NETWORKS, RELATIONSHIPS, AND PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN THE SHIPPING SUB-SECTOR IN TANZANIA

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Abstract

Integrating the entrepreneurship, networks, social capital and the IMP (interaction) perspectives this paper draws on data from 69 local and foreign owned-companies in the shipping sub-sector in Tanzania to investigate firms' involvement in network relationships, and subsequent effects on performance. Existing literature suggests relationship between entrepreneurial networks and firm competitiveness and survival. Findings of the study reveal sparse use of linkages especially among locally owned shipping firms in Tanzania. Mutual trust (social capital) rather than contracts was paramount both in establishing and holding the inter-firm relationships. Consistent with the theory, an association between networks and financial performance was revealed, suggesting the need for business development support initiatives and capacity building to emphasize networking as a strategy.

Keywords: Networks, SMEs, shipping sub-sector, Tanzania