

CONNECTING SUPPLY CHAIN MANAGEMENT STRATEGIES, AGILITY AND PERFORMANCE IN SOUTH AFRICAN SMES

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ABSTRACT

The failure rate of most SMEs in South Africa has remained very high, with up to 70 percent of such businesses closing down within the first five years of operations. High business operating costs incurred by SMEs are often cited as one of the major causes of these failures. It may be argued that to reduce these costs, and hence improve the success rates of SME ventures, supply chain management (SCM) strategies should be adopted and implemented. This article provides an analysis of the connection between SCM strategies, supply chain agility and supply chain performance amongst SMEs in South Africa. A total of 407 owners, managers and professional employees of SMEs operating in Gauteng province were recruited randomly to participate in the study. To test the hypothesised relationships, the collected data were analysed using Pearson correlations and regression analysis. The number of people employed was used as the control variable that moderates the hypothesised relationships. The results of the study disclosed that all four SCM strategies (supplier collaboration, TQM, technology adoption, supply chain integration) correlated with and predicted supply chain agility. Technology adoption ($\beta=0.54$) emerged as the strongest predictor of supply chain agility. In turn, supply chain agility correlated with and predicted supply chain performance. The article concludes by recommending specific interventions that may be employed by SMEs to ensure that the adoption of SCM strategies yields positive outcomes.

Keywords: Supply chain management strategies, Supply chain agility, Supply chain performance, SME, Supplier collaboration, Total quality management, Technology adoption, Supply chain integration.