
826	Jekeem Enterprises	872	Kabuito Contractors Ltd
827	Jemi Freights Kenya Ltd	873	Kadmus Freight Logistics Ltd
828	Jeograka Enterprises	874	Kaguanjai Builders Ltd
829	Jeremike Freight Agency	875	Kaiko Investments Ltd
830	Jet Flowers Ltd	876	Kaiser Agencies Ltd
831	Jet Set Forwarders Ltd	877	Kaloleni Bus Services
832	Jetline Cargo Services Ltd	878	Kalz Mann & Co
833	Jihan Freighters Ltd	879	Kam Transporters Sacco
834	Jime Holdings Ltd	880	Kamal Mechanical Engineering Works
835	Jim's Freight Forwarders Ltd	881	Kamala Freight Forwarders (K) Co Ltd
836	Jina Ratna Contractors	882	Kamamu Freight Forwarders
837	Jit-Aero Cargo (K) Ltd	883	Kamar C & F House
838	Jiwa Shamji Ltd	884	Kamau Freight Forwarders Ltd
885	Jiwani Impex Enterprises	930	Kampala Coach Limited
886	Joegraka Enterprises	931	Kampala-Juba Freighters Ltd
887	Joes Freighters Ltd	932	Kanamai Handlers Ltd
888	Jogian Interlink Limited	933	Kanche Enterprises Ltd
889	Jogolo Enterprises Ltd	934	Kani Transport
890	Kara Roadways	935	Kanjeteka Enterprises
891	Karipharm Co Ltd	936	Kansei Clearing & Forwarding Co Ltd
892	Karmat Freighters Ltd	937	Kapps Forwarders
893	Karshan Kay Construction Co	938	Kapton Ltd
894	Kasamba Enterprises	939	Kapwell Enterprises Ltd
895	Kassam Hauliers	940	Keyfright Kenya Ltd
896	Kavuka Young Transporters	941	Key-Note Logistics Ltd
897	Kawaison International Ltd	942	Keywest Logistics Agency
898	Kay Construction Co Ltd	943	Khetani Builders & Co
899	Kaydee Construction Co Ltd	944	Kiamba Clearing And Forwarding

			Ltd
900	Kebimex Freighters Ltd	945	Kian Cargo Ltd
901	Kedipas Freighters Ltd	946	Kibirigwi Enterprises
902	Keihin Maritime Services Ltd	947	Kidima Enterprises Ltd
903	Kelvis & Hannington International Ltd	948	Kifaru Accurate Works Ltd
904	Kemeric Gemral Contractors	949	Kigo Cargo Agencies
905	Kemnet Agencies Ltd	950	Kilimanjaro Construction Ltd
906	Ken Indian Terrazo	951	Kilimanjaro Trading & Cargo Services (K) Ltd
907	Kencont Logistics Services Ltd	952	Kilindini Clearing & Forwarding Co Ltd
908	Kened International Co .Ltd	953	Kilindini Investments Ltd
909	Kenfreight Group Of Companies	954	Kim Freight Movers
910	Kenfright East African Limited	955	Kimbuche Freighters Ltd
911	Kenga Agencies	956	King Cabs & Travels
912	Kenkal Ship & General Contractors Ltd	957	Kings Cargo Agencies Ltd
913	Kenleb International Ltd	958	Kingsley Enterprises Ltd
914	Kenlloyd Logistics Ltd	959	Kinyamo Transporters
915	Kenomar Holdings Ltd	960	Kirinyaga Construction (K) Ltd
916	Kenomar International Ltd	961	Kiron Works
917	Kensco Businesss Solution Limited	962	Kisaingu Transporters
918	Kenshade Trading Agencies Ltd	963	Kishen Singh & Sons Ltd
919	Kentan Connections Ltd	964	Kisumu Classic Co. Limited
920	Kentur Clearing & Forwarding Ltd	965	Kitale Investments Co Ltd
921	Kenuga Agencies Ltd	966	Kitui Ebenezer Travellers
922	Kenuga Enterprises	967	Kling Development
923	Kenways Express Ltd	968	Knightbridge Supplies Ltd
924	Kenya Airfreight Handling Co	969	Kobayashi Ltd
925	Kenya Bus Services	970	Kofexco Ltd
926	Kenya Cargo Handling Service Ltd	971	Konoike Construction Company Ltd
927	Kenya Haulage Agency Ltd	972	Kooi Ltd
928	Kenya Linkage International (K) Ltd	973	Koome Njue Agencies Ltd
929	Kenya Logistical Support Services Ltd	974	Koweru Contractors Ltd
975	Kenya Logistics Network	1022	Kuene & Nagel (K) Ltd
976	Kenya Mpya	1023	Kuria Transporters Ltd
977	Kenya Transporters Association Ltd	1024	Kwaleline Express
978	Kenzamco Forwarders Marine	1025	Kwanjeteka Enterprises

	Services		
979	Kesomfreight International Ltd	1026	Kwazulu General Stores
980	Ketona Cargo Ltd	1027	Kyales Investments
981	Lakhani Construction Co	1028	Kyoga Hauliers
982	Lakhu Construction Ltd	1029	Kyoga Investments Ltd
983	Lalji Ratna & Sons	1030	Lagoon Freighters
984	Lamu Percels	1031	Lagtec Ltd
985	Land Bridge Freighters	1032	Lakenya Transport
986	Land Freight Services	1033	Lizoch Freight Investments
987	Landing Cargo Services	1034	Lloyd Cruise International Limited
989	Landmark Freight Services	1035	Loch's Co
990	Landmark Holdings Ltd	1036	Lock Block Construction Ltd
991	Lanhydrock Enterprises	1037	Lockwell Merchandise Ltd
992	Lantern Freight Ltd	1038	Logistic Freight
993	Laoogo Freighters	1039	Logistic Providers & Transporters
994	Last Millenium (E.A) Ltd	1040	Logistics Centre Services
995	Laureate Cargo Expeditors	1041	Logistics Container Centre
996	Laxmanbhai Construction Ltd	1042	Logistics International
997	Le Buneei Diversity Ltd	1043	Longrock Engineering
998	Leatherhead Freight Ltd	1044	Lopha Travel Ltd
999	Leighnicks Co Ltd	1045	Low Sea International Agencies
1000	Leighnicks Company Limited	1046	Luckam Freight Services
1001	Leinads Cargo Ltd	1047	Lucky Transporters
1002	Lemco Freight Forwarders Ltd	1048	Lufthansa Cargo
1003	Leon Transporters	1049	Lulu Ltd
1004	Les Amis Ltd	1050	Lulu Shipping (Group) Ltd
1005	Les Axes Construction Co Ltd	1051	Luminous Shuttles Limited
1006	Lesh-La Investment Ltd	1052	Lyken Freight Express Co Ltd
1007	Letrack Intergrated Logistics	1053	Lyndalian Airfreighters & Fowarders Ltd
1008	Liberty Freighters Ltd	1054	Lyndon Agencies Ltd
1009	Libet Forwarders (K) Ltd	1055	Lyson Logistics Ltd
1010	Libex Construction Co Ltd	1056	M.A. Bayusuf & Sons Ltd
1011	Libra Express Cargo	1057	Maalox Agencies Ltd
1012	Lidan Enterprises Ltd	1058	Macfreight Forwarders Co
1013	Lifeline Ltd	1059	Machakos Public Transporters
1014	Lift Cargo Ltd	1060	Machews Providers
1015	Lifting Equipments Ltd	1061	Mackenzie Maritime Forwarders Ltd
1016	Lilistar Agencies	1062	Macsim Cargo Services
1017	Limlines Cargo & Freight Forwarders Ltd	1063	Maettes Cargo Forwarders Ltd
1018	Limutti Holdings Ltd	1064	Maggy Investments Ltd

1019	Linear Coach Ltd	1065	Magic General Contractors
1020	Linfield Institute	1066	Magot Freight Services
1021	Lion Building Construction Co	1067	Mahadhy Transport Ltd
1068	Lions Export & Import Agency Ltd	1113	Mahrus Cargo Carriers
1069	Lira Line Sacco Society Ltd	1114	Main Building Construction Co
1070	Lit Logistics Systems	1115	Main Freighters
1071	Little King Bookshop	1116	Maina Int Consolidators Ltd
1072	Livercot Impex Ltd	1117	Mainkam Ltd
1073	Livingstone Building Construction	1118	Mairika Ltd
1074	Makueni Transporters	1119	Maji Tech Contractors
1075	Makupa Transporters Ltd	1120	Makclears Forwarders
1076	Malar Ltd	1121	Makion Cargo Forwarders
1077	Malde Transporter	1122	Maksam Cargo Services Ltd
1078	Malford Courier Services	1123	Maksam Pioneer Co Ltd
1079	Malili Construction & Engineering Works	1124	Matic General Contractors Ltd
1080	Malindi Freight Link-Up Ltd	1125	Matrix Freight Logistic
1081	Malindi Shuttle	1126	Matsingberg Clearing & Forwarding Co.
1082	Mamaja Afrique International Ltd	1127	Matunda Bus
1083	Mamba Trade Links Service Station	1128	Maua Clearing And Forwarding Agency Co Ltd
1084	Manchester Bus Company	1129	Mavji Construction Co Ltd
1085	Mango Vision Freighters Ltd	1130	Mayoo Junior Enterprises Ltd
1086	Manji Construction	1131	Mbamuls Freight Services
1087	Mapp Holding Ltd	1132	Mbeji General Agencies
1088	Mapris Freight Forwarders Ltd	1133	Mbuni Transport Co Ltd
1089	Maps Investments Services Ltd	1134	Mecasor (K) Ltd
1090	Mara Forwarders Ltd	1135	Mechanized Cargo Systems Ltd
1091	Mara Shabba (K) Ltd	1136	Meckan Holdings Ltd
1092	Maraca Enterprises	1137	Meet N Assist
1093	Marangu Luxury Shuttle	1138	Mega Flicks
1094	Mareno Co Ltd	1139	Megafast Enterprises Ltd
1095	Marflo Freight Forwarders Ltd	1140	Megafreight International Co. Ltd
1096	Mar-Frontier (K) Ltd	1141	Meghjibhai Pancha & Co
1097	Marge Investments Ltd	1142	Mellech Engineering & Construction Ltd
1098	Marger Transnational Ltd	1143	Menhir Ltd
1099	Margie Agencies	1144	Mepro Trade Ltd
1100	Marichor Marketing Services Ltd	1145	Mercantile Freighters
1101	Maricon Ltd	1146	Mercator Transport Kenya Limited
1102	Marine Jetland Freighters Ltd	1147	Merchant Cargo Handling
1103	Marineland Freighters Ltd	1148	Mercurials Interlink

1104	Marino Clearing & Forwarding Ltd	1149	Metalink International Ltd
1105	Maritime Freight Co Ltd	1150	Metawood Co.
1106	Maritrail Services Ltd	1151	Meteor Freight Forwarders Co Ltd
1107	Maritrans Services Ltd	1152	Metro Trans Ltd
1108	Mark Riech (Africa) Ltd	1153	Mfanco Agencies Ltd
1109	Market Link Cargo Ltd	1154	Mg Transporters And General Works
1110	Marketing & Airfreight Consultancy Ltd	1155	Micco Ltd
1111	Marketing Bureau Services Ltd	1156	Mid Africa Services Ltd
1112	Markfirst (K) Ltd	1157	Midland Hauliers
1158	Marks Enterprises Ltd	1202	Midlands Freight Ltd
1159	Marlen Travel Concepts	1203	Mid-Town Cargo Agencies Ltd
1160	Marymac Freight Co	1204	Midwave Freighters Ltd
1161	Masaba Line Services	1205	Mile-Ed Enterprises Ltd
1162	Mash Bus Services	1206	Milestone Consultants Ltd
1163	Master Conveyors Ltd	1207	Milicon's Ltd
1164	Mira Mesa Freighters Forwarders & Traders	1208	Mileage Enterprises Ltd
1165	Miron Enterprises Ltd	1209	Millennium Freight Services Ltd
1166	Misana Clearing & Forwarding Co Ltd	1210	Millets Company Ltd
1167	Mishale Freighters Ltd	1211	Mim Logistics Company Ltd
1168	Mistry Balubhai Co. Ltd	1212	Minikin Services Ltd
1169	Mitchell Cotts Freight Kenya Ltd	1213	Multimodal Forwarders Ltd
1170	Mixicon Construction Ltd	1214	Multilines International (K) Ltd
1171	Mizpah Total Solutions Ltd	1215	Multiple Solutions Ltd
1172	Mnet Stars Ltd	1216	Multiplex Logistics Ltd
1173	Moda Freight Forwarders Ltd	1217	Multistar Shine Traders
1174	Modern Coast Builders & Contractors Ltd	1218	Mumaka Construction Co, Building & Civil Engineering Contractors
1175	Modern Coast Express Limited	1219	Muna Transporters
1176	Modern Logistics Ltd	1220	Munawar Shuttles Ltd
1177	Mohamed Ahmed Bayusuf & Sons Ltd	1221	Munira Freighters Ltd
1178	Mololine Prestige Shuttle	1222	Mupeki Hauliers
1179	Mololine Service Ltd	1223	Muranga Forwarders Ltd
1180	Mombasa Freighters Limited	1224	Murina Co Ltd
1181	Mombasa Liners Limited	1225	Musa Freighters
1182	Mombasa Raha	1226	Musthafa Enterprises Ltd
1183	Mona Consolidated Ltd	1227	Mwangaza Enterprises
1184	Moniks Agencies Ltd	1228	Mwangemi General Construction
1185	Monsoon Movers Ent Ltd	1229	Mwega Clearing & Forwarding

1186	Morning Glory Freight Services	1230	Myomumwe Construction Co
1187	Mos Transport Co. Ltd	1231	N C C K Health & Wholeness Programme
1188	Motalent Construction Ltd	1232	N K Brothers Ltd
1189	Motnex Ltd	1233	Naboth Co Ltd
1190	Motorways Construction	1234	Nagina Singh Contractors
1191	Motorways Logistics Ltd	1235	Naibor Freighters
1192	Motrex Ltd	1236	Nairobi Cargo Services Ltd
1193	Mountain Freight Ltd	1237	Nairobi Clearing House, The
1194	Moyale Raha Bus Services	1238	Nairobi Conveyors Ltd
1195	Mris Agencies Ltd	1239	Nairobi Freight Services Ltd
1196	Ms Marther Ltd	1240	Nais Enterprises
1197	Mtapanga Agencies Ltd	1241	Najmi Clearing & Forwarding
1198	Mtudawa Freighters Ltd	1242	Nakara Building Contractors
1199	Mucheba Services	1243	Nakuru Precious Services
1200	Muchfreight Enterprises	1244	Namelok Holdings Ltd
1201	Mugoya Construction & Engineering Ltd	1245	Nanak Singh Bansal
1246	Muhito Investments	1289	Nappet Kenya Ltd
1247	Mukhi & Sons Ltd	1290	Narayan Construction
1248	Mukinjo Holdings Ltd	1291	Nationwide Transporters Ltd
1249	Mulji Gopal Builders Ltd	1292	Nazigo Freight Forwarders
1250	Muljibhai & Partners Construction Co Ltd	1293	Nchoke Ltd
1251	Multi Trans Freight Services Ltd	1294	Ndambatezi Freighters Ltd
1252	Nejo Contractors	1295	Ndugu Transport Company Ltd
1253	Nekaki Transport Company	1296	Nedones Consultants
1254	Nekoda Enterprises	1297	Neelcon Construction Services Ltd
1255	Nellions Moving Relocations Ltd	1298	Neem Parcels Ltd
1256	Nemcos Trasporters	1299	Neighbours Logistic Solutions
1257	Neo Fratern Freight Forwarders Ltd	1300	Ocean Atlantic Services Ltd
1258	Neo Makapa Garage	1301	Ocean Bulk Freighter Ltd
1259	Neosealand Regional Freighters Ltd	1302	Ocean Freight E A Ltd
1260	Nephets Interlink Services Ltd	1303	Ocean Lines Freight Forwarders Ltd
1261	Neptune Forwarders Ltd	1304	Ocean Pacific Lines
1262	Nessdan Enterprises Ltd	1305	Oceanair Services Ltd
1263	Network Freighters Co Ltd	1306	Oceanic Cargo Agency Ltd
1264	New Clearing & Forwarding	1307	Oceanwave Tradelinks Ltd
1265	New Look General Contractor Ltd	1308	Offshore Clearing & Forwarding
1266	New Ocean Transport Co. Ltd	1309	Olendo General Supplies Co Ltd
1267	Newport Freight Logistics	1310	Olmoti Freight Ltd

1268	Nguni Swift Forwarders Ltd	1311	Olympic Forwarders Ltd
1269	Nibal Freighters Ltd	1312	On Time Logistics Ltd
1270	Nircon Construction Ltd	1313	One Earth Freighters
1271	Nisden Freighters Ltd	1314	One Link Ltd
1272	Njuca Consolidated Ltd	1315	One World Carriers
1273	Noah's Ark Enterprises	1316	Onetouch Cargo Services
1274	Noor Logistics Ltd	1317	Ongata Rongai Bus Services
1275	Nordea Freighters Ltd	1318	Online Authenticity & Logistics Services Ltd
1276	North Rift Shuttle	1319	Ontime International Freight Ltd
1277	Northern Corridor Transit Services Ltd	1320	Onward Cargo Systems Co Ltd
1278	Northwest (K) Ltd	1321	Onymond Enterprises
1279	Northwood Freighters	1322	Oppenheiner Cargo Ltd
1280	Nowa Transporters	1323	Optimax Agencies Ltd
1281	Ntl Percel Services (Newspaper Transporters Ltd)	1324	Orbit Express Ltd
1282	Nurex Cargo & Clearing	1325	Orbit Freighters Ltd
1283	Nyada Agencies	1326	Orbit Transporters
1284	Nyali Construction & Electrical Services Ltd	1327	Orient Group Of Companies
1285	Nyamira Luxury Express	1328	Osaka Freighters Ltd
1286	Nyange Seafront Ltd	1329	Otange Bus Services
1287	Nyaugenya Buses	1330	Otasons F P G M Ltd
1288	Nyoro Construction Co Ltd	1331	Outer Freight (K) Ltd
1332	Nyota Freighters Ltd	1378	Outspan Forwarders (K) Ltd
1333	Nzamaco Metal Works	1379	Ozam Maritime Services Ltd
1334	Nzoia Freighters Ltd	1380	P & O Nedlloyd E A Ltd
1335	Oak Lines Freight Agencies Ltd	1381	P.N Mashru Transporters Ltd
1336	Oasis Freight Co Ltd	1382	Pabast Freighters Ltd
1337	Ocean Alliance Logistics	1383	Pabon Cargo Ltd
1338	Ocean Angling Services (E A) Ltd	1384	Pallet Logistics Ltd
1339	Panal Freighters Ltd	1385	Palm Freighters Ltd
1340	Panalpina Kenya Ltd	1386	Pam Freight Agencies Ltd
1341	Panel Freighters	1387	Pamol Connections Services
1342	Pankhania Home Repairs	1388	Pan Afrique Forwarders Ltd
1343	Panworld Logistics	1389	Panal East Africa Ltd
1344	Parish Coach	1390	Prilscot Co
1345	Parose Agencies Ltd	1391	Prime cargo Agencies Ltd
1346	Patana Enterprises Ltd	1392	Prime - Spur F Ltd
1347	Pathmare Freight Services Ltd	1393	Prime Logistics Ltd
1348	Pathmark Freight Services Ltd	1394	Prime fuels (Kenya Ltd)
1349	Patts Consult Ltd	1395	Principal Forwarders Ltd

1350	Paul Otema	1396	Priority Logistics Ltd
1351	Pavlax (K) Ltd	1397	Prit Enterprises Ltd
1352	Paweed Agencies Ltd	1398	Pritty Builders
1353	Pearl Forwarders	1399	Professional Distribution Services Ltd
1354	Pearl Logistics Ltd	1400	Project Forwarding Services Ltd
1355	Pearl Matrix &Logistics Ltd	1401	Projected Cargo Services Ltd
1356	Peck Transport Services Ltd	1402	Prompt Logistics Ltd (Prolog)
1357	Pegesi Freighters	1403	Provincial Parcel Carriers K Ltd
1358	Pejon Freight Movers Ltd	1404	Puffin Agencies
1359	Pelican Engineering & Construction	1405	Quantum Bunkering Ltd
1360	Pemu Construction	1406	Quantum Logistics
1361	Penta Construction	1407	Queens Coach
1362	Pentagon Freight Forwarders Co Ltd	1408	Quick Hauliers Ltd
1363	Pepe Icd Ltd	1409	Quick Cargo Services Ltd
1364	Perfect Freight Logistics Ltd	1410	Quissan Enterprises Ltd
1365	Perles Solutions	1411	Quiver International Ltd
1366	Perseus Forwarders Kenya	1412	Radiant Logistics Ltd
1367	Petrosa General Contractors Ltd	1413	Rafiki Carriers Ltd
1368	Philsam Agencies Ltd	1414	Raising Freight Co Ltd
1369	Phyola Enterprises	1415	Rakai Clearing & Forwarding Co Ltd
1370	Pil (K) Ltd	1416	Ram Construction Co
1371	Pivot Cargo Services Ltd	1417	Ramco Cargo
1372	Plainlands Exporters Ltd	1418	Ramisi Maritime Freight Ltd
1373	Planfreight Ltd	1419	Ramji Shamji & Sons
1374	Poa Cabs& Travel	1420	Ramuki Forwarders Ltd
1375	Port Transport Co. Ltd	1421	Randa Coach Limited
1376	Ports Conveyors Ltd	1422	Rapat Freight Kenya Limited
1377	Portside Logistics Ltd	1423	Rapid Kate Services Ltd
1424	Power Forwarders Ltd	1469	Rapid Response Transport Clearing & Forwarding Service Ltd
1425	Practer Enterprises	1470	Rapola General Contractors
1426	Prafulla Enterprises Ltd	1471	Rashid Amir Transporters Ltd
1427	Precise Logistics Ltd	1472	Ravi Clearing & Forwarding Co Ltd
1428	Predential Cargo Forwarders	1473	Ravi Construction Co
1429	Premji Duncar & Sons	1474	Raw Construction
1430	Presion Electrical Contractors	1475	Ray Cargo Services Ltd
1431	Real Time Cargo Ltd	1476	Ray Trading Ltd
1432	Realtime Freight Performance Ltd	1477	Rayan Cargo Carriers Ltd
1433	Red Anchor Freight Forwarders	1478	Rayan Freight Forwarders Ltd

	Ltd		
1434	Red Impex Clearing & Forwarding Ltd	1479	Rayan Freight Ltd
1435	Red Scorpion Ltd	1480	Romco Freighters & Forwarders Ltd
1436	Reddy Construction Co	1481	Rongai Workshop & Transport Ltd
1437	Refco Forwarders Ltd	1482	Rongo Public Transport
1438	Reflex International Forwarders Ltd	1483	Ronter Clearing & Forwarding Agents
1439	Regent Freight Systems Ltd	1484	Roofcon Kenya Ltd
1440	Regional Canopy Freighters	1485	Roofspec & Allied Works Co Ltd
1441	Regional Freight Services Ltd	1486	Rorene Ltd
1442	Regional Rail-Link Services Ltd	1487	Rose Brothers Agricultural Contractors
1443	Regional Sky Link Services Ltd	1488	Roseline Enterprises
1444	Relay Cargo Services	1489	Roy Transmotors Ltd
1445	Releable Fright Services Ltd	1490	Royal Intertrade Ltd
1446	Reliable Concrete Works Ltd	1491	Royal Logistics Ltd
1447	Reliable Freight Services Ltd	1492	Royal Star Bus Limited
1448	Reliance Clearing Agency (Msa) Ltd	1493	Ruatech Trading Co (E A) Ltd
1449	Remarkable Cargo Services Ltd	1494	Rudolf Enterprises (K) Ltd
1450	Removal Goods Services ltd	1495	Ruman Ltd
1451	Removals Freight International Ltd	1496	Runway Motors
1452	Renaissance Limited	1497	Rupra Construction Co Ltd
1453	Repco Forwarders Ltd	1498	Rusinga International Freight Ltd
1454	Rescue Agencies Ltd	1499	Ruwa Transporters Ltd
1455	Rhomat Agencies	1500	S D Construction Ltd
1456	Ric Africa Limited	1501	S D V Transami (K) Ltd
1457	Ricur Freighters Ltd	1502	S K Amin Ltd
1458	Ridgeways Forwarders	1503	S S Freight Ltd
1459	Ridgeways Merchants Ltd	1504	S Varsani & Co
1460	Rift Cargo Handling Ltd	1505	Sabuna Clearing And Forwarding
1461	Rift Valley Homes Management	1506	Sadaf Investment Ltd
1462	Ripe Freight Services Ltd	1507	Safari General Contractors
1463	Risala Ltd	1508	Safenet Freight & Cargo Services Ltd
1464	Rising Freight Ltd	1509	Safi Uganda Ltd
1465	Rising Sun Agencies Ltd	1510	Safmarine
1466	Road Link Logistics Limited	1511	Safreight Limited
1467	Roadsea Link	1512	Sagittarius Trading Ltd
1468	Roadtainers (Msa) Ltd	1513	Sagoma Agencies Ltd
1514	Robanne Energy	1559	Saha Freighters Co Ltd

1515	Rocham Enterprises Ltd	1560	Sahara International Logistics Limited
1516	Rockell International Ltd	1561	Saharry Ltd
1517	Roll Equipment Ltd	1562	Sahel Freighters Ltd
1518	Roma Constructions Ltd	1563	Sai Cargo Masters Ltd
1519	Romark Commercial Enterprises Ltd	1564	Sai Transport Ltd
1520	Romark Freighters	1565	Saima Trading Co Ltd
1521	Samani Construction Ltd	1566	Sajimule Freighters Ltd
1522	Sam-Cargo Prompt Ltd	1567	Sakami General Agencies Ltd
1523	Same Day Cargo Forwarders Ltd	1568	Saken Freight Forwarders
1524	Samond Freighters Ltd	1569	Salimond Freight Services Ltd
1525	Samson's Freighters Ltd	1570	Salmir Clearing & Forwarding Co. Ltd.
1526	Sanako Co. Ltd	1571	Seaworld Express Ltd
1527	Sangalo Freight Services Ltd	1572	Sedo Logistics
1528	Sanghani Construction Co Ltd	1573	See & Sea Freight Services Ltd
1529	Sanofi (K) Ltd	1574	Seed Enterprises & General Contractors
1530	Saroman Freight Contractor Ltd	1575	Seedcol Global Shipping E A
1531	Sasa Logistics Ltd	1576	Sega Freight Services Ltd
1532	Satisfy Clearing & Forwarding Kenya	1577	Semilink Logistics Company
1533	Savoy Cargo Enterprises	1578	Sendstore Logistics
1534	Sawa Freighters Ltd	1579	Sentratek Kenya Ltd
1535	Sawjani Clearing Co	1580	Sentrim Contracts Ltd
1536	Sazume Enterprises	1581	Setlines Global Enterprises
1537	Scandinavia Express Limited	1582	Seven Eighty Six Freighters
1538	Scanfreight Ltd	1583	Seyani Brothers & Co (K) Ltd
1539	Scan-Sped Freighters Ltd	1584	Shah & Partners Ltd
1540	Scardic Freight Services Ltd	1585	Shaheen Clearing Enterprises
1541	Schenker & Co. (E.A) Ltd	1586	Shara Freighters Corporation
1542	Schenker Ltd	1587	Sharis Logistics Ltd
1543	SDV Transami (K) Ltd	1588	Shark Travellers
1544	Sea Air Forwarders International Ltd	1589	Shelter Conveyors Ltd
1545	Sea Air Gate Services	1590	Shinen Ltd
1546	Sea Bulk Chartering & Trading Ltd	1591	Shipside & General Services
1547	Sea Horse Freighters Ltd	1592	Shira Carriers Ltd
1548	Sea Movers Clearing & Forwarders	1593	Shiraz & Brothers
1549	Sea Sky Express Clearing & Forwarding Co	1594	Shiv Construction Co Ltd
1550	Sea Star Cargo Ltd	1595	Shiva Carriers Logistics

1551	Sea Star Forwarders Ltd	1596	Shreeji Enterprises
1552	Seabase Solutions Ltd	1597	Shriji Builders
1553	Seabridge Forwarders Limited	1598	Shuttle Air Services Ltd
1554	Seacon (K) Ltd	1599	Sibed Transport Co Ltd
1555	Seafront Freighters Ltd	1600	Sidoman Investment Ltd
1556	Seagull Freighters (K) Ltd	1601	Siginon Aviation Ltd
1557	Seahorse Freighters Ltd	1602	Siginon Freight Ltd
1558	Sealair Freight Co Ltd	1603	Sigmaorange Llc
1604	Sealine Freight Services	1647	Signature Group Of Companies Credit Ltd
1605	Sealine Logistics Ltd	1648	Signet Forwarders Co Ltd
1606	Sealink Cargo Handling E A	1649	Silverhawk International Ltd
1607	Sealord Agencies	1650	Silvershine Cleaning Services
1608	Seaport Operations	1651	Silvor Enterprises
1609	Seasky Freight Agencies Ltd	1652	Simba Coach
1610	Seaways (K) Ltd	1653	Simba Superior Services Ltd
1611	Sinyongi Builders	1654	Simcon Freight Ltd
1612	Sisco Superior Cargo Handling Services Ltd	1655	Simjud Enterprises Co Ltd
1613	Site Forwarders Ltd	1656	Simmonds Cargo Services Ltd
1614	Sivicom Liners	1657	Simori Enterprises
1615	Sivorine Kenya Ltd	1658	Simpet Global Logistics
1616	Sixty Four Cargo Service Ltd	1659	Spart Freight Logistics Ltd
1617	Sky & Sea Cargo Ltd	1660	Spartan Forwarders Ltd
1618	Sky High Freight & Travel Ltd	1661	Spectacular Group Of Companies
1619	Sky Lift Cargo Ltd	1662	Spedag Interfreight Kenya Ltd
1620	Sky Masters Limited	1663	Spedag Spedition(K) Ltd
1621	Sky Way Express Cargo	1664	Speed Cargo Conveyors
1622	Skyland Logistics Ltd	1665	Speedbat Freighters (K) Ltd
1623	Skylark Construction Ltd	1666	Speedex Logistics Ltd
1624	Skylift Cargo Ltd	1667	Speedway Clearing Co Ltd
1625	Skyline Global Services Ltd	1668	Spick & Span Services
1626	Skyline Roller Ltd	1669	Ss Freight Ltd
1627	Skylink Air Services	1670	Standard Conveyors Ltd
1628	Skyman Freights Ltd	1671	Stankev Freight Ltd
1629	Skynet	1672	Star Freight Forwarders Ltd
1630	Skyperth Enterprises (K) Ltd	1673	Star Transport Co Ltd
1631	Sky-Screen Express Ltd	1674	Starex Freighters Ltd
1632	Skytrain Ltd	1675	Starhose Co Ltd
1633	Sleek International Ltd	1676	Starter Forward Transport
1634	Slopes Agencies Ltd	1677	Startrek Renovators & General Building Contractors
1635	Smartmail Communications	1678	Startrek Universe Ltd

1636	Smiles Cargo Supply Chain Limited	1679	Starway International Freight And Forward Ltd
1637	Smoothline Freighters Ltd	1680	Starways Bus Service
1638	Sodim Nasser & Sons Ltd	1681	Statix Systems
1639	Sofitra Ltd	1682	Steaker Freight Systems Ltd
1640	Solid Freighters Ltd	1683	Steca Freight Forwarders Co Ltd
1641	Solomons Trading Company Ltd	1684	Stefra Consultancy Agencies
1642	Someday Cargo Forwarders Ltd	1685	Steja General Agencies
1643	Sommerset Impex	1686	Stejan Freight Forwarders (K) Ltd
1644	Soneva Enterprises	1687	Steka Investment Co Ltd
1645	Sonic Air Ltd	1688	Stemer Logistics Ltd
1646	Sonic Airfreight Ltd	1689	Stepping Stone Transporters
1690	Sontsa General Builders	1734	Sterac Consultants Ltd
1691	Sony Freight Forwarder	1735	Storm Clearing & Forwarding (K) Ltd
1692	Soolo International Logistics Ltd	1736	Straight Line Cargo Forwarders Ltd
1693	Sopa Cargo Services	1737	Suba Agencies
1694	Sosare Freight Ltd	1738	Sumba Contractors
1695	Space Freighters International Ltd	1739	Sumitomo Construction Co Ltd
1696	Spanish Coach	1740	Summer Freight Ltd
1697	Spark Shield Fire Systems	1741	Summit Forwarders
1698	Sparrow Freighters (K) Ltd	1742	Summit Marine
1699	Super Fast Forwarders	1743	Sun & Fun Ltd
1700	Super First Forwarders Ltd	1744	Sunbird Services Ltd
1701	Super Freight Ltd	1745	Sundton Clearing & Forwarding & Co
1702	Super Shelter Construction Co	1746	Super Contractors Ltd
1703	Superfreight Logistics Ltd	1747	Tasck Holdings Ltd
1704	Superior Construction Co Ltd	1748	Taslim Transport Ltd
1705	Supermarks Freight Services	1749	Tastic Enterprises
1706	Supermart Freighters Ltd	1750	Taurus Construction Co Ltd
1707	Superquick Freighters (K) Ltd	1751	Tawab Agencies Ltd
1708	Supersonic Clearing & Forwarding Services Ltd	1752	Tawakal Bus
1709	Supersonic Freighters (K) Ltd	1753	Tawakal Freight Services Ltd
1710	Suraj Contractors Ltd	1754	Tawfiq Bus Services
1711	Susu Clearing And Forwading	1755	Taylor Handlers
1712	Swaleh A Imam & Sons Transport	1756	Tazama Builders Ltd
1713	Swaleh Nguru Transporters	1757	Teachers Transporters And Agency Limited
1714	Swani Carriers Ltd	1758	Team Fergie Transporters
1715	Swife Ltd	1759	Techfreight Logistics Ltd
1716	Swift Cargo Ltd	1760	Telaviv Transporters Limited

1717	Swift Freight Services Ltd	1761	Teleca Construction Ltd
1718	Swift Global Logistics (K) Ltd	1762	Temi Agencies Ltd
1719	Swift Royal Conveyors Ltd	1763	Tens Clearing & Forwarding
1720	Swiftlink Freight Services Ltd	1764	Teos Company Ltd
1721	Swise Ltd	1765	Tepra Logistics Ltd
1722	Swissport Cargo Services - Kenya	1766	Terabe Builders
1723	Systematic Forwarders	1767	Terestus Clearing & Forwarding
1724	T.S.S Transporters Ltd	1768	Termcotank Kenya Ltd
1725	Tabaki Freight Services International Ltd	1769	Terrazo Construction
1726	Tahmeed	1770	Terrazzo Builders Ltd
1727	Taib A Bajaber & Co. Ltd	1771	Terrestus Clearing & Forwarding
1728	Taiyo Express	1772	Territorial Enterprises
1729	Taj Construction	1773	Tetris Freight Forwarders
1730	Takaungu Bus Services	1774	Texco Transport Services Limited
1731	Taki Freight Services Ltd	1775	Tgc Transporters
1732	Takrim Bus Services	1776	Thaka Ltd
1733	Tal Group Of Companies	1777	The Freight Experts Ltd
1778	Tamani Jua Agency	1822	The Guardian Coach
1779	Tana Express Ltd	1823	The Main Maritime Shipping Ltd
1780	Tana Freighters Ltd	1824	The Messenger Carrier
1781	Tanad Transporters	1825	Theo Transport Ltd
1782	Tanga Express	1826	Thika Road Transporters
1783	Tangent Cargo Handling Ltd	1827	Thompson Logistics Services Ltd
1784	Tantraco Kenya Ltd	1828	Threeways Shipping Services (K) Ltd
1785	Tarnado Carriers	1829	Through - Bill Freight Logistics Ltd
1786	Tasara Forwarders Ltd	1830	Thwama Building Services Ltd
1787	Tipper Hauliers	1831	Tiba Freight Forwarders Ltd
1788	Tohel Agencies	1832	Til Logistics
1789	Tonado Logistics Ltd	1833	Time Fast Freight Forwarders Ltd
1790	Top Freight	1834	Timeline Logistics Freight Ltd
1791	Topaz Transport Co Ltd	1835	Timest Air Cargo Ltd
1792	Torch Ltd	1836	Treasure Cargo Services Ltd
1793	Tornado Carriers	1837	Triastic General Services Ltd
1794	Total Plus Bureau Co. Ltd	1838	Tribertoo (K) Ltd
1795	Total Plus Clearing And Forwarding Agency	1839	Tricon Clearing & Forwarding
1796	Total Touch Cargo Ltd	1840	Trident Logistics Ltd
1797	Towering Agencies Ltd	1841	Trinity Clearing & Forwarding Co Ltd

1798	Town Construction Co Ltd	1842	Trinity Transporters And Logistics Limited
1799	Tracks Building & Construction Co Ltd	1843	Triostar Agencies (K) Ltd
1800	Trade Base Co Ltd	1844	Triple M Enterprises Ltd
1801	Tradebase Company Ltd	1845	Triple S Services Company Limited
1802	Tradeline Express Ltd	1846	Tripro Clearing & Forwarding Co Ltd
1803	Tradewinds International Cargo Ltd	1847	Trishul Construction Ltd
1804	Tradewinds Logistics Ltd	1848	Tristar Transport Ltd
1805	Tradewise Logistics (K) Ltd	1849	Trivela Ltd
1806	Trading Floor Ltd	1850	Trontech Kenya Ltd
1807	Trading Trucks Ltd	1851	Tropical Focus (K) Ltd
1808	Trancity Gargo Forwarders Ltd	1852	Tropical Fresh Ltd
1809	Trans Africa Merchants (K) Ltd	1853	Tropical Sky Cargo Ltd
1810	Trans Express	1854	Tropics Sun Travels Ltd
1811	Trans Express Bus Services	1855	Truck Forwarders Co Ltd
1812	Trans Ocean Express Ltd	1856	Truckers Kenya Ltd
1813	Transafrik Corporation Ltd	1857	Tss Express Ltd
1814	Transeast Ltd	1858	Tullalink International Ltd
1815	Transfleet Limited	1859	Tulon Freight & Travel
1816	Transfreight Goods Services Ltd	1860	Tulsi Construction Ltd
1817	Transfreight International Ltd	1861	Tumuyu International Ltd
1818	Transfreight Logistics Ltd	1862	Tuna Inspiration
1819	Transistem Ltd	1863	Tunyai Matiri Transport
1820	Transmac Freighters Ltd	1864	Turbo Cargo Services
1821	Transnetix Interactive Pty Ltd	1865	Turner Freighters Ltd
1866	Transoceanic Project Development	1911	Tuzo Freight Services
1867	Transouth Conveyors	1912	Twiga Freight Investment
1868	Transpares Kenya Ltd	1913	Twin Kith Ltd
1869	Transrapid Express Cargo	1914	Twingle Clearing & Forwarding Ltd
1870	Transridgeways Forwarders	1915	Two Way Freighters
1871	Trans-Vaal Logistics Ltd	1916	Tyrone Freight Forwarders Ltd
1872	Transvista Freight Ltd	1917	Uchl International
1873	Trans-Wheels Ltd	1918	Ufanisi Freighters (K) Ltd
1874	Tranzahi Ltd	1919	Ultum Mega Ltd
1875	Uneek Freight Services Kenya Ltd	1920	Umesh Construction Co
1876	Uneek Freight Services Ltd	1921	Umo Trans Hauliers
1877	Uniexco Agencies Ltd	1922	Umoa Bus Services
1878	Unified Cargo Handling Ltd	1923	Uncle Riverside Investment Ltd
1879	Unimar Logistic Ltd	1924	Underseas Merchants
1880	Unimark Freighters Ltd	1925	Vishwas Cargo

1881	Union Express Ltd	1926	Vivek Investments Ltd
1882	Union Freight Services Ltd	1927	Vora Construction Co Ltd
1883	Union Logistics Ltd	1928	Voyage Services Ltd
1884	United (E A) Warehouses Ltd	1929	Vyas Hauliers
1885	United Builders & Contractors (Africa) Ltd	1930	Wadia Construction Co Ltd
1886	United Clearing Company Ltd	1931	Waheguru Transporters
1887	United Vanlines Ltd	1932	Waki Clearing & Forwarding Agent
1888	Universal Freight & Logistics (K) Ltd	1933	Walford Meadows Ltd
1889	Universal Link Limited	1934	Walmo Clearing & Forwarding Co Ltd
1890	Uplands Cargo Conveyors Ltd	1935	Walsord Meadows
1891	Uplift Express (Kenya) Ltd	1936	Wambuka Freighters Ltd
1892	Urgent Cargo Handling Ltd	1937	Wandey Freight Services
1893	Utu Bora Transport Agencies	1938	Wansar Kenya Ltd
1894	V Naran Mulji Properties Ltd	1939	Warentokil (K) Ltd
1895	Vaded (K) Ltd	1940	Warton Agencies
1896	Vakkep Building Contractors Ltd	1941	Waru Enterprises Ltd
1897	Valesco Holdings	1942	Waruhiu Construction Ltd
1898	Valji Karsan Contractors	1943	Wasafiri Services
1899	Valji Visram & Co	1944	Washline Agencies Ltd
1900	Valmo Ltd	1945	Waterwaves Agencies Ltd
1901	Vanga Express Limited	1946	Waylinks Services Ltd
1902	Vanity Freighters	1947	Wayto Associates Ltd
1903	Vapco Construction Co	1948	Welfast Construction Co Ltd
1904	Varsani Construction	1949	Wem Freight Consultants Co Ltd
1905	Venture Africa Co Ltd	1950	Wermort Flowers
1906	Venus Maritime (K) Ltd	1951	West Coast East Africa Ltd
1907	Verity Cargo Services Ltd	1952	Westcon Contractors Ltd
1908	Vibrrasi Enterprises Ltd	1953	Western Bus Services
1909	Victoria Aquatics & Mercantile Ltd	1954	Western Logistics Services Ltd
1910	Victoria International Logistics Ltd	1955	Westgate Cargo Marketing
1956	Victoria Nile Freight Services	1985	Whispers Investments (K) Ltd
1957	Victory Construction Co Ltd	1986	Whiteline Ltd
1958	Vinbush Enterprises Ltd	1987	Widenet Freight Agencies
1959	Vincenzo Hotel Contractors Ltd	1988	Wigedoje Enterprises Ltd
1960	Vinep Forwarders Limited	1989	Wigglesworth Exporters Ltd
1961	Vintage Warehouse Agencies	1990	Wilkesy & Macgeorge Ltd
1962	Virchand Virpal & Sons Ltd	1991	Willfield Freighters Co Ltd
1963	Visaro Construction Co	1992	Willing Freight Services
1964	Vishvakarma Joiners & Builders	1993	Willmon Freight Agencies
1965	World Cargo Logistics Ltd	1994	Wilsaki Freight Forwarders Ltd

1966	World Freight Logistics	1995	Winban Cargo Services Ltd
1967	World Leather Freighters	1996	Wings Of Good Hope
1968	World Link Freight Co Ltd	1997	Yasir Agencies
1969	World Link Logistics	1998	Year 2000 Freighters Ltd
1970	World Net Freight Ltd	1999	Yesani Construction
1971	World Wide Cargo Ltd	2000	Yorkstar Enteprises
1972	Worldclass Freight Logistics Ltd	2001	Yuston Cargo Ltd
1973	Worldrich Services Ltd	2002	Zafora Investments
1974	Worldwide C Frieght Ltd	2003	Zakhem Construction (Kenya) Ltd
1975	Worldwide E A Ltd	2004	Zeft Freighters
1976	Worldwide Kenya Ltd	2005	Zein Freight Services
1977	Worldwide Logistics Ltd	2006	Zigler Express Ltd
1978	Worldwide Movers Kenya Ltd	2007	Zilphique Enterprises
1979	Wrap & Pack Cargo (K) Ltd	2008	Ziofreight Clearing & Forwarding Co
1980	Ya-Fatah Clearing & Fowarding	2009	Zobra Builders Limited
1981	Yalfa Cargo Handling Ltd	2010	Zobra Constr & Co
1982	Yara East Africa Ltd	2011	Zomark Freighters
1983	Westin Enterprises Ltd	2012	Zounhaize(K)Ltd
1984	Weston Logistics Ltd	2013	Zula Transporters