The role of commercial linkages in micro and small enterprise development: a case study of metal manufacturers at Kamukunjo Nairobi

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Abstract: The micro and small enterprise sector in Kenya is faced by a lot of constraints that hinders its development. Various remedies have been tried by the government and other stakeholders, but to minimal success. The study therefore sought to examine the role played by commercial linkages in micro and small enterprise development. The study used descriptive survey design so as to facilitate collection of large amount of data in economical way. A list of metalwork enterprises was accessed from the Kamukunji Jua Kali Association and was used to compile the sampling frame. The Association had 322 members at the time of survey and this formed the population of the study. Using simple random sampling design, a sample of 100 enterprises was selected. With the help of two research assistants, the researcher collected data using face to face interview on the respondents. From the research findings, it was observed that there were commercial linkages between the MSEs in the metalwork industry and large enterprises. But the linkages were found to be of very low magnitude since very few MSEs were in the linkages. Despite this, the linkages were shown to have considerable benefits to the MSEs. However, the study found out that there are many constraints that hinder the MSEs from forming effective commercial linkages with large enterprises. These includes the high cost of raw materials, inadequate down payment on orders, lack of finance, electricity, and lack of reliable supply of raw materials among others. The researcher recommends sub-sector analysis of the micro and small enterprises so as to assist in formulation of effective policy guidelines relating to commercial linkages among enterprises. The government should come up with attractive incentives to encourage the large enterprises link up with the MSEs. All stakeholders involved in MSE sector should come up with measures aimed at alleviating the constraints hindering the development of this sector. More importantly, the MSEs themselves need to be consulted when designing the sector’s policies as they know and understand their own problems better.