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## **FACTORS CONTRIBUTING TO SUPPLY CHAIN PERFORMANCE IN SMALL TO MEDIUM SCALE ENTERPRISES**

### **Abstract:**

Many small to medium scale enterprises (SMEs) in emerging economies are yet to adopt supply chain management practices. However, they have realised the strategic importance of supply chain management as a tool for optimum business performance. This paper examined the importance of service quality, dynamic capabilities and relationship continuity as mechanisms for the enhancement of supply chain performance in SMEs. Participants in the study included a total of 348 SME managers who were based in South Africa. Data were analysed using the Statistical Packages for the Social Sciences (SPSS version 23.0). Spearman correlations were used to determine the strength of the relationship between constructs. Regression analysis was used to test for prediction between the dependant and independent constructs. The results of the correlation tests showed significant positive correlations between supply chain performance and two constructs; service quality and dynamic capabilities. Regression analysis showed that service quality and dynamic capabilities significantly predicted supply chain performance. A comparison of the betas showed that service quality exerts greater influence on supply chain performance than the other two constructs. The study is significant in that it facilitates improved diagnosis of supply chain performance challenges amongst SMEs in emerging economies.

### **Keywords:**

Service quality, dynamic capabilities, relationship continuity, SME

**JEL Classification:** L22, M00