

ABSTRACT

Small and Medium Enterprises (SMEs) are increasingly recognized by many economies around the globe for the significant role they play, through creation of employment, income generation and their contribution towards poverty reduction. Generally, the researcher's purpose was to examine the performance of SMEs in Arusha, Tanzania. Specifically, this study attempts to identify the factors that affect the performance of those SMEs. Subsequently, the study attempts to find out whether there is a relationship between supply chain models and the performance of SMEs and finally, it attempts to find out whether the adoption of Supply Chain Management (SCM) concept improves the performance of SMEs. In so doing, the study examines owner-managers and supply chain officers' views on the performance in their companies and their understanding of the benefits their companies can derive from the adoption of supply chain management concept. The factors affecting the performance of the SMEs and the importance of SCM on business performance are presented in this study. The analysis of the questionnaires was performed using the statistical package for social science and descriptive analysis was used to analyse the interview questions. The findings revealed that by adopting the SCM concept, SMEs will increase their chances of success and survival, therefore increasing their performance. The study also revealed that non access to finance, location of the firm, lack of working capital, lack of collateral and lack of management skills and experience are among the factors that affect the performance of SMEs. In data analysis, both quantitative and qualitative paradigms were used in this study. The instruments used for collecting data were questionnaires and interviews. The sample technique used was the stratified random sampling. The targeted population was SMEs operating within the vicinity of Arusha city. In view of the findings, the study recommends that, SMEs adopt SCM concept which offers a number of benefits and helps them gain a competitive advantage in the marketplace.

