

**Role of Supply Chain Relationships in the Growth of Small
Firms in Kenya**

Fred Mugambi Mwirigi

**A Thesis Submitted in Partial Fulfillment for the Degree of
Doctor of Philosophy in Entrepreneurship in the Jomo
Kenyatta University of Agriculture and Technology**

2011

ABSTRACT

This study sought to determine and analyze the role of supply chain relationships among small enterprises in Kenya. The target population of this study was small enterprises that are loan clients of FAULU Kenya.

To understand the role played by supply chain relationships among respondent firms, the study examined various relationships. It found no relationship between gender and customer or supplier relationships. There was, also, no relationship between the age of the entrepreneurs and the relationship that already existed between the entrepreneur and both suppliers and customers. There was, however, a strong relationship between the entrepreneur's education and the size of business both in net worth and number of employees. The study revealed that no relationship existed between the levels of education of the entrepreneur and his or her choice of customers. Various other relationships were also identified.

On account of the study, supply chain relationships play a critical role in the growth of small enterprises. They contribute to the growth and profitability of these firms in many ways. Findings of this study indicate that a strong sustainable relationship between an enterprise and its customers on one hand, and its suppliers on the other hand have a bearing on the speed of growth in transactions and profitability.

The study concluded that there is need for the process of supply chain relationship creation to be approached in a more structured way to enhance its role in the growth of small enterprises. Such a process must also be informed by empirical studies conducted

on various contextual variables for such relationships to optimally contribute to business profitability and growth.

Particularly, the study concluded that supply chain relationships contribute invaluablely to the growth of enterprises when structured competitively but they can also act to minimize the benefits of growth if they are disregarded and therefore not nurtured. However, various things need to be enhanced in order for this benefit to be realized. It was also found that the role of supply chain relationships in the growth of small enterprises is dependent but not entirely limited by the nature of business or the point at which the business is in its lifecycle. As such, all enterprises have significant opportunities to capitalize on their chains in order to grow their business.

The study recommended that enterprises need to understand their supply chains well and break them into distinct activities that can be enhanced. This is easier if firms first identify and categorize the key hallmarks of supply chain relationships during the early chain and chain-end levels. Besides, enterprises need to clearly understand their internal system as well as policy challenges and work through them to mitigate the risks of failure.