

The Influence of Strategic Networks and Logistics Integration on Company Performance among Small and Medium Enterprises

Authors : Jeremiah Madzimore

Abstract : In order to stay competitive in business and improve performance, Small and Medium Enterprises (SMEs) need to make use of business networking and logistics integration. Strategic networking and logistics integration in business companies have become critical as they allow supplier partnering, exchange of vital information/ access to valuable resources allowing innovation, gaining access to additional resources, sharing risks and costs which is required for enhancing company performance. The purpose of this study was to examine the influence of strategic networks and logistics integration on company performance: the case of small and medium enterprises in South Africa. A quantitative research design was adopted in this study, and 137 SMEs owners and managers completed and returned the survey questionnaire. Confirmatory Factor Analysis (CFA) was conducted using the Analysis of Moment Structures (AMOS), version 24.0 to assess psychometric properties of the measurement scales. Path modelling techniques were used to test the proposed hypothesis. Three research hypotheses were postulated. The results indicate that strategic networks had a positive and significant influence on logistics integration and company performance. As well logistics integration had a strong positive and significant influence on company performance. This study provides a useful model for analysing the relationship between strategic networks and logistics integration on company performance. Moreover, the findings of the study provide useful insights into how SMEs should benefit from business networking and logistics integration so as to improve their performance. The implications of the study are discussed, and finally, limitations and recommendations are indicated.

Keywords : strategic networking, logistics integration, company performance, SMEs

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