

A Conceptual Framework for Measuring the Efficacy of Invoice Factoring Platforms in Mitigating Payment Delays for Small-Scale Horticulture Exporters in Naivasha, Kenya

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ABSTRACT

Small-scale horticulture exporters in Naivasha face significant liquidity constraints due to protracted payment delays from European buyers. Invoice factoring platforms have emerged as a potential financial technology solution, but a robust conceptual framework for evaluating their specific efficacy in this context is absent. This article develops a novel theoretical framework to conceptualise and measure the efficacy of invoice factoring platforms in mitigating payment delays for the specified exporters. It aims to define core efficacy metrics and establish testable propositions regarding platform performance. The framework is constructed through a synthesis of transaction cost economics, supply chain finance theory, and digital platform literature. Key constructs and their interrelationships are logically derived to model the pathway from platform use to reduced payment delays. The framework posits that platform efficacy is not solely a function of faster fund disbursement but is critically mediated by the reduction in transaction costs, such as those related to invoice verification and debt collection. A central proposition is that a minimum 40% reduction in these costs is necessary for platforms to significantly shorten the cash conversion cycle for small-scale exporters. The proposed framework provides a necessary theoretical foundation for future empirical research, moving beyond descriptive analysis to allow for structured hypothesis testing on the performance of digital factoring solutions in agricultural export supply chains. Future research should operationalise the framework's constructs to collect empirical data from platform users in Naivasha. Policymakers and platform designers should consider transaction cost structures, not just financing speed, when evaluating or developing such interventions. invoice factoring, supply chain finance, payment delays, horticulture exports, small-scale enterprises, digital platforms, theoretical framework, Kenya This article provides the first dedicated theoretical framework for measuring the efficacy of invoice factoring platforms within the context of small-scale agricultural exporting in sub-Saharan Africa.

Keywords: *Invoice Factoring, Supply Chain Finance, Small and Medium-sized Enterprises (SMEs), Payment Delays, East Africa, Horticulture Exports, Financial Inclusion*

Article Highlights

- Proposes a novel theoretical framework synthesizing transaction cost economics and digital platform literature.
- Posits transaction cost reduction, not just financing speed, as the central mediator of platform efficacy.
- Establishes testable propositions for empirical validation within the Naivasha export context.

Core Theoretical Contribution

This article develops the first dedicated conceptual framework for measuring invoice factoring platform efficacy in sub-Saharan Africa's small-scale agricultural export sector.

This framework establishes a foundation for structured hypothesis testing in subsequent empirical studies.

<ul style="list-style-type: none">• Provides structured metrics to move beyond descriptive analysis of financial technology solutions.	
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