

## ABSTRACT

This study focused on the influence of supplier relationship on the performance of Small Scale Enterprises (SSEs) in Bungoma town. KNBS (2013) posit that SSEs contributed 50% of jobs in Kenya. Statistics indicate that three out of five fail within the first few months of their operations. Empirical studies have concentrated on SMEs performance and no regard to SSEs in terms of information exchange, lead time and influence of relationship duration when in fact this could be a major contributor to their performance. This study sought to establish the influence of supplier relationship on performance of these SSEs in Bungoma town. The study adopted exploratory survey design. Stratified random sampling was used to select a sample of 287 respondents with the products/services forming the basis of strata. Data was collected from secondary and primary sources. The latter from relevant documents, such as records of the enterprises, mobile company reports and publications and; the former using semi structured questionnaire. Validity and reliability of questionnaire was tested on pilot data targeting 10 respondents. Both descriptive and inferential statistics was used in the research. Regression analysis and Pearson correlation test was used to establish statistical significance influence. The study found that were that information sharing between the supplier and the SSE organization was very crucial for the performance of these organizations. The study also revealed a strong significant ( $n= 279$ ;  $r = .545$ ;  $p<0.05$ ) positive relationship between information sharing and organizational performance. It was also found that reduced lead time was very important for the organization because it could help in creating supply chain and avoids uncertainty and minimizes potential problem of shifting inventories by the SSEs. Pearson Product-Moment correlation coefficient computed indicated that there was a considerable negative correlation ( $n= 279$ ,  $r = -.577$ ) between lead time and SSE performance. The study found that relationship duration influenced the performance of small scale enterprises and long term relationship with suppliers reduces cost of business. The study established a strong positive ( $r = .643$ ) correlation between the two variables. The study recommends that SSEs should be encouraged to extensively adopt information technology in their operations and promote information sharing in the supply chain, SSEs should also come up with various measures and polices that promote reduction in lead time in the supply chain, and should also be encouraged to have good long term relationship with the suppliers, since the study found that long term relationship with suppliers reduce cost of business. Further study should be conducted on influence of adoption on information technology of SSE organizations and influence of supplier change management on the performance of SSE organizations