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The Current State of Supplier Relationships and Supply Chain Performance of SMMEs in Vhembe District Municipality

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Abstract:

Small, Medium, and Micro Enterprises (SMMEs) are key drivers of economic growth, employment, and local development in South Africa. In rural areas such as the Vhembe District Municipality, however, these enterprises face significant challenges in maintaining efficient supply chains, largely due to weak supplier relationships. This study examines the relationship between supplier management and supply chain performance among SMMEs in this region, addressing the limited empirical evidence in rural contexts. A quantitative approach, guided by a positivist paradigm, was used. Data were collected from 200 SMME owners and managers across agriculture, retail, and manufacturing using structured questionnaires. Analysis through SPSS produced descriptive statistics on supplier practices and performance outcomes. Findings indicate that many SMMEs struggle with delivery reliability, product quality, and communication. Only 41.5% of respondents reported timely deliveries, while 35.5% found supplier communication effective. Strategic practices, including supplier involvement in planning and cost-reduction collaboration, remain underutilized. Newer businesses showed greater adoption of digital tools, and women-led enterprises emphasized long-term relationships. The study concludes that strengthening supplier relationships through training, digital integration, and collaboration can improve supply chain performance and resilience among rural SMMEs.

Keywords:

SMMES, Supplier Relationship, Supply Chain Performance, Vhembe District, Rural Supply

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Introduction

Small, Medium and Micro Enterprises (SMMEs) play a vital role in driving economic growth, employment, and local development across South Africa. As engines of innovation and inclusion, they contribute significantly to the country's GDP and serve as key players in regional supply chains. However, despite their importance, SMMEs often face persistent challenges in achieving operational efficiency and competitiveness particularly in rural areas where infrastructure, market access, and institutional support are limited (Bhorat et al., 2018; Sibiya et al., 2023).

Supplier relationships are essential for supply chain performance. Strong ties characterized by trust, communication, and collaboration have been shown to improve delivery, reduce costs, and enhance flexibility (Kupa, 2023; Madzimure et al., 2020). However, many South African SMMEs, especially in rural settings, face supplier-related vulnerabilities: limited integration, power imbalances, and lack of investment in supplier development.

In Vhembe District, a predominantly rural area with infrastructural limitations and limited market access, these supplier challenges are magnified by geographic isolation and volatility. Studies on SMMEs highlighted intensified supply-chain disruptions due to geographic isolation, limited infrastructure, and constrained market access as well as delays in input delivery, increased logistics costs, and weakened supplier relationships (Fatoki, 2021). This context underscores the importance of strong, collaborative supplier relationships to mitigate supply chain weaknesses.

Despite growing recognition of supply chain skills gap, South African Production and Inventory Control Society (SAPICS) urges support and capacity-building initiatives for SMMEs (Schoemaker, 2024). This study addresses this gap by focusing on the Vhembe District of Limpopo Province, South Africa, examining how supplier relationship dimensions like integration and communication quality affect supply chain outcomes and recommend strategies that enhance supplier collaboration and overall supply chain efficiency.

Despite the recognized importance of supplier relationships in enhancing supply chain efficiency and overall organizational performance, many SMMEs in South Africa continue to face challenges in establishing and sustaining effective supplier partnerships (Drotskie & Okanga, 2016). In the Vhembe District Municipality, these challenges are particularly pronounced due to factors such as limited access to reliable suppliers, lack of trust, inconsistent communication, and inadequate collaboration mechanisms (Dlamini, 2020). Weak supplier relationships often lead to supply chain disruptions, poor service delivery, and increased operational costs, which in turn hinder the competitiveness and growth of SMMEs (Mafini & Muposhi, 2017).

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Additionally, SMMEs in rural and semi-urban areas like Vhembe frequently encounter structural challenges, including delayed payments, poor infrastructure, and limited bargaining power when negotiating with larger suppliers (Lavhelani et al., 2023). These constraints reduce their ability to build long-term, mutually beneficial supplier relationships, thereby limiting their capacity to achieve sustainable supply chain performance.

Recent local studies also highlight supply chain barriers specific to the Vhembe District, such as inadequate transport, warehousing challenges, and low levels of stakeholder engagement, which exacerbate operational inefficiencies for rural SMMEs (Lavhelani & Nkondo, 2024). Moreover, trust deficits between SMMEs and corporate suppliers further hinder collaboration and supplier development opportunities, limiting performance improvement potential (Nel, 2023.)

While there is ample literature on supply chain practices and supplier relationships in urban and large-firm contexts, there is limited empirical evidence on how supplier relationships influence the supply chain performance of SMMEs in the rural municipalities such as Vhembe District Municipality. This gap in literature is concerning given that SMMEs are the backbone of local economies and play a critical role in employment creation and poverty alleviation. Without strong supplier relationships, their potential to contribute to economic development remains underutilized.

Addressing these challenges is essential to improve operational efficiency, reduce costs, and ensure that rural SMMEs can thrive in an increasingly competitive business environment. This study therefore seeks to examine the current state of supplier relationships and supply chain performance of SMMEs in Vhembe District Municipality, generating evidence-based recommendations tailored to the rural South African context and focuses on the following specific objectives:

- To identify the key dimensions of supplier relationships and supply chain performance of SMMEs.
- To assess the current state of supplier relationships among SMMEs.
- To examine the challenges and barriers SMMEs face in establishing effective supplier relationships.

The remainder of this paper is structured as follows: Section 2 presents theoretical framework underpinning the study, the relevant literature on supplier relationships and supply chain management, challenges and barriers that SMMEs face in establishing effective supplier relationships. Section 3 discusses research methodology. Section 4 provides empirical findings and section 5 concludes the paper.

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Theoretical Framework

Stakeholder Theory

Stakeholder theory is based on the idea that firms should consider the interests of stakeholders and shareholders by creating value for all stakeholders (Mahajano, Lim, Sareen & Kumar, 2023). Firms are required to consider any individual which influences or is influenced by the achievements of firm's objectives and their associated consequences (Awa, Etim & Ogbonda, 2024). This theory asserts that while firms operate to provide benefits for themselves, they must also provide benefits to stakeholders (Madwe, Matyana & Oluka, 2024). Communities are also considered stakeholders, and their interests in the company is related to environmental considerations (Seroka-Stolka, 2023). Given the increased expectations and pressures from stakeholders, companies are facing challenges to enhance climate change performance while achieving financial goals (Mardini & Lahyani, 2023). This theory suggests that by addressing the needs and concerns of these diverse stakeholders, companies can build stronger relationships, reduce conflict, and improve their long-term performance.

Resource-Based View Theory

The Resource-Based View (RBV) posits that firms achieve competitive advantage by effectively leveraging valuable, rare, and inimitable resources and capabilities. Recent studies emphasise that in SMEs, internal capabilities such as responsiveness, digital engagement, and relationship management significantly influence performance outcomes (Sipos et al., 2025). In rural enterprises, resource constraints particularly limited finance, infrastructure, and managerial capacity shape supplier selection by prioritising partners who enhance reliability and reduce operational risk. At the same time, high transaction costs arising from poor infrastructure, information asymmetry, and coordination challenges encourage firms to build long-term, trust-based supplier relationships rather than frequently switching suppliers. From an RBV perspective, these relationships themselves become strategic resources, as strong collaboration and communication capabilities improve supply chain efficiency and resilience (Komakech et al., 2025). Thus, the ability to manage supplier relationships effectively enables rural SMMEs to overcome resource limitations and sustain competitive performance.

Literature Review

Supplier Relationships and Supply Chain Management

There are several factors of supplier relationships and supply chain management such as trust, commitment and relational norms, information sharing and communication quality, collaboration and supplier development, poverty asymmetry, dependence and fairness, social capital, culture and local networks, digital integration, e-procurement and supplier connectivity.

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Strong supplier relationships in SMMEs are built on trust, commitment, and fair practices. These elements help reduce opportunistic behaviour, support problem-solving, and lead to better outcomes in delivery, quality, and cost. Recent research focused on small businesses highlights that trust and collaboration between organizations are key drivers of supply chain performance (Kankam & Dza, 2025). Studies in emerging economies show that trust can be developed during uncertain times through clear communication, small achievements, and mutual support (Manfredi & Capik, 2022). Survey data also shows that trust and information sharing are linked to how well suppliers are perceived to perform in SMMEs contexts (Kotcharin et al., 2024). However, when trust is uneven, it can lead to supplier opportunism, which means SMMEs should carefully balance protective measures with collaborative efforts (Wang et al., 2024).

Timely, accurate, and detailed information is consistently linked to better supply chain performance. A large-scale study found that sharing supply chain information improves quality management and supplier performance (Zhou & Li, 2020). In SMMEs, more extensive information sharing helps build trust, improves performance perceptions (Kotcharin et al., 2024), and supports resilience during disruptions (Reynolds, 2024). Research from South Africa also shows that digital communication and e-procurement tools enhance agility and efficiency, which is especially important for SMMEs with limited resources (Mojaki et al., 2024).

Structured collaboration between SMMEs and their suppliers such as joint planning, shared performance indicators, and practices like Vendor Managed Inventory (VMI) or Collaborative Planning, Forecasting and Replenishment (CPFR) is consistently associated with improved performance in small firms. In addition, supplier development initiatives, including training, co-investment, and technical support, play a critical role in enhancing supplier capabilities and outcomes. Recent studies emphasize that collaboration and trust among stakeholders are key drivers of supply chain performance in SMMEs (Uwamahoro et al., 2025). Evidence from developing countries shows that relationship-based approaches can significantly improve supplier outcomes, especially when tailored to local contexts and challenges (Toufighi et al., 2024). In South Africa, Supplier Relationship Management (SRM) strategies that focus on enterprise and supplier development have become practical tools for integrating SMMEs into the supply chains of larger firms. These strategies not only promote inclusion but also reveal capability gaps that must be addressed through ongoing collaboration and support (Rasdien et al., 2024).

SMMEs often encounter challenges related to buyer power and dependency, which can negatively affect their profit margins, increase exposure to risk, and limit the benefits of collaborative supply chain relationships. In South Africa, research has documented instances of supply-chain bullying, where dominant buyers engage in practices such as late payments, unilateral changes to contract terms, and

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shifting demand. These behaviours undermine the quality of supplier relationships and reduce overall performance (Nabee & Swanepoel, 2021). Cross-country studies further reveal that high levels of dependence on a few buyers can reduce SME profitability, even when business growth continues. This highlights the importance of diversifying customer bases to reduce vulnerability (Zhang & Jiang, 2025). Despite these challenges, SMEs have developed various coping strategies to manage power imbalances. These include selective compliance with buyer demands, focusing on niche markets, and forming strategic alliances (Fitz & Scheeg, 2025). Additionally, ethical leadership within buyer organizations can help ease relational tensions and support more balanced partnerships (Mamabolo et al., 2025).

Beyond contracts, relational and cognitive forms of social capital such as shared norms, mutual trust, reputation, and strong local networks play a vital role in helping SMMEs access limited resources, coordinate effectively with suppliers, and resolve disputes efficiently. Empirical studies across African and other emerging-market contexts have shown that social capital contributes to improved firm performance and export success by supporting capability development and facilitating knowledge exchange (Easmon et al., 2019; Van Tran et al., 2024). In micro- and small-enterprise environments, the quality of relationships significantly influences buyer and supplier experiences, as well as the likelihood of continued business interactions (Kumar et al., 2025). South African research further links leadership climate within firms to the quality of execution in supplier coordination, suggesting that internal culture can shape external supply chain outcomes (Langton & Mafini, 2023).

Digital technologies such as e-procurement systems, shared supplier portals, electronic data interchange (EDI), application programming interfaces (APIs), and messaging platforms play a critical role in improving supply chain efficiency for SMMEs. These tools help reduce transaction costs, enhance transparency, and accelerate the replenishment process. In the South African context, research has shown that e-procurement improves agility and operational effectiveness, particularly in volatile and uncertain environments (Mojaki et al., 2024). Recent studies focusing on South African SMEs have found that the use of e-procurement practices is a significant predictor of procurement performance. However, adoption remains uneven across firms, often due to resource constraints or limited digital readiness (Ntshingila, 2025). Complementary research has linked e-procurement and supplier integration to stronger supply chain performance in retail-focused SMEs, suggesting that digital collaboration can enhance responsiveness and reliability (Madzimure et al., 2020). Additionally, supply chain innovation enabled by digital tools has been associated with improved performance outcomes (Ibrahim et al., 2023).

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Challenges and Barriers SMMEs Face in Establishing Effective Supplier Relationships

There are several challenges and barriers that SMMEs face when trying to establish effective supplier relationships such as limited access to finance and working capital, power asymmetry and dependency, inadequate infrastructure, logistics and spatial challenges, limited managerial capabilities and organisational routines, digital divide and low technology adoption, weak governance, trust, and reputation, regulatory, procurement, and policy barriers, market volatility, and external disruptions, cultural, language, and social-capital constraints.

SMMEs in South Africa, often face persistent financial challenges that significantly affect their supply chain relationships and overall performance. One of the most critical issues is limited access to working capital and ongoing cash flow constraints. These financial limitations restrict the ability of small firms to negotiate favourable payment terms with suppliers or to participate in joint initiatives such as bulk purchasing, co-investment, or supplier development programs. As a result, SMMEs may be perceived as high-risk or low-priority partners by suppliers, who may respond by imposing stricter terms, delaying deliveries, or deprioritizing their orders (Nkwinika & Obokoh, 2024). According to the (Department of Small Business Development Annual Report, 2020), these financial constraints erode the credibility of SMMEs in the eyes of suppliers, making it difficult for them to build trust-based relationships. Suppliers, especially larger ones, may be reluctant to engage in long-term partnerships with financially unstable buyers, which further isolates SMMEs from strategic supply chain opportunities. Integrated reviews of SMME challenges in South Africa also highlight the damaging effects of delayed payments and restricted liquidity on supply chain collaboration. (Mkhonza et al., 2025) argue that these financial pressures not only limit operational flexibility but also hinder the formation of stable, long-term supplier relationships. Without reliable cash flow, SMMEs struggle to meet payment obligations, which can lead to strained relationships, reduced bargaining power, and missed opportunities for growth and innovation.

SMMEs often face challenges when dealing with larger buyers or depending on a single supplier. These power imbalances can result in delayed payments, poor pricing, or changes to contract terms that weaken the SMMEs' negotiating position (Nabee & Swanepoel, 2021). Such unequal relationships also discourage buyers from investing in long-term partnerships, which limits opportunities for collaboration (Flynn, 2025). However, ethical leadership and fair decision-making processes can help reduce these imbalances, rebuild trust, and promote more effective cooperation (Mamabolo et al., 2025).

Effective supplier relationships are often undermined by inadequate infrastructure and logistical inefficiencies, which remain significant challenges for SMMEs in developing economies. In many contexts, poor road networks, unreliable electricity supply, and underdeveloped transportation systems increase the costs and complexity of supplier coordination (Mbedzi & Kapingura, 2023). These structural

barriers often cause delays in the delivery of goods, reduced inventory reliability, and disruptions in supply chain flows. Moreover, insufficient warehousing facilities and limited access to efficient logistics services further weaken supplier collaboration, leading to missed opportunities for growth and competitiveness (Kuteyi & Winkler, 2022; Setiawan et al., 2024). Spatial challenges, such as the geographic isolation of small businesses from major industrial hubs, also exacerbate supply chain inefficiencies. For instance, SMMEs located in rural or peri-urban regions frequently struggle to access suppliers, markets, and support infrastructure, which reduces their ability to negotiate favourable contracts or engage in long-term partnerships (Lumbwe et al., 2018). This often results in increased dependency on a limited pool of suppliers, exposing SMMEs to risks such as price manipulation and supply shortages (Alam et al., 2025; South African Cities Network, 2023). In the South African context, inadequate infrastructure has consistently been highlighted as one of the most pressing barriers to SMME growth and supply chain participation (Molope et al., 2024). Many SMMEs face unreliable electricity supply due to load shedding, high transport costs, and inefficient logistics systems, which negatively affect their ability to maintain stable supplier relationships. These issues hinder collaboration, limit the ability to honour supply agreements, and erode trust between partners (Makgopa & Mpetsheni, 2022; Muridzi et al., 2022). In rural contexts like Vhembe, poor road networks, limited warehousing, and unreliable transportation inflate transaction costs and complicate supplier relationships (Vhembe District Municipality, 2022). Broader Limpopo Province documents also show these constraints and highlight their effects on SMME supply chain efficiency (Limpopo Development Plan, 2020).

In many developing economies, SMMEs face significant challenges in building and sustaining effective supplier relationships due to limited managerial capabilities and weak organizational routines. Effective supply chain management requires competencies such as negotiation, contract management, risk assessment, and the ability to implement collaborative practices (Sibiya et al., 2023). However, SMMEs often lack experienced managers with specialized supply chain knowledge, leading to ad hoc decision-making and short-term transactional relationships rather than long-term partnerships. This lack of strategic orientation undermines trust, commitment, and innovation within supplier relationships. Furthermore, many SMMEs struggle with formalizing organizational routines and processes necessary for stable collaboration. Weak record-keeping, limited adoption of digital tools, and informal decision-making structures prevent effective monitoring of supplier performance (Bello et al., 2024). The absence of standardized procurement systems or performance evaluation practices often results in inefficiencies and disputes, eroding trust between SMMEs and their suppliers. Without strong managerial capabilities, SMMEs tend to operate reactively rather than proactively, which hinders resilience and adaptability in dynamic markets (Sibiya et al., 2023). In the South African context, managerial and organizational weaknesses are consistently identified as barriers to SMME growth and competitiveness (Bhorat et al., 2018). Mageto and Luke (2020) argues that limited managerial skills, particularly in areas such as supply

chain management, negotiation, and financial literacy, constrain SMMEs' ability to sustain meaningful supplier relationships. Many SMMEs rely on owners or family members who lack formal training, which contributes to inconsistent business practices and undermines operational efficiency (Bhorat et al., 2018). Within the Vhembe District Municipality, these challenges are even more acute due to the predominantly rural context of the region. Several SMMEs are owner-managed enterprises with little to no professional management expertise, relying heavily on informal practices and intuition rather than structured supply chain approaches (Dlamini, 2020). Organizational routines such as supplier evaluation, risk management, or collaborative planning are often absent, leaving these enterprises vulnerable to opportunistic behaviour from suppliers (Krüger et al., 2020). Moreover, the limited access to business training and development support exacerbates the managerial skills gap, making it difficult for SMMEs to build stable and trust-based supplier relationships (Bushe, 2019).

One of the persistent barriers hindering effective supplier relationships among SMMEs is the digital divide and low technology adoption. Modern supply chains increasingly rely on digital platforms such as enterprise resource planning (ERP) systems, electronic data interchange (EDI), and cloud-based procurement systems to facilitate collaboration, data sharing, and performance tracking (Syed et al., 2024). However, many SMMEs, especially in developing economies, lack access to these technologies due to high implementation costs, limited ICT infrastructure, and inadequate technical expertise (Modisane & Jokonya, 2021). Although the digital tools are available, SMMEs often lack the technical skills to use it effectively. Turning to the South African context, the digital divide is particularly evident between urban and rural areas (Mwansa et al., 2025). According to (Tau et al., 2024) many SMMEs in South Africa struggle with poor internet connectivity, limited access to digital infrastructure, and low digital literacy levels, which restrict their ability to implement technology-driven supplier relationship strategies. Although government initiatives such as the (National Integrated ICT Policy White Paper, 2016) aim to close the gap, adoption remains slow among SMMEs, especially those with limited resources. The consequence is that many South African SMMEs continue to operate informally, relying on face-to-face or telephone communication with suppliers rather than integrated digital platforms (Chigona & Licker, 2008). In the Vhembe District Municipality, these barriers are even more pronounced due to its largely rural character. SMMEs in Vhembe face infrastructural challenges such as unstable electricity supply, poor network coverage, and high data costs, which limit consistent access to digital platforms (Mutobvu, 2020).

Weak governance mechanisms, trust deficits, and reputational challenges present significant barriers to establishing effective supplier relationships for SMMEs (Drotskie & Okanga, 2016; Nel, 2023.). Trust is widely regarded as a cornerstone of long-term supplier partnerships, as it reduces transaction costs, promotes information sharing, and encourages collaboration (Handley & Molloy, 2022; Kumara et al., 2020). In the context of SMMEs, trust often plays an even more critical role due to the limited presence

of formal governance structures. Many SMMEs operate without standardized systems for contract management, quality assurance, and accountability, which can hinder their ability to enforce agreements and maintain consistent performance standards (Kumara et al., 2020). Reputation plays a crucial role in supplier selection and relationship continuity. Large firms and established suppliers often prefer working with businesses that demonstrate consistent performance and credibility (Shi & Zhang, 2023). Unfortunately, SMMEs frequently struggle to project reliability due to limited capacity, lack of certification, and minimal visibility in formal networks. This creates a vicious cycle where SMMEs are excluded from high-value supply chains because of perceived risks, even when they may have the potential to perform (Handley & Molloy, 2022). In the South African context, issues of governance and trust are magnified by broader institutional weaknesses, such as corruption, limited regulatory enforcement, and informal business practices (Govindasamy, 2024; Modise, 2025). According to (Madzimure et al., 2020) many South African SMMEs lack proper record-keeping and legal compliance, which erodes supplier confidence. Moreover, small businesses often face reputational challenges linked to their informality and lack of registration, making it difficult to gain trust from both suppliers and financial institutions. Furthermore, a report reveals that many SMMEs operate outside formal registration systems, lacking governance structures and financial records. These conditions undermine their credibility with suppliers and financial institutions, limiting access to markets and capital. The study calls for targeted support to formalize and strengthen informal enterprises, especially in underserved municipalities (FinMark Trust, 2025).

Regulatory and procurement policies are critical in shaping the ability of SMMEs to establish and sustain effective supplier relationships. Compliance with regulatory frameworks such as tax obligations, labour laws, and industry-specific standards often places a disproportionate burden on smaller enterprises that lack the administrative and financial capacity of larger firms (Sibiya et al., 2023). For many SMMEs, navigating complex regulatory procedures becomes costly and time-consuming, diverting resources away from core operations and limiting their competitiveness (Dixon et al., 2024). Procurement policies, especially within government supply chains, are intended to create opportunities for SMMEs. However, in practice, they often introduce barriers. Research has shown that tendering processes are bureaucratic, requiring extensive documentation, financial guarantees, and compliance with strict specifications that many small firms find difficult to meet (Nzimakwe & Biyela, 2021; Mathews, 2024). Additionally, late payments by public institutions have been widely reported as a constraint, reducing the ability of SMMEs to maintain cash flow and build trust with suppliers (Nzimakwe & Biyela, 2021). For instance, (National Treasury of South Africa, 2025) reveals that 464,188 invoices were paid late, totalling R43.6 billion, and 142,801 invoices remained unpaid, valued at R18.2 billion, these delays disproportionately affect SMMEs, undermining their cash flow and supplier relationships, and threatening their financial sustainability. Although policies such as the Preferential Procurement Policy

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Framework Act (PPPFA) and Broad-Based Black Economic Empowerment (B-BBEE) aim to support small businesses, implementation challenges persist. Studies highlight issues of corruption, favouritism, and political interference in procurement processes, which undermine fairness and exclude many deserving SMMEs (Klaaren et al., 2022; Shai et al., 2019). According (Mutobvu, 2020) SMMEs in Vhembe District Municipality face significant challenges in accessing municipal tenders, including excessive paperwork, limited digital infrastructure, and regulatory barriers that undermine transparency and fairness in procurement processes.

Methods and Data

This study adopted a positivist paradigm, which operates on the belief that reality is objective and can be quantified through scientific methods (Cohen et al., 2002). This study adopted a quantitative research design, using structured surveys to collect data from SMMEs. The design was chosen for its objectivity, replicability, and ability to produce measurable results. It allowed the researcher to systematically gather information about supplier relationships and supply chain performance, and to present findings in a clear and organized manner.

Sample Selection, Data Collection and Analysis

This study used simple random sampling to ensure that all participants had an equal chance of being selected. This method minimises bias and ensures representativeness (Kumar, 2018). The study was conducted in the Vhembe District, located in Limpopo Province, South Africa. This district is largely rural and faces several challenges, including limited infrastructure, restricted market access, and low levels of digital adoption. These factors make Vhembe a relevant and meaningful context for investigating how supplier relationships affect supply chain performance among SMMEs. The study focused on SMMEs located in the Vhembe District. These businesses operate across a variety of sectors, including agriculture, retail, manufacturing, and services. The research specifically targeted companies that are actively engaged in supply chain activities like procurement, logistics, and inventory management. To maintain consistency in organizational structure and reporting practices, informal businesses were not included in the study. This study employed a sample size of 200 participants, drawn from the population of formally registered SMMEs operating within the Vhembe District Municipality. The decision to use this sample size was guided by both practical constraints and methodological considerations. The research was based on both primary and secondary data sources. The researcher gathered primary data through structured questionnaires that were sent out to SMME owners and managers. Questionnaire were designed and adapted from the literature. Table 1 indicates the measurement scales adopted from literature.

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Construct	Item Code	Measurement Item	scale
Trust	SRL1	We trust our suppliers to fulfill agreements	1–5 Likert
	SRL2	Our suppliers are honest in their dealings with us.	1–5 Likert
	SRL3	We feel secure relying on our suppliers.	1–5 Likert
Communication	SRL4	We communicate regularly with our suppliers	
	SRL5	Information shared with suppliers is clear and timely.	
	SRL6	There is open and transparent communication with suppliers.	
Supplier Reliability	SRL7	Suppliers deliver goods/services on time	
	SRL8	Suppliers consistently meet quality standards	
	SRL9	Suppliers respond quickly to our needs	
Financial Barriers	BR1	Limited financial resources hinder our ability to build strong supplier relationships.	
	BR2	High supplier costs make it difficult to maintain relationships.	
	BR3	Lack of information systems limits communication with suppliers.	
Trust & Relationship Barriers	BR4	Lack of trust between us and suppliers is a challenge.	
	BR5	Poor communication leads to misunderstandings with suppliers.	
	BR6	We have limited bargaining power with suppliers.	

Table 1: Measurement Scales

Meanwhile, the secondary data came from reviewing existing literature and previous research on supplier relationships and supply chain performance. The data analysis for this study strictly followed quantitative methods using statistical techniques. Data from surveys was organized and summarized to present key findings related to supplier relationships and supply chain performance.

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Results

This study analysed demographic and business information. The profile of the respondents revealed a balanced representation across gender groups. In terms of gender, 35.5% of participants identified as women, 34.0% as men, and 30.5% selected "Prefer not to say", indicating a relatively even distribution and a degree of sensitivity around gender disclosure. Regarding age, the largest proportion of respondents (21.0%) preferred not to disclose their age, followed by those aged 55 and above (20.0%), 45–54 (17.0%), 25–34 (16.0%), and 18–24 (15.5%). This diverse age representation suggests that the study captured insights from both younger and older SMME owners and managers, contributing to a comprehensive understanding of supplier relationship dynamics across different generational perspectives. The educational background of respondents shows a diverse range of qualifications. Postgraduate Qualification holders make up 27.0% of the sample, followed by Bachelor's degree holders at 28.0%. Respondents with Diploma/Certificate qualifications account for 25.5%, while those with High school education represent 19.5% of the total. This distribution indicates a well-educated respondent base, with a strong representation of tertiary-level qualifications. The types of businesses represented in the study are varied. Manufacturing businesses constitute the largest group at 24.5%, followed by Agriculture at 27.0%, Retail at 25.0%, and other business types at 23.5%. This mix reflects the diverse economic activities undertaken by SMMEs in the Vhembe District. In terms of operational experience, 27.5% of businesses have been operating for less than a year, 21.0% for 1–5 years, 29.0% for 6–10 years, and 22.5% for more than a decade. This distribution highlights a balanced mix of newly established and long-standing enterprises. The number of employees in the surveyed businesses varies significantly. Businesses with 1–5 employees make up 27.0% of the sample, those with 6–10 employees account for 29.5%, 11–20 employees represent 23.5%, and those with more than 20 employees comprise 20.0%. This range reflects the varying scales of SMMEs operating in the region.

Key Dimensions of Supplier Relationships and Supply Chain Performance of SMMEs

This study investigated the key dimensions of supplier relationships and supply chain performance of SMMEs. The results are indicated in Table 2.

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	Strongly Disagree Row N %	Disagree Row N %	Neutral Row N %	Agree Row N %	Strongly Agree Row N %
Our business can deliver products/services to customers on time	19,5%	19,5%	25,0%	18,5%	17,5%
Improved customer satisfaction due to good supplier relationships	22,5%	20,0%	21,5%	17,5%	18,5%
Reduced operational costs through supplier collaboration	20,0%	18,5%	16,5%	27,0%	18,0%
Increased profitability from strong supplier relationships	24,0%	17,5%	17,5%	18,0%	23,0%
Improved supply chain efficiency due to reliable suppliers	23,0%	18,5%	16,5%	22,0%	20,0%

Table 2: Supply chain performance

The results revealed the following key dimensions of supplier relationships and supply chain performance of SMMEs:

Our business can deliver products/services to customers on time.

Only 36.0% of respondents agreed or strongly agreed, while 39.0% disagreed or strongly disagreed. 25.0% were neutral. This suggests that timely delivery remains a challenge for many SMMEs, possibly due to supplier-related delays or internal inefficiencies.

Improved customer satisfaction due to good supplier relationships.

A total of 36.0% agreed or strongly agreed, while 42.5% disagreed or strongly disagreed. 21.5% were neutral. This indicates that many businesses do not perceive a strong link between supplier relationships and customer satisfaction, which may reflect inconsistent supplier performance.

Reduced operational costs through supplier collaboration.

This statement received more positive feedback, with 45.0% agreeing or strongly agreeing and 38.5% disagreeing or strongly disagreeing. 16.5% were neutral. This suggests that supplier collaboration is seen as a viable strategy for cost reduction by a significant portion of respondents.

Increased profitability from strong supplier relationships.

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Opinions are split, with 41.0% agreeing or strongly agreeing and 41.5% disagreeing or strongly disagreeing. 17.5% were neutral. This reflects mixed experiences among SMMEs regarding the financial impact of supplier relationships.

Improved supply chain efficiency due to reliable suppliers.

A total of 42.0% agreed or strongly agreed, while 41.5% disagreed or strongly disagreed. 16.5% were neutral. This suggests that reliable suppliers do contribute to supply chain efficiency, but not consistently across all businesses.

In conclusion, the data shows that while some SMMEs in the Vhembe District benefit from supplier collaboration in terms of cost reduction, profitability, and supply chain efficiency, others continue to face challenges in delivery performance and customer satisfaction. These mixed results highlight the need for more consistent and strategic supplier relationship management to unlock the full potential of supply chain improvements.

The Current State of Supplier Relationships Among SMMEs

This study investigated the current state of supplier relationships among SMMEs. The results are indicated in Table 3.

	Strongly Disagree Row N %	Disagree Row N %	Neutral Row N %	Agree Row N %	Strongly Agree Row N %
Our Suppliers deliver products on time	21,5%	17,0%	20,0%	21,0%	20,5%
Our Suppliers provide Consistent product quality	23,0%	14,0%	21,0%	23,0%	19,0%
Communication with suppliers is clear and effective	21,5%	21,5%	21,5%	23,0%	12,5%
We trust our suppliers to act in our best interests	19,0%	23,5%	17,0%	22,0%	18,5%
Long-term relationships are important for our business	22,0%	21,5%	18,0%	19,0%	19,5%
We involve suppliers in planning and decision making	16,5%	26,0%	18,5%	20,0%	19,0%

Table 3: Supplier relationships

The results revealed the following factors to show the current state of supplier relationships among SMMEs:

Our Suppliers deliver products on time

Responses are evenly distributed, with 21.0% agreeing and 20.5% strongly agreeing, suggesting that around 41.5% of respondents are satisfied with delivery timeliness. However, 38.5% (strongly disagree

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+ disagree) expressed dissatisfaction, and 20.0% remained neutral. This indicates that delivery reliability is a concern for a significant portion of SMMEs.

Our Suppliers provide consistent product quality

Opinions are split, with 42.0% agreeing or strongly agreeing and 37.0% disagreeing or strongly disagreeing. 21.0% were neutral. This suggests that while many SMMEs experience consistent quality, a substantial number still face variability in supplier outputs.

Communication with suppliers is clear and effective

Only 35.5% of respondents agreed or strongly agreed, while 43.0% disagreed or strongly disagreed. 21.5% were neutral. This highlights that communication remains a challenge in supplier relationships, potentially affecting coordination and responsiveness.

We trust our suppliers to act in our best interests

Trust levels are relatively low, with 41.5% expressing agreement and 42.5% expressing disagreement. 17.0% were neutral. This balance suggests that trust is not consistently established across supplier relationships, which may hinder collaboration and long-term engagement.

Long-term relationships are important for our business

Only 38.5% of respondents agreed or strongly agreed, while 43.5% disagreed or strongly disagreed. 18.0% were neutral. This indicates that while some SMMEs value long-term supplier relationships, many may prioritize short-term or transactional engagements.

We involve suppliers in planning and decision making

Supplier involvement is limited, with only 20.0% agreeing and 42.5% disagreeing. 18.5% were neutral. This suggests that collaborative planning is not a common practice among SMMEs, potentially limiting strategic alignment and supply chain integration.

In conclusion, the data reveals that while some SMMEs in Vhembe District experience positive supplier relationships, many face challenges in delivery reliability, product quality, communication, trust, and collaboration. These findings underscore the need for targeted interventions to strengthen supplier engagement, improve communication practices, and foster long-term partnerships that enhance supply chain performance.

The Challenges and Barriers SMMEs Face in Establishing Effective Supplier Relationships.

This study investigated the challenges and barriers SMMEs face in establishing effective supplier relationships. The results are indicated in Table 4.

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	Strongly Disagree Row N %	Disagree Row N %	Neutral Row N %	Agree Row N %	Strongly Agree Row N %
Our business face challenges due to high supplier costs	16,5%	18,0%	23,0%	23,0%	19,5%
Lack of bargaining power limits our ability to negotiate with suppliers	20,5%	18,5%	18,5%	22,5%	20,0%
Limited access to finance makes it difficult to maintain good supplier relationships	21,0%	22,0%	19,0%	17,5%	20,5%
Distance and poor infrastructure affect supplier delieveries in our area	16,5%	21,5%	19,5%	20,5%	22,0%
Our suppliers are not always reliable in meeting our business needs	16,5%	20,5%	23,0%	18,5%	21,5%

Table 4: Challenges and barriers in supplier relationships

The results revealed the following challenges and barriers SMMEs face in establishing effective supplier relationships:

Our business faces challenges due to high supplier costs.

Responses are distributed, with 42.5% agreeing or strongly agreeing, and 34.5% disagreeing or strongly disagreeing. 23.0% remained neutral. This suggests that high supplier costs are a concern for many SMMEs, though not universally experienced.

Lack of bargaining power limits our ability to negotiate with suppliers.

A total of 42.5% of respondents agreed or strongly agreed, while 39.0% disagreed or strongly disagreed. 18.5% were neutral. This indicates that bargaining power is a significant issue for many businesses, affecting their ability to secure favourable terms.

Limited access to finance makes it difficult to maintain good supplier relationships.

Opinions are mixed, with 37.5% agreeing or strongly agreeing and 43.0% disagreeing or strongly disagreeing. 19.0% were neutral. This shows that while financial constraints affect some SMMEs, others may have found ways to manage supplier relationships despite limited funding.

Distance and poor infrastructure affect supplier deliveries in our area.

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Most respondents (42.5%) agreed or strongly agreed, while 38.0% disagreed or strongly disagreed. 19.5% were neutral. This highlights that geographic and infrastructural challenges are common and impactful in the Vhembe District.

Our suppliers are not always reliable in meeting our business needs.

Here, 40.0% of respondents agreed or strongly agreed, while 37.0% disagreed or strongly disagreed. 23.0% were neutral. This suggests that supplier reliability is inconsistent, posing risks to operational stability.

In conclusion, the data reveals that SMMEs in the Vhembe District face notable challenges in supplier relationships, particularly around cost, bargaining power, infrastructure, and reliability. While some businesses manage these issues effectively, a significant portion continues to struggle, underscoring the need for targeted support and strategic interventions to strengthen supplier engagement and improve supply chain performance.

Discussion

The nature of supplier relationships among SMMEs in the Vhembe District presents both opportunities and challenges for improving supply chain performance. On one hand, strong supplier relationships characterized by trust, communication, collaboration, and supplier involvement can enhance delivery reliability, reduce operational costs, and improve overall efficiency. On the other hand, many SMMEs in rural areas face persistent barriers such as poor infrastructure, limited bargaining power, financial constraints, and inconsistent supplier engagement.

The findings show that while awareness of the importance of supplier relationships is relatively high, actual strategic engagement remains limited. Only 41.5% of respondents reported that their suppliers deliver products on time, and just 35.5% agreed that communication with suppliers is clear and effective. Trust levels were moderate, with 41.5% expressing confidence in their suppliers, while 42.5% disagreed. Notably, only 20% of SMMEs involve suppliers in planning and decision-making, indicating a lack of collaborative practices. These results echo the findings of (Kankam & Dza, 2025) and (Kotcharin et al., 2024), who emphasize trust and communication as key drivers of supply chain performance in SMEs. However, the limited supplier involvement contradicts (Uwamahoro et al., 2025), who found that collaborative planning significantly improves performance in manufacturing SMEs.

Challenges such as high supplier costs (42.5%), limited bargaining power (42.5%), and poor infrastructure (42.5%) were commonly reported. These issues mirror those found in other rural contexts globally, where geographic isolation and infrastructural deficits hinder supply chain efficiency (Mbedzi & Kapingura, 2023; Kuteyi & Winkler, 2022). Additionally, 40% of respondents indicated that their suppliers are not always reliable in meeting business needs, reinforcing the need for improved supplier

accountability. These findings support (Drotskie & Okanga, 2016) and (Nel, 2023), who highlighted trust deficits and governance challenges in South African SMME–supplier relationships.

Digital integration emerged as a promising strategy, with 43% of respondents acknowledging that tools like WhatsApp and email improve supplier collaboration. However, cost-reduction collaboration (36.5%) and supplier diversification (36%) were underutilized. These findings align with studies that emphasize the role of digital tools in enhancing supply chain agility (Mojaki et al., 2024; Ntshingila, 2025) but also highlight gaps in strategic supplier management. The underutilization of collaborative practices contrasts with (Madzimure et al., 2020) and (Da Silva et al., 2024), who advocate for models like Collaborative Planning, Forecasting and Replenishment (CPFR) to improve responsiveness and efficiency.

Gender and business maturity also influenced supplier relationship practices. Women-led enterprises placed greater emphasis on long-term relationships, while businesses operating for more than 10 years reported higher levels of trust and supplier involvement. These patterns suggest that experience and leadership style play a role in shaping supplier engagement strategies. This observation is consistent with (Mamabolo et al., 2025), who found that ethical leadership and inclusive practices strengthen supplier relationships in SMEs.

Overall, the study confirms that while supplier relationships have the potential to improve supply chain performance among SMMEs in rural contexts, realizing this potential requires coordinated interventions. These should address infrastructural limitations, promote digital integration, build trust, and encourage collaborative planning between SMMEs and their suppliers. Similar conclusions have been drawn in studies from Ghana, Rwanda, and Indonesia, where supplier development and digital adoption have led to measurable improvements in SME supply chain outcomes (Issah et al., 2025; Toufighi et al., 2024; Alam et al., 2025).

Conclusion

This study set out to examine the current state of supplier relationships and the supply chain performance of SMMEs, identify the key dimensions of supplier relationships and supply chain performance of SMMEs, and examine the challenges and barriers SMMEs face in establishing effective supplier relationships in the Vhembe District Municipality. The results showed in terms of the current state of supplier relationships and the supply chain performance of SMMEs that suppliers deliver products on time, suppliers provide consistent product quality, communication with suppliers is clear and effective, suppliers are acting in best interests of their customers, suppliers are involved in planning and decision making, and that long-term relationships are important for business. In terms of key dimensions of supplier relationships and supply chain performance of SMMEs, the results showed that business can deliver products/services to customers on time, improved customer satisfaction due to good supplier

relationships, reduced operational costs through supplier collaboration, Increased profitability from strong supplier relationships, and Improved supply chain efficiency due to reliable suppliers. In terms of the challenges and barriers SMMEs face in establishing effective supplier relationships, the results showed that business faces challenges due to high supplier costs, lack of bargaining power limits our ability to negotiate with suppliers, limited access to finance makes it difficult to maintain good supplier relationships, distance and poor infrastructure affect supplier deliveries in our area, and suppliers are not always reliable in meeting our business needs.

Practical Implications

The study concludes by recommending that strengthening supplier relationships through targeted training, digital integration, and collaborative planning can significantly enhance supply chain performance and resilience among rural SMMEs.

The findings of this study have important practical implications for rural SMMEs, policymakers, and support institutions. For enterprise owners and managers, the results highlight the need to move beyond transactional supplier interactions toward more strategic and relationship-oriented approaches that prioritise trust, communication, and reliability. Limited use of collaborative practices suggests a gap in skills and awareness, indicating that targeted training programmes in supplier relationship management and negotiation could improve outcomes. Additionally, the adoption of digital tools particularly among newer enterprises that demonstrates the potential of technology to enhance communication, coordination, and information sharing across the supply chain. Policymakers and development agencies should therefore facilitate access to affordable digital platforms and infrastructure in rural areas. Encouraging collaborative planning initiatives between SMMEs and suppliers can further reduce inefficiencies and build mutual value. Overall, strengthening supplier relationships through targeted training, digital integration, and collaborative planning can significantly enhance supply chain performance and resilience among rural SMMEs.

Theoretical Implications and Further Research

This study contributes to the Resource-Based View (RBV) by demonstrating that in resource-constrained rural contexts, relational capabilities, particularly trust-based supplier relationships that function as critical strategic resources that enhance supply chain performance. It extends RBV by showing that not only tangible assets but also inter-organisational relationships and collaboration practices can generate competitive advantage for SMMEs. Furthermore, by incorporating elements of Transaction Cost Economics, the study highlights how high transaction costs in rural settings drive firms toward long-term supplier partnerships as a cost-minimising strategy. This integration provides a more

nuanced understanding of how internal resource limitations and external environmental constraints jointly shape supply chain decisions in developing, rural economies.

Future studies could adopt longitudinal designs to examine how supplier relationships evolve over time and their long-term impact on SMME performance. Comparative research between rural and urban SMMEs would also provide deeper insight into contextual differences in supplier management strategies. Additionally, qualitative approaches could explore the underlying dynamics of trust, power, and collaboration in greater depth. Further research should also investigate the role of digital technologies in strengthening supplier relationships, particularly in low-resource environments, and assess how policy interventions and support programmes influence supply chain resilience among rural enterprises.

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