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SME OWNER-MANAGER PERCEPTIONS TOWARDS SUPPLY CHAIN MANAGEMENT PRACTICES AND PERFORMANCE IN SOUTH AFRICA

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ABSTRACT

Supply chain relationships and performance as found in large organisations can be applied to SMEs to increase competitiveness. This study explored perceptions of South African SMEs regarding supply chain management practices such as information sharing, trust, synergies and performance of suppliers. The study was conducted using a systematically drawn sample consisting of 309 owners and managers of SMEs based in Gauteng Province. Perceptions of respondents were analysed using simple descriptive statistics and the analysis of means. There was general satisfaction with the quantity and quality of information exchanged, the degree of trust and the extent of synergies existing between SMEs and their suppliers. Supplier performance was deemed to be satisfactory. Owners and managers were more satisfied with the degree of supplier trust than with the other factors. Based on these results, conclusions were drawn and managerial implications for improvements in the dimensions considered in this study were put forward.

INTRODUCTION AND BACKGROUND OF THE STUDY

The concept of small to medium enterprises (SMEs) in South Africa continues to gain momentum. Thousands of business start-ups are established every year as the government continues to promote small businesses and to offer various forms of support to the new enterprises. To date, the South African economy has in various ways been heavily anchored on the activities of SMEs in terms of both employment and economic growth (Pooe, Mafini and Loury-Okoumba, 2015). As the economic prospects of the country continue to progressively diminish due to an assortment of internal and external constrains, the input from SMEs becomes more substantial. These facts notwithstanding, SMEs in South Africa continue to fail abysmally, making it difficult for the country to consolidate the economic paybacks expected from these investments (Ladzani and Seeletse, 2012). While extensive debates and controversies surround the reasons why numerous SMEs continue to fail, it is difficult to underestimate the influence of internal business practices as precursors to either business success or failure within the SME sector (Pellissier and Nenzhelele, 2013). Furthermore, many SMEs fail because of their negligence to either adopt or implement both recent and well-established best practices in business (Chinomona and Pretorius, 2011). Without adapting to both recent and conventional practices in business, (for example, supply chain management practices), many SMEs succumb to economic and competitive pressures, leading to their demise. Supply chain management practices refer to the organisation's ability to significantly manage its overall activities to ensure that the right products are delivered to customers at the right time, the right price, the exact quantity and quality and the correct designated location (Janvier-

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James, 2012). They occupy a special position amongst critical and emergent business best practices that may make or break any business (Ho, Feng, Lee and Yen, 2012). This is because they provide core value to an organisation's strategies in terms of adhering or meeting performance objectives (Chardine-Baumann and Botta-Genoulaz, 2014). SMEs in South Africa could thus benefit immensely by officially recognising and adopting supply chain management practices in their quest to succeed.

There are many supply chain management practices that influence the success of SMEs. Examples include *inter alia,* supply chain integration, supply chain characteristics, customer service management, geographical proximity, Just-in-Time (JIT), business intelligence, logistics and distribution, supplier collaboration and lean, resilient and green supply chains (Govindan, Azevedo, Carvalho and Cruz-Machado, 2014). However, practices such as information sharing, information quality, trust and synergies between SMEs and their suppliers stand out as central factors (Yeung, Lee, Yeung and Cheng, 2013). Added to these is the actual performance of suppliers, which demonstrates the ability of suppliers to meet the requirements of SMEs. Zhang, Viswanathan, John and Henke (2011) point out that a correct mix of information sharing, information quality, supplier trust and supplier synergies is an important recipe for success in the SME industry. In addition, Mafini and Omoruyi (2013) suggest that the actual performance of suppliers should always receive attention because it influences the performance of the supply chain management function in organisations since they are the providers of raw materials and other inputs. Thus, South African SMEs should pay attention to supply chain relationships as well as supplier performance if they are to meet their objectives and goals.

AIM AND OBJECTIVES

The aim of this study is to explore the perceptions of South African SME owners and managers towards information sharing, information quality, supplier trust, supplier synergy and supplier performance in their organisations. The perceptions of respondents towards these factors are important in outlining the degree of effectiveness and efficiency in the manner in which SMEs are operating with respect to each factor considered in the study. In addition, the sheer importance of SMEs of to the South African economy itself implies that further empirical attention be directed to the sector, so that solutions can be found to the challenges facing that sector of the economy. The results of the study are available for manipulation as an important source of literature on supply chain management practices in SMEs in the context of developing countries, especially those in Africa, south of the Sahara.

In order to achieve this aim, the following objectives were formulated:

1. To determine the perceptions of owners/managers of South African SMEs regarding the extent of information sharing between SMEs and their suppliers.
2. To establish the perceptions of owners/managers of South African SMEs regarding the quality of information exchanged between SMEs and their suppliers.
3. To determine the perceptions of owners/managers of South African SMEs regarding the degree of mutual trust existing between SMEs and their suppliers.
4. To establish the perceptions of owners/managers of South African SMEs regarding the effectiveness of synergies existing between SMEs and their suppliers.
5. To determine the perceptions of owner-managers of South African SMEs regarding the performance of their suppliers.

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LITERATURE REVIEW

Information sharing

Information sharing may be defined as the degree to which critical and proprietary information is communicated to a supply chain partner (Ayadi, Cheikhrouhou and Masmoudi, 2013). It is also the extent to which an organisation openly communicates important and sensitive information to its partners (Shou, Yang, Zhang and Su, 2012). Information sharing contributes to better relationships between suppliers by facilitating well-organised coordination and responsiveness and the integration of partners' information and decision systems (Hsu, Kannan, Tan and Leong, 2008). This results in prompt synergy and superior performance. Moreover, effective information sharing between supply chain members has also been identified as a key antecedent in the efforts to mitigate the negative effect of the Bullwhip effect in organisations (Kelepouris, Miliotis and Pramatari, 2008). The Bullwhip effect refers to increasing swings in inventory as a response to various shifts in customer demand as one moves further up the supply chain (Cannella and Ciancimino, 2010). Buying and supplying organisations may use the information they share to either counter the effects of or proactively prepare for the Bullwhip effect, provided the information shared is of the right quality and quantity (Bray and Mendelson, 2012). Prajogo and Olhager (2012) posit that information sharing plays a mediatory role that leads to effective and efficient logistics integration, which then results in the improvement of operational performance. Similarly, Koçoglu, Imamoglu, Ince and Keskin (2011) highlight the importance of information sharing as a predictor of supply chain performance, through its effects on the capability to adequately integrate an organisation's supply chain units. A typical example of such integration is the use of 'Just-in-Time' systems, which are facilities that enable organisations to share information with suppliers so that items are manufactured to meet demand rather than for surplus (Plenert, 2007). For these reasons, information sharing may be viewed as a central factor enabling organisations to conduct their supply chain activities optimally, thus enabling them to maintain their competitiveness in their respective industries (Park and Lee, 2014).

Information quality

Gorla, Somers and Wong (2010) define information quality as any information which meets an organisation's or individual's expectation in terms of the required standard. The core characteristics of information quality include relevance, accuracy, intelligibility, conciseness, completeness, timeliness, currency and usability (Petter, Delone and Mclean, 2008). Other characteristics include truthfulness, style, accessibility, reference, objectivity, representation and completeness (Halsted, 2013). Accurate and reliable information provided by organisations or their representatives may impact on both the image of the organisation as well as on its profitability (Fatoki and Garwe, 2010). According to Chopra and Meindl (2012), information quality among supply chain partners must be correct and accurate. These authors further state that information must be provided in a timely manner because this may enable each party to operate efficiently. This enhances the ability to efficiently respond to customer orders. More so, uninterrupted transfer of quality information improves the organisation's value chain of activities of its respective chain division. This is achieved through enabling a sound procurement procedure, ensuring effective planning and coordination of inventory, smoothening customer order processing and maintaining continuous on time delivery (Wu, Choi and Rungtusanatham, 2010).

Supplier trust

Supplier trust is defined as the expectation by one supply chain party that the other party can be relied on to fulfil commitments, behave in a likely manner and act and negotiate fairly, even when the possibility for opportunism exists (Cai, Jun and Yang, 2010). It is based on the belief that the buying party will successfully realise the promise made to the supplying party and vice versa (Aksoy and Ozturk, 2011).

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Chang, Ouzrout, Nongaillard, Bouras and Jiliu (2014) put forward two forms of trust. One form of trust focuses on the capability of one party to achieve their promise. The other form emphasises the belief that a business partner considers the benefit of its partner and will not act in any kind of way that may jeopardise it. Trust is critical in all relationships between individuals, groups and business partners and should be cultivated through open communications between all involved parties (Parker, 2007). Supplier trust is crucial in establishing long-term buyer-supplier relationships and reducing the effects of necessary self-guarding mechanisms, which facilitate relationship learning (Nielsen and Nielsen, 2009). As an example, trust between supply chain partners is regarded as an important predictor factor influencing the capability to integrate their supply chain activities (Yeung, Selen, Zhang and Huo, 2009). Additionally, supplier trust plays a key and vital role in enabling and enhancing key supply chain performance since it is a key predictor impacting on innovation, which subsequently results in increasing supply chain performance outcomes (Panayides and Lun, 2009). Therefore, supplier trust is significant as a possible antecedent of supplier relationships which may contribute to the understanding or increase of supplier performance.

Supplier synergy

In this study, supplier synergy is considered to be a working relationship between supply chain partners which involves the exchange of information and mutual development of products, technology and services (Osarenkhoe, 2010). Ranganathan, Teo and Dhaliwal (2011) opine that supplier synergies are characterised by the level of inter-dependence and complementarity between supply chain partners. This is important in creating and developing effective collaboration which may potentially result in the reduction of product costs and improvement of technology in the supply chain (Ranganathan *et al.,* 2011). Wu *et al.* (2010) argue that supplier synergies are strategic as they enable supply chain partners to reduce the recurrence of technical and quality problems in production. Effective synergies also facilitate the sharing of strategic and important tactical knowledge (Hsu *et al*., 2008). Yeung *et al.*, (2013) further opine that comprehensive synergies enable supply chain players to obtain greater benefits, through increases in quality products and agility in their operations, which leads to reductions in inventory levels and results in greater ability to reduce or lower total costs. This reflects the prominence that coordinated work between buying organisations and their suppliers has on the competitiveness of an organisation in any supply chain.

Supplier performance

Supplier performance may be perceived in terms of how well a supplier is able to provide the required products to the buyer as evidenced through operational outcomes such as quality, delivery, responsiveness, cost and technical support (Wu *et al.,* 2010). Suppliers play a fundamental role in influencing the overall performance of organisations in any supply chain, especially in competitive business environments (Adams, Khoja and Kauffman, 2012). Overall business performance will improve if suppliers manage to provide the right product in the right quantity to the right location at the right time and at the right cost (Piderit, Flowerday and Von Solms, 2011). This makes the monitoring of the performance and capabilities of suppliers a critical activity for all sizes of organisations. As a result, suppliers are expected to maintain established standards of product quality, service, distribution, promotion and partnering which is required to improve the effectiveness of supply chain activities (Stouthuysen, Slabbinck and Roodhooft, 2012). The sound and adequate monitoring of supplier performance is also essential in maintaining a speedy and efficient performance of their suppliers (Carr, Kaynak, Hartley and Ross, 2008). Talluri and Sarkis (2002) add that enhancing supplier performance leads to the strengthening of buyer-supplier relationships since buyers are bound to trust suppliers that perform well. SMEs are thus called upon to establish and maintain meaningful relationships with their

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suppliers as well as to monitor the activities of their suppliers, to ensure optimum performance of these suppliers.

RESEARCH METHODOLOGY

Research Design

This study made use of the quantitative approach which involved the collection of numerical data and had been derived from the positivism paradigm to explain social phenomena and having an objective conception of social reality (Zou, Sunindijo and Dainty, 2014). A cross-sectional design which refers to the collection of data or information for specific investigation or study from any given sample of population elements (Moutinho and Hutcheson 2011) was selected as the procedure to collect data.

Sampling design

Respondents were selected using the probability sampling based systematic approach. The list of SMEs was obtained from the Gauteng Enterprise Propeller which showed a total of 1520 SMEs registered that were located in the southern part of Gauteng Province. After ascribing number codes to the SMEs, every third business on the list was selected for sampling. The sample size was initially pegged at N=500, based on the historical reference approach. Specifically, the sample size was based on several previous studies (Adams *et al.,* 2012; Mafini and Omoruyi, 2013; Chinomona and Chinomona, 2013; Jain, Khalil, Johnston and Cheng, 2014) that investigated supply chain management issues in the SME sector and used sample sizes ranging between 300 and 500 elements. SMEs used in the sample were in the manufacturing, retail and services sectors of the industry.

The actual sample consisted of 309 owners and managers of SMEs that were based in southern Gauteng. An analysis of the demographic profile of these respondents showed that 68% (n=211) were male whereas 32% (n=98) were female. In terms of their age categories, the largest age group (49%; n=151) was aged between 26 and 35 years. With regard to their academic qualifications, 39% (n=121) of the respondents were holders of a post matric certificate, 28% (n=86) were holders of a diploma, 30% (n=94) were holders of a degree and 3% (n=9) were holders of a post graduate qualification. With reference to race, approximately 44% (n=136) of the respondents were black, 31% (n=96) respondents were white, 17% (n=53) were Indians and 8% (n=25) were of mixed race (coloured).

Research instrument and procedures for data collection

The study gathered data using a structured questionnaire, which was partitioned into seven sections eliciting information on the profiles of SMEs, demographic characteristics of individual respondents, information sharing, information quality, supplier trust, supplier synergy and supplier performance respectively. Information sharing was measured using a six-item scale adapted from Li, Ragu-Nathan, Ragu-Nathan and Rao (2006). Information quality used a five-item scale also adapted from the same source. Supplier trust was measured using six-items adapted from Ketkar, Kock, Parente and Verville (2012). Supplier synergy was measured using four-items adapted from Ranganathan *et al.* (2011). Lastly, supplier performance was measured using five-items adapted from Prajogo, Chowdhury, Yeung and Cheng (2012). Measurement scales on the research constructs were presented on five-point Likert-type scales that were anchored by 1= strongly disagree to 5=strongly agree.

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Since the study used a structured questionnaire to collect data, a drop and collect method which referred to the researcher's ability to physically distribute the questionnaires by dropping and collecting them once completed, was the main technique used to collect data in August and September 2014. This method is particularly appropriate because it increases the overall response rate (Quinlan, 2011). From the 500 questionnaires which were initially distributed, 350 were recovered. A total of 41 questionnaires were found to be incomplete and were therefore discarded, leaving 309 questionnaires that were retained and used in the data analysis. Thereafter, the response rate was estimated at approximately 61.8 percent.

Statistical analysis

Data were analysed using Statistical Package for Social Sciences (SPSS) version 23.0. Descriptive statistics were applied in analysing the perceptions of respondents towards the five factors under consideration.

RESEARCH RESULTS

Reliability and validity

In this study, reliability (internal consistency) was tested using the Cronbach's alpha coefficient. Acceptable reliability is demonstrated through a minimum Cronbach alpha value of 0.7. In this study, alpha values for all constructs ranged between 0.702 and 0.841, which surpasses the prescribed minimum threshold (refer to Table 1). This acts as evidence that all measurement scales used in this study were reliable or internally consistent. To ascertain face and content validity, the questionnaire was reviewed by three faculty members whose line of expertise lay in supply chain management. In addition, a pilot test was conducted using 50 SMEs. Feedback from the expert panel review and the pilot study was used to effect several minor adjustments to the questionnaire. Table 1 reports on the reliability, standard deviation, mean and mean score rank of the scales.

TABLE 1
RELIABILITY, STANDARD DEVIATION, MEAN AND MEAN SCORE RANKING OF CONSTRUCTS

Construct	Reliability	Standard Deviation	Mean	Position in Mean Score Rank
Information sharing	0.831	1.063	3.424	5
Information quality	0.702	2.017	3.555	3
Supplier trust	0.779	1.551	3.791	1
Supplier Synergy	0.763	1.685	3.678	2
Supplier Performance	0.841	2.334	3.521	4
Overall scale	0.738	1.994	3.594	N/A
Scale: 1=Strongly disagree; 2=Disagree; 3= Neutral; 4= Agree; 5= Strongly agree				

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An analysis of Table 1 shows that mean scores for the scales ranged between 3.024 and 3.391. The mean score for the overall scale is shown as 3.594, which demonstrates a strong inclination towards the 'agree' position on the Likert scale. This result signifies that respondents were generally satisfied with the levels of information sharing, the quality of information exchanged, the degree of trust, the extent of synergies between SMEs and their suppliers as well as the level of supplier performance. Supplier trust scored the highest mean score of 3.791. Thus, by implication, respondents were more satisfied with the degree of trust existing between SMEs and their suppliers than the rest of the constructs.

Perceptions of respondents towards each research construct

The aim of this study was to explore perceptions of SME owners/managers towards five factors, namely information sharing, information quality, supplier trust, supplier synergy and supplier performance. The perceptions of respondents towards these factors were central in delineating the extent to which SMEs are efficient and effective in the areas considered in this study.

Frequencies and percentages regarding information sharing

The frequencies and percentages regarding respondents' perceptions towards information sharing are reported in Table 2.

TABLE 2
FREQUENCIES AND PERCENTAGES OF THE PERCEPTIONS OF SME-OWNER-MANAGERS TOWARDS INFORMATION SHARING

Item	Description	STRONGLY DISAGREE (n+ %)	DISAGREE (n+ %)	NO OPINION (n + %)	AGREE (n+ %)	STRONGLY AGREE (n+ %)
IS1	We inform our trading partners in advance of changing needs	4(1.3)	18(5.8)	24(7.8)	93(30.1)	169(54.7)
IS2	Our trading partners share proprietary information with us	5(1.6)	16(5.2)	25(8.1)	112(36.2)	151(48.9)
IS3	Our trading partners keep us fully informed about issues that affect our business	9(2.9)	18(5.8)	18(5.8)	87(28.2)	177(57.3)
IS4	Our trading partners share the knowledge of core business processes with us	14(4.5)	16(5.2)	17(5.5)	106(34.3)	156(50.5)
IS5	We and our trading partners exchange information that is useful in business planning	11(3.6)	17(5.5)	20(6.5)	106(34.3)	155(50.2)
IS6	We and our trading partners keep each other informed about developments that may affect the other partner	10(3.2)	18(5.8)	20(6.5)	97(31.4)	164(53.1)

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The first question in Table, 2 which focused on whether SMEs informed their trading partners of changing needs in advance, reveals that the majority of SMEs (84.8%; n=262) either agreed or strongly agreed with the statement. Almost similar numbers of respondents were in agreement (85.5%; n=264) in item three, which inquired whether the trading partners of SMEs kept them fully informed about issues that affected their business. Moreover, approximately, 84.5% (n=261) either agreed or strongly agreed with the statement that SMEs and their trading partners exchanged information that was useful in business planning (item five). These results demonstrate the existence of regular and effective exchange of information between SMEs and their trading partners. The exchange of information between SMEs and their suppliers is important because, as observed in previous studies (Goffin, Lemke and Szwejczewski, 2006; Staplehurst and Ragsdell, 2010), effective information exchange enables business partners to build sound and sustainable buyer-supplier relationships characterised by a significant level of collaboration and partnership. As mentioned in a study conducted by Zhou and Benton (2007), the sharing of information enables supply chain partners to acquire adequate and sustainable benefits related to Just-in-Time (JIT) operational productivity, sound planning as well as sustainable delivery of customer orders and demands. Since there is regular information exchange between SMEs and their trading partners, it is logical to accept that the involved SMEs stand to reap the benefits associated with such a practice.

Frequencies and percentages regarding information quality

The frequencies and percentages regarding respondents' perceptions towards information quality are reported in Table 3.

TABLE 3
FREQUENCIES AND PERCENTAGES OF THE PERCEPTIONS OF SME-OWNER-MANAGERS TOWARDS INFORMATION QUALITY

Item	Description	Strongly Disagree (n+ %)	Disagree (n+ %)	No opinion (n+ %)	Agree (n+ %)	Strongly Agree (n+ %)
IQ1	Information exchange between our business and its trading partners is timely	10(3.2)	19(6.1)	18(5.8)	94(30.4)	168(54.4)
IQ2	Information exchange between our business and its trading partners is accurate	13(4.2)	19(6.1)	14(4.5)	102(33.0)	161(52.1)
IQ3	Information exchange between our business and its trading partners is complete	15(4.9)	20(6.5)	18(5.8)	92(29.8)	164(53.1)
IQ4	Information exchange between our business and its trading partners is adequate	14(4.5)	16(5.2)	22(7.1)	83(26.9)	174(56.3)
IQ5	Information exchange between our business and its trading partners is reliable	13(4.2)	19(6.1)	18(5.8)	105(34.0)	154(49.8)

According to Table 3, information quality was measured using five indices, namely timeliness (item IQ1), accuracy (item IQ2), completeness (IQ3), adequacy (IQ4) and reliability (IQ5). A total of 84.8% (n=262) of respondents either agreed or strongly agreed with the statement that information exchange between the

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business and its trading partners was timely. The results also show that with regard to item IQ2, which focused on the accuracy of information exchanges between SMEs and their trading partners, 83.2% (n=257) of respondents either agreed or strongly agreed with the stated statement. With regard to the completeness of information exchanges, the majority of respondents (82.9%; n=256) indicated that the information exchanged with suppliers was complete. Further analyses regarding the adequacy and reliability of the exchanged information yielded affirmative results (adequacy of information exchanged; 83.3%; n=257 and reliability of information exchanged; 83.8%; n=259). These results indicate that the information shared and conveyed between SMEs and their suppliers was both relevant and met the required quality. As posited by Ge and Helfert (2008), it is important for organisations to maintain and sustain an adequate flow of quality information since the supply of substandard and poor quality information may negatively affect the competitiveness of organisations. Moreover, according to Sukati, Hamid, Baharun and Yusof (2012), supply chain activities which are characterised by a sound and the mutual exchange of relevant data and other input information, tend to perform optimally in their daily activities. This operational performance is related to an improvement and increase of warehousing management as well as transportation and collaboration capabilities. Therefore, SMEs in South Africa should be able to maintain respectable relationships with their suppliers in order to be able to sustain the exchange of quality and reliable information.

Frequencies and percentages regarding supplier trust

The frequencies and percentages regarding respondents' perceptions towards supplier trust are reported in Table 4.

TABLE 4
FREQUENCIES AND PERCENTAGES OF THE PERCEPTIONS OF SME-OWNER-MANAGERS TOWARDS SUPPLIER TRUST

Item	Description	Strongly Disagree (%)	Disagree (%)	No opinion (%)	Agree (%)	Strongly Agree (%)
ST1	The relationship between our business and its major suppliers is characterised by high levels of trust	14(4.5)	20(6.5)	17(5.5)	107(34.6)	151(48.9)
ST2	We generally trust our major suppliers to stay within the terms of the contract	15(4.9)	20(6.5)	12(3.9)	103(33.3)	159(51.5)
ST3	Our major suppliers do not try to alter the facts in order to get concessions from us	13(4.2)	20(6.5)	16(5.2)	98(31.7)	162(52.4)
ST4	Our major suppliers are good at keeping their promises	12(3.9)	20(6.5)	20(6.5)	92(29.8)	165(53.4)
ST5	We trust that our suppliers will deliver goods and services on time	16(5.2)	14(4.5)	21(6.8)	93(30.1)	165(53.4)
ST6	We trust that our suppliers will deliver high quality most of the time	16(5.2)	19(6.1)	15(4.9)	95(30.7)	164(53.1)

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The six measurement items in Table 4 tested the existence of trust between SMEs and their trading partners. With regard to whether the relationship between SMEs and their partners was characterised by high levels of trust (instrument 1), 84.5% (n=258) of SMEs either agreed or strongly agreed with the statement. In view of item five which tested whether SMEs trusted that their suppliers would deliver goods and services, a total of 83.5% (n=258) of respondents either agreed or strongly agreed with the statement. With reference to item six, almost 83.8% (n=259) of respondents either agreed or strongly agreed with the statement that SMEs trusted that their suppliers would deliver high quality most of the time. These results show that the relationship between SMEs and their suppliers is characterised by a significant degree of mutual trust. This *modus operandi* is important because trust has been established as a major factor that determines the success of buyer-supplier relationships (Ahimbisibwe, 2014). Furthermore, supplier trust is generally considered to be a key factor that contributes significantly to the establishment and strengthening of long-term relationships between supply chain partners (Chen, Yen, Rajkumar and Tomochko, 2011). It is also widely regarded as an important determinant of supplier integration strategies which are crucial to long-term performance (Yeung *et al.*, 2009). Reciprocal trust between supply chain partners is a key strategic factor that contributes significantly to the sustainable development of SMEs and their competitive growth and survival (Gundlach and Cannon, 2010). Therefore, cultivating and developing mutual trust between South African SMEs and their business partners is an important strategy in the growth and long-term success of supply chain partners.

Frequencies and percentages regarding supplier synergy

The frequencies and percentages regarding respondents' perceptions towards supplier synergy are reported in Table 5.

TABLE 5
FREQUENCIES AND PERCENTAGES OF THE PERCEPTIONS OF SME-OWNER-MANAGERS TOWARDS SUPPLIER SYNERGY

Item	Description	Strongly Disagree (%)	Disagree (%)	No opinion (%)	Agree (%)	Strongly Agree (%)
SSY1	We are happy with the relationships that we have with our suppliers	13(4.2)	21(6.8)	16(5.2)	82(26.5)	177(57.3)
SSY2	Part of our profits are realised from procurement cost savings	14(4.5)	17(5.5)	19(6.1)	95(30.7)	164(53.1)
SSY3	Our suppliers depend on our business for achieving their business goal	16(5.2)	16(5.2)	17(5.5)	102(33)	158(51.1)
SSY4	Our suppliers have some level of bargaining power	16(5.2)	16(5.2)	17(5.5)	93(30.1)	167(54.0)

Table 5 reports that approximately 83.8% (n=259) of respondents either agreed or strongly agreed that they were happy with the relationships that they had with their suppliers (item one). Regarding item three, most SMEs (84.1%; n=260) either agreed or strongly agreed that their suppliers depended on their business activities with SMEs in order to fulfil their objectives. Similarly, responses to item four indicate that suppliers have some level of bargaining power in their relationship with SMEs (84.1%; n=260). These results illustrate that SMEs have a strong sense of collaborative interactions with their suppliers, and this is characterised by sound and mutual working practices. This makes the sustenance of effective

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synergistic relationships with suppliers a major determinant to organisational supply chain performance (Cao and Zhang, 2011). As reported in a study by Gimenez, Van der Vaart and Van Donk (2012), buyer-supplier synergies are a crucial component which enables supply chain activities by businesses to perform optimally through the development of sound problem resolution capabilities. Supplier synergies are also renowned for facilitating the cross-pollination of ideas, leading to enrichment of knowledge and technical know-how among the involved parties (Echtelt, Wynstra, Weele and Duysters, 2008). Al-Abdallah, Al-Abdallah and Hamdan (2014) further suggest that supplier synergy is important in enhancing businesses performance in fundamental areas namely quality, delivery and cost reduction. Hence, synergistic collaborations between South African SMEs and their suppliers should be fostered as they also determine overall success.

Frequencies and percentages regarding supplier performance

The frequencies and percentages regarding respondents' perceptions towards supplier performance are reported in Table 6.

TABLE 6
FREQUENCIES AND PERCENTAGES OF THE PERCEPTIONS OF SME-OWNER-MANAGERS TOWARDS SUPPLIER PERFORMANCE

Item	Description	Strongly Disagree (%)	Disagree (%)	No opinion (%)	Agree (%)	Strongly Agree (%)
SP1	Our suppliers provide us with goods and services of good quality	18(5.8)	14(4.5)	16(5.2)	87(28.2)	174(56.3)
SP2	Our suppliers deliver products on-time	16(5.2)	17(5.5)	16(5.2)	90(29.1)	170(55.0)
SP3	Our suppliers provide the right quantity of goods	14(4.5)	16(5.2)	18(5.8)	88(28.5)	173(56.0)
SP4	Our suppliers are conveniently located	17(5.5)	17(5.5)	16(5.2)	86(27.8)	173(56.0)
SP5	The procurement costs of our suppliers' products are highly competitive	13(4.2)	20(6.5)	17(5.5)	111(35.9)	148(47.9)

As revealed in Table 6, supplier performance was measured using five indicators, namely goods/service quality (SP1), on time delivery (SP2), right quantity of goods/services (SP3), convenient location (SP4) and cost competitiveness (SP5). A total of 84.5% (n=261) of respondents either agreed or strongly agreed that SMEs' suppliers provided goods and services of good quality (SP1). With regard to item SP2 which pertains to the on time delivery of products of suppliers, approximately 84.1% (n=260) either agreed or strongly agreed with the statement. Moreover, with reference to the right quantity of goods provided, the majority of respondents (84.5%; n=261) indicated that their suppliers provided them with the right quantity of goods. Further analyses regarding the convenient location and cost competitiveness yielded confirmatory results (convenient location: 83.8%; n=259 and cost competitiveness: 83.8%; n=259). These results indicate that suppliers are meeting the expectations and requirements of SMEs in terms of performance. Superior supplier performance at the required level can also have a virtual effect on the overall performance of SMEs through cost savings that average between 8 to 12 percent of total procurement costs (Kaushik and Kaushik, 2014). Barrett and Rizza (2008) add that it is of prime importance for SMEs in South Africa to develop and focus on improving the performance of their

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strategic suppliers who are regarded as valuable assets to the success of their respective operation strategies.

CONCLUSIONS AND MANAGERIAL IMPLICATIONS

This study explored perceptions of South African SMEs regarding supply chain management practices such as information sharing, trust, synergies and performance of suppliers. These perceptions were taken to be indicators of the efficiency and effectiveness of SMEs in supply chain management areas that included information sharing, trust, synergies and performance of suppliers. It emerged that owners and managers of SMEs concurred that a strong sharing of quality information between SMEs and their suppliers existed. Also, relationships between SMEs and their suppliers were characterised by reciprocal trust and effective synergistic collaborations. Overall, owners and managers of SMEs recognised that the performance of their suppliers was within acceptable levels in areas such as the quality of goods/service, on time delivery, right quantity of goods/services, convenient location and cost competitiveness that were considered in this study. Owners and managers expressed greater satisfaction with mutual trust between SMEs and suppliers than with the other dimensions. The overall conclusion to this study is that SME owners and managers perceive that supply chain management practices, namely information sharing, information quality, supplier trust and supplier synergies are important contributors to supply chain performance.

The results of this study are not without managerial implications. Despite the positive results obtained, need for continuous improvements is still merited in the factors considered in this study in order to sustain optimum supplier performance. Information sharing could be improved by integrating processes through systems such as Electronic data interchange (EDI) or Just-in-Time (JIT) Systems to enable suppliers to coordinate and provide a better flow of data and knowledge in the supply chain (Gao, Zhang, Wang and Ba, 2012). To boost the quality of information exchanged, all data should be subjected to quality control and verification to ascertain that data being filtered throughout the supply chain networks of SMEs are error free, relevant, accurate and reliable (Hsu *et al.,* 2008). Among other strategies, supplier synergies could be improved by engaging in mutual and joined forecast activities. This may assist in developing and strengthening synergistic processes between SMEs and their suppliers as they will be able to mutually share key strategies and policies (Giannakis, Doran and Chen, 2012). To promote greater trust between SMEs and their suppliers, SMEs could begin, on a small scale, to develop supplier relationship initiatives that are meant to strengthen ties with their suppliers. Overall supplier performance is likely to improve when information sharing, information quality, supplier trust and synergies are optimised (Fang, Palmatier and Grewal, 2011).

The study is unique in that it provides an empirical exposé of the perceptions of SME owners and managers on the importance of supply chain management practices in stimulating supply chain performance in the South African context, which was hitherto an unexplored terrain. Future researchers on similar studies can therefore refer to this study as a source of literature and research methodologies on SME owner/manager perceptions of the importance of supply chain management practices in influencing supply chain performance.

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LIMITATIONS AND IMPLICATIONS FOR FURTHER RESEARCH

One of the key limitations that may have hindered this study resides on the heavy reliance on simple descriptive statistics. As such, future studies could investigate relationships between the constructs explored in this study rather than exploring perceptions only. Another limitation is that the study was confined to one geographical area which was Gauteng Province. A larger expansion of the frame and scope of the study may provide a more representative effective reading to the aim of the study. The study is further limited in that it was not sector specific. This provides room to conduct similar studies in specific sectors of SMEs such as retail and manufacturing and mining, amongst others. Since the study was about evaluating managerial perceptions, the use of a qualitative approach could provide more significant insights.

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