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Supply Chain Practices and Marketing Performance of SMEs: A Field Study on Furniture Manufacturing in Egypt

Yasser Essam Mahmoud Said
Department of Management
Faculty of Commerce and Business Administration
Helwan University, Cairo, Egypt

ABSTRACT

The study aimed to investigate the effect of supply chain practices on the marketing performance of small and medium-sized furniture manufacturing enterprises in Egypt. The study applied to 67 enterprises in Damietta, Egypt. Accordingly, the study population was represented by two top directors of furniture companies either. Two 39-item- questionnaires of a five-point Likert-type scale were used for each enterprise with a total of 134 questionnaires. Internal consistency of 120 valid questionnaires by using Pearson correlation revealed that the questionnaire was stable and valid. Descriptive statistics for all items of the questionnaire were carried out. The relationship between supply chain practices and marketing performance by Pearson correlation revealed there was a positive relationship between supply chain practices parameters; (supplier relationship management, intermediaries and distributers' relationship management, and customer relationship management) and marketing performance. The correlation coefficients of marketing performance were 0.609, 0.539, and 0.794, respectively. Estimation of differences in supply chain practices and marketing performance by one-way ANOVA and T-test revealed significant differences ($p < 0.05$) in age and size of the capital of supply chain and job title and experience of marketing performance. In conclusion, this study provides the top managers in SMEs the power to make decisions under normal and abnormal circumstances, as in the COVID 19 crisis, which may be crucial in the survival and existence of SMEs.

Keywords: Supply Chain Practices; Marketing Performance; SMEs; Furniture Industry.

INTRODUCTION

In the globalization revolution, it has become compulsory for organizations to substitute the traditional system in management with the new organizational paradigm. The new system depends on the participation of different departments, which gives rise to greater flexibility. Such this turnover, organizations have to focus on knowledge and creative orientation that are increasingly important in generating additional value for organizations and improving marketing performance (Beheshit et al., 2014, Odunayo and adim, 2020).

Nowadays, SMEs in developing countries are of great importance because they act as the engine that draws the economy forward by minimizing idleness and maximizing the national income. If the SMEs are of economic importance under normal circumstances, it is the most important in the crises as COVID 19 crisis. It may be one of the most important ways to overcome the economic consequences of the crisis. The close stone of the study is, to what extent, the

application of SCP is apt to SMEs, despite the burdens of its application. So, the purpose of the current research was to investigate the effect of supply chain practices on the marketing performance of small and medium-sized furniture manufacturing enterprises in Egypt.

LITERATURE REVIEW

This study is one of the earliest trials that dealt with SMEs. Comparative studies are rare, so the available references are very deficient. It is valuable to demonstrate the essential definitions used in the context of the study. According to Lockamy and McCormack (2004), supplier relationship management (SRM) is defined as cooperation in reducing costs and time required for product formation, improving the quality of purchased materials, and improving access to and application of technology. They added that the procedures of SRM are the partnership between suppliers from one side and the hopeful vision of the enterprise on another side.

Intermediaries and distributors Relationship Management was defined by Johnson et al. (2006) as prolonged collaboration and mutual work relations with intermediaries and distributors in the supply chain, aiming to fulfill high joint-work concourse and confidence. Simultaneously, Mourtzis (2011) defined customer relationship management as is prolonged procedures mechanism undertaken by the enterprise to fulfill consumer satisfaction by dealing with consumer complaints and desires.

Liu et al. (2013) identified marketing performance as the levels of the company's achievement of its objectives set in the marketing plan. Concurrently, profitability is defined as the margin that expresses the ability of the company's management to achieve an added economic value, which is highlighted through the increase in revenues over expenditures (Kotler, 2007). Market share is the percentage of the total market that the company's products can own or take over in terms of quantity and size, compared to what competing companies have in the market (Kotler and Armstrong, 2010).

Gimenez, Vaart, and Donk (2011) studied the efficacy of SCP by analyzing 145 questionnaires (80 from Netherland and 65 from Spain). They reported that in the high complexity of the supply chain, supply chain practices accelerated the performance. They added the high supply complexity environment negatively affected cost performance.

Cirtita and Segura (2012) analyzed 73 questionnaires of high-level managers representing US companies. The results showed that downstream supply chain practice was not positively affected by the downstream supply chain metric system.

Zhao et al. (2013) studied the interaction among supply chain risks, supply chain integration, and enterprise performance in a global context. The results revealed that supply delivery risk negatively affected supply chain integration. While, the competitive performance was affected by the supplier, internal, customer integration, and customer satisfaction.

Vanichchinchai (2014) assessed the level of supply chain practice and total quality management on the enterprise supply performance in the automotive industry in Thailand. The results revealed that the application of both SCP and TQM practices enhanced the company's performance.

Al-Tarawneh and Shlash (2015) analyzed 139 valid questionnaires in Jordanian industrial enterprises to study the effect of strategic SCM skills on performance. The results showed that SCM skills positively affected the company's performance and supplier integration.

MATERIALS AND METHODS

Data Collection

The field study of the descriptive-analytical research method was applied to 67 small and medium-sized furniture manufacturing enterprises in Damietta, the center of furniture manufacture in Egypt. These enterprises enrolled in the Egyptian Chamber of Wood Working and Furniture Industries. Accordingly, the study population was represented by two directors of furniture companies either, general manager, assistant director, marketing manager, or procurement manager. Two questionnaires for each enterprise, with a total of 134-questionnaires of 39 -item- Likert- type scales were collected representing convenient samples. The range of respondent's answers on the questionnaire was from 1 (strongly disagree) to 5 (strongly agree). Out of 134 questionnaires, 120 were apt for statistical analysis.

Summary of the frequencies and percentage of demographic and organizational variables

Gender: the total samples were males with 100%.

Job title: represented by General Manager, Assistant Director, Marketing Manager, and procurement Manager were 51 (48.5%), 17 (14.2%), 30 (25%), and 22 (18.3%) samples, respectively.

Age: classified as less than 30 years, from 30 years to 39 years, from 40 years to 49 years, and from 50 years to 60 years were 13 (10.8%), 29 (24.2%) samples, 35 (29.2%), and 43 (35.8%) samples respectively.

Experience: classified as less than three years, from 3 to 5 years, from 6 to 9 years, and equal or greater than ten years were 11 (9.1%), 38 (31.7%), 45 (37.5%), and 26 (21.7%) samples respectively.

Education: was 100 (83.3%) with a bachelor's degree and 20 (16.7%) with a master's degree.

Enterprise age: classified as less than five years, from 5 to 9, from 10 to 14 years, and equal to or greater than 15 years were 6 (5%), 37 (30.8%), 36 (30%), and 41 (34.2%) respectively.

Size of the capital: classified as less than 100,000 EGP, from 100,000 to less than 300,000, from 300,000 to less than 500,000 EGP, from 500,000 to less than 1,000,000 EGP, from 1000,000 to less than 1,500,000 EGP and equal to or greater than 1,500,000 EGP were 39 (32.5%), 31 (25.8%), 8 (6.7%), 16 (13.3%), 8 (6.7%), and 18 (15%) respectively.

Labor Size: It designed from 5 to less than ten employees, from 10 to less than 20, from 20 to less than 40 e, and equal to or greater than 40 were 43 (35.8%), 33 (27.5%), 24 (20%), and 20 (16.7%), respectively.

Internal Consistency Test

Table 1. Consistency Analysis for Research Questionnaire

No	Items	Pearson Corr.	Sig.
1	The enterprise shares a vision with suppliers and works together	0.206*	0.000
2	The mutual relationship between the enterprise and suppliers is characterized by confidence, commitment and credibility	0.288**	0.000
3	The enterprise embraces all suppliers in its various activities	0.514**	0.000
4	The enterprise works to set up a prolonged mutual relationship with suppliers	0.410**	0.000
5	Suppliers have been with the enterprise for a long time	0.519**	0.000
6	There are authorized and unauthorized channels of communication between the suppliers and the enterprise	0.573**	0.000
7	The enterprise shares information with suppliers with transparency and clarity	0.515**	0.000
8	Suppliers offer post-supply services tailored to the enterprise 's requirements	0.582**	0.000
9	Suppliers provide the necessary information to the enterprise on the nature of raw materials, competitors, prices and new products	0.522**	0.000
10	The enterprise provides the necessary guarantees to suppliers	0.545**	0.000
11	There is an intimate collaboration relationship between the enterprise, and both the intermediaries, and the distributors.	0.486**	0.000
12	There is strong trust and affinity between the enterprise, the intermediaries, and the distributors	0.456**	0.000
13	Joint activities are conveniently coordinated between the enterprise, the intermediaries, and the distributors	0.556**	0.000
14	Collaboration takes place between the enterprise, the intermediaries, and the distributors in solving problems	0.576**	0.000
15	There is a mutual learning process that takes place between the enterprise, the intermediaries, and the distributors	0.263**	0.000
16	Information is traded transparently between the enterprise, the intermediaries, and the distributors	0.545**	0.000
17	There is an adequate complementarity between the enterprise, the intermediaries, and the distributors	0.277**	0.000
18	The enterprise, the intermediaries, and the distributors are meticulous to provide the enterprise's services Just in time on the market	0.512**	0.000
19	There are mutual communication channels between the enterprise, the intermediaries, and the distributors	0.246**	0.000
20	The enterprise, the intermediaries, and the distributors are meticulous to provide the enterprise's products in the right place	0.355**	0.000
21	The company is keen to survey consumers' opinions and learn their tastes and preferences in order to satisfy them	0.253**	0.000
22	The enterprise works to meet the needs and desires of consumers	0.355**	0.000
23	The enterprise works to solve complaints received from consumers quickly and effectively	0.276**	0.000

No	Items	Pearson Corr.	Sig.
24	The enterprise is keen to develop long-term relationships with consumers	0.390**	0.000
25	Both authorized and unauthorized channels of communication exist between the enterprise and the consumers	0.280**	0.000
26	The enterprise is always keen on obtaining the loyalty of consumers	0.208*	0.000
27	The enterprise is keen to treat the consumer well	0.359**	0.000
28	The enterprise is keen to create personal connections with consumers that will serve its marketing objectives in the long run	0.230*	0.000
29	It works to increase the administrative capacity of the enterprise to achieve added economic value	0.240**	0.000
30	It increases the profits of the enterprise more than its peers	0.353**	0.000
31	It works to increase the number of consumers of the enterprise 's products more than its peers	0.330**	0.000
32	Reducing marketing costs for the enterprise's products	0.202*	0.000
33	It works to increase the enterprise 's ability to exploit its resources, which leads to increased profitability	0.476**	0.000
34	Reducing enterprise product costs	0.237**	0.000
35	It works to further diversify the target markets for the enterprise's products	0.512**	0.000
36	It works to develop new uses for the enterprise's existing products	0.253**	0.000
37	It is working on introducing products to new distribution outlets	0.355**	0.000
38	It works to create new users for the enterprise's products	0.336**	0.000
39	It works to attract new customers	0.245**	0.000

The values marked by (*) were at P ≤ 0.05 and the values marked by (**) were at P ≤ 0.01

Table (1) showed the correlation coefficients between each item with others of the research model. The values of the Person's correlation coefficient were between (0.202 – 0.582). They were positive at a p-value of 0.01 and 0.05. Thus, the research model was honest and measurable.

DATA ANALYSIS

The statistical analysis of the data based on the statistical program for Social Science (SPSS) version 26; included descriptive statistics for all of the variables (mean, std. deviation, and relative importance). The relative importance of each item was calculated as 5-1= 4/3=1.33. There were three degrees of importance; low degree between 1 and 2.33 i.e. (1 + 1.33 = 2.33), medium degree between 2.34 and 3.67 i.e. (2.34+ 1.33 = 2.34- 3.67), and high degree from 3.68 to 5. The relationship between the variables was calculated by Pearson's correlation coefficients. Independent t-test and one-way ANOVA were carried out.

Hypotheses Formulation

H1: Supplier relationship management, Intermediaries and distributors' relationship management, and Customer relationship management are positively related to marketing performance.

H2: There is a significant statistical difference for supply chain practices according to (age, job title, educational qualification, experience, enterprise age, labor size, and size of capital) at sig level 0.05.

H3: There is a significant statistical difference for marketing performance according to (age, job title, educational qualification, experience, enterprise age, labor size, and size of capital) at sig level 0.05.

RESULTS AND DISCUSSION

Descriptive Analysis

Table 1: descriptive Statistics for Research Model

Items	Minimum	Maximum	Mean	Std. Deviation	Relative Importance
The average of supplier relationship management	3.20	4.90	4.0183	0.442	80.37
The average of intermediaries and distributers relationship management	3.30	4.80	3.9483	0.291	78.97
The average of customer relationship Management	3.38	4.88	4.0146	0.397	80.29
The average of marketing performance: (profitability)	3.50	5.00	4.2083	0.297	84.17
The overall average of marketing performance: (market share)	3.40	5.00	4.1833	0.320	83.67

Table (2) showed that items 1 and 2 are the average of 10 parameters for each while item 3 is the average of 8 parameters, and items 4 and 5 are the average 6 and 5 parameters, respectively. All the items were of a high degree of importance.

Hypotheses Test

Tab.3: The relationship between supply chain parameters and marketing performance

Supply chain parameters	Marketing performance	
	Sig. 2 tailed	**Pearson's Correlation**
Supplier Relationship Management	0.00	0.609
Relationship with intermediaries and distributers	0`.00	0.539
Customer Relationship Management	0.00	0.794

Table (3) revealed that The Pearson correlation between supplier relationship management, intermediaries and distributors' relationship management, and customer relationship management with marketing performance were highly positive coefficient correlation; 0.609, 0.539, and 0.794 respectively at sig-level 0.01. The statistical results ascertained the postulated hypothesis.

Table 4Statistical analysis of demographic and organizational parameters of Supply chain practices and marketing performance

Parameters	Test	Supply chain practices		Marketing performance	
		Value	Sig.	Value	Sig.
Job title	F-test	1.568	0.201	5.556	0.001
Age	F-test	2.876	0.039	2.023	0.115
Experience	F-test	0.849	0.170	2.758	0.045
Education	T-test	0.841	0.284	1.363	0.612
The enterprise age	F-test	0.671	0.571	1.631	0.186
Size of the capital	F-test	2.612	0.028	0.716	0.613
The labor size	F-test	2.070	0.108	0.943	0.422

Table (4) showed that age and size of the capital of supply chain practices and the job title and experience of marketing performance were significant as they were less than 0.05, and the rest changes were insignificant as they were more than 0.05.

The results emphasized that the strategic cooperation between the enterprise and suppliers may enhance the marketing performance. These results were in harmony with that reported by Hatani, (2013). On the other hand, the results indicated a growing awareness among small and medium furniture enterprises to build distinguished intermediaries and distributors' relationship management based on trust and proximity. This relationship improves marketing performance. These results were similar to that reported by Liu et al. (2013) in China and Kim, (2006) in South Korea. They found that building a privileged relationship with intermediaries and distributors improves organizational performance.

The results indicated that the furniture enterprises were actively working to build a distinguished relationship with consumers. They were taking into consideration consumer's opinions, tastes, and suggestions. Such a relationship based on trust will improve the marketing performance and increases profitability and market share. These results were in harmony with that of Terjesen, Patel, and Sanders (2012) in the United States and Tanco, Jurburg, and Escuder (2015) in Uruguay. They found that a clear relationship with consumers would improve marketing performance.

CONCLUSION

It may conclude that supply chain practices parameters; supplier relationship management, intermediary, distributors' relationship management, and customer relationship management had a positive impact on marketing performance. So, SCPs may play a crucial role in developing marketing performance. Additionally, the top managers under research became of higher awareness of the importance of application SCPs in the SMEs in the furniture industry to accelerate the marketing performance. This study was conducted on Egyptian small and

medium-sized furniture manufacturing enterprises. So, generalizing the results on other different industries or in other countries is questionable.

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