

# Supplier relationship management for enterprise development in the cement industry

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**Background:** Local small, medium and micro enterprises (SMMEs) are ready to join the cement mining companies' supply chains. However, the perceived risks of doing business with SMMEs cause mines to be hesitant to engage in meaningful relationships with SMME suppliers.

**Aim:** The aim of this study was to explore the nature of supplier relationship management (SRM) for enterprise and supplier development in a cement mining industry.

**Setting:** The study is conducted in the cement mining companies and explores insights from SMMEs and cement mines insofar as SRM is concerned.

**Methods:** The study employed a qualitative research approach, employing interviews as a research strategy and data collection method. In all, 16 individuals were purposively selected based on their expertise and experience in the area SRM for enterprise and supplier development in the cement mining industry. Thematic analysis was used as a data analysis method.

**Results:** Following thematic data analysis, the following six themes emerged from the primary data: funding the relationship, skills development, segmenting suppliers, supplier compliance, information sharing, and supplier performance monitoring and evaluation.

**Conclusion:** Enterprise and supplier development (ESD) programmes should be sufficiently formalised and funded. This will enable meaningful skills development for SMMEs with the specific focus on compliance and performance improvement. Enterprise and supplier development programmes should also be designed to facilitate information sharing between the mining company and SMMEs.

**Contribution:** The study proposes the building blocks for SRM for enterprise and supplier development in the cement mining industry. The study further extends literature in the areas of SRM.

**Keywords:** supplier relationship management; enterprise development; supplier development; cement mining industry; SMME suppliers.

## Introduction and background

The mining sector continues to contribute significantly to the South African economy. In 2021, the mining industry's direct contribution to gross domestic product (GDP) grew by 36% to R481 billion (2020:R353 billion), with the percentage contribution of mining to the economy improving to 8.7% (2020:7.1%), and a labour force of 458 954 people (Mineral Council of South Africa 2022). Unlike the mining industry as a whole, the cement industry in South Africa experienced no growth between 2014 to 2020, a period during which nearly all cement producers went into debt restructuring (Who owns whom 2022). The no-growth in the cement industry has been attributed to the distressed state of the construction sector, the poor economy, and reduced spending on infrastructure (Research & Markets 2020). Moraka and Jansen Van Rensburg (2015) state that the mining industry contributes largely as a buyer of goods and services, and a supplier of inputs to various other sectors of the economy. According to McKinsey & Company (2019) for the South African mining industry to continue growing and creating jobs, the mines need to localise their value chains and expand downstream processing for key commodities. Localisation of supply chains is great for the local community and for public relations (PLANERGY 2023). Another benefit of local supply chains is the buyer is more likely to trust and know local partners well (Supply Chain Resource Cooperative 2019). In the mining sector, local communities have a variety of small, medium and micro enterprises (SMMEs) ready to join the mining company's supply chains and aid in distributing its commodities to clients in the end, whether locally or for export

(Cock 2019; Maponga & Musa 2021). As important as the mining industry and SMMEs are to the economy, the buyer-supplier relationships in the South African mining industry as an area of research has been underexplored.

According to Sitharam and Hoque (2016), one of the biggest challenges larger companies face is the readiness of SMMEs to supply efficiently, taking all necessary criteria such as compliance, health and safety, competitive pricing, and high prices as well as levels of service delivery into consideration. In this regard, Robert et al. (2016) observed that every time a mining company places an order with an SMME supplier, there are potential risks such as late or non-delivery, poor quality, transportation issues and financial instability. It has also been observed that in local areas where large mining corporations operate, there is pressure from SMMEs and rising demand for procurement possibilities (Dikgwatlhe & Mulenga 2023; Shai, Molefynana & Quinot 2019). The loss of investment made by the government in SMME development because of their high failure rate has also reduced the private sector's confidence in supporting SMMEs (Sizwe & Charles 2017). These perceived risks have a potential to cause mines to be hesitant to engage in meaningful relationships with SMME suppliers.

Seuring and Muller (2008) found that a company can mitigate all supply chain risks by managing the relationships between buyers, suppliers and other stakeholders (Sauer & Seuring 2018). This is because companies are aware of the reputational damage that supplier misconduct can cause (Sauer & Seuring 2018). Yet, Khupe (2022) cautions larger companies to take cognisance of the fact that SMME suppliers are generally at a point where they have not mastered everything and many are still grappling with the science of running a successful business. According to Tshabalala (2021), the aim of enterprise and supplier development is the creation of new business opportunities and entrepreneurial growth for marginalised communities. Khupe (2022) adds that it is for this reason large companies need to use enterprise and supplier development programmes to address these challenges and close that gap.

Local production of goods rather than simply importing and reselling goods has far more economic and social benefits, especially for the suppliers based in the mining company's host communities (Geipel 2020). According to the Mining Charter III (2018), the 'purpose for implementing supplier and enterprise development is to strengthen local procurement'. Against this background, it is critically important for the mining industry to procure locally, develop SMMEs, and allow them to participate in their supply chains as it is important for their own sustainability. While SMMEs stand to benefit more from enterprise and supplier development initiatives, these initiatives can be used by both SMMEs and large companies to their mutual benefit by creating meaningful relationships in delivering goods and services (Van der Westhuizen & Ntshingila 2020). In the literature, such relationships are referred to as buyer-supplier relationship. When trust in a buyer-supplier

relationship is at the desired levels, it seems to lead to lower levels of perceived risk from the buyer and can increase the relationship commitment between the parties (Seyedghorban, Simpson & Matanda 2021). One might argue that relationships might play a critical role in developing SMMEs in the supply chain of large businesses in the mining industry and that communication and trust play a vital role in ensuring alignment and an understanding of each other's needs. With open communication and high levels of trust, both buyer and supplier will most likely avoid impacting each other negatively, whether intentionally or unintentionally. To maintain and enhance performance and superior buyer-supplier relationships, collaborative performance management initiatives need to be implemented, which also facilitate high levels of information sharing (Jaaskelainen 2021). As buyer-supplier relationships become more intense, companies consolidate their supply base by focussing on strategic suppliers (Veile & Schmidt 2020). With a sound supplier relationship management (SRM) in place, buying firms can achieve short- and long-term benefits from their long-standing SMME suppliers (Aoki & Wilhelm 2017). Hence, there is a need to explore the nature of SRM in the cement mining industry.

Recently, there have been a few empirical studies which explored SRM in industries such as textiles (Zimmermann, Dos Santos & De Souza 2023), chemicals (Leppelt et al. 2013), food supply chains (Tidy, Wang & Hall 2016), hospitals (Oduro, Nyarku & Gbadeyan 2020), public sector (Naude, Ambe & Kling 2013). A recent study by Sibiya and Barnard (2019) examined the impact of Broad-based Black Economic Empowerment (B-BBEE) enterprise and supplier development programmes on SMMEs, as a growth and development mechanism. However, there is no evidence of similar studies which investigated SRM for enterprise and supplier development in any of the industries. Hence, the aim of this study was to explore the nature of SRM for enterprise and supplier development in a cement mining industry.

This article is organised as follows: section 2 reviews the literature. This is followed by description of the research methodology employed in section 3. The section 4 reports the findings of the study while the last section concludes the article and draws attention to the recommendations, limitations of the study, and future research directions.

## Literature review

### Supplier relationship management

In its simplest form, SRM is the process that defines how a company interacts with their suppliers and is a mirror image of customer relationship management (Onyango et al. 2015). Onyango et al. (2015) found that a well-managed supplier communication and joint decision-making systems have a greater chance of improving internal operational performance. Supplier relationship management is a proactive approach to managing external resources and

supplier relationships, while generating a broad vision to assist with supply chain decision-making (Klemettinen 2018). It has been found that the paradigm of modern business has changed completely and that competition is no longer between competitors but between supply chains (Dash, Pothal & Tripathy 2018). Companies can differentiate themselves from competitors and attain preferred customer status by improving how they are perceived by their suppliers (Amaidas 2019).

No standard framework for SRM guarantees success, and companies should consider each framework's benefits and drawbacks to address their specific issues (Klobucar & Erjavec 2019). A framework that allows buyers and suppliers to co-create value should be adopted. In the mining industry, there were four factors found, excluding BEE, confirming that relevance, profitability, reliability and growth opportunity predict supplier satisfaction (Amaidas 2019). The use of an appropriate and relevant SRM framework is important for big businesses to devise a system that supports SMMEs in South Africa from managerial, logistical and technological perspectives (Drotskie & Okanga 2016). Through effective SRM systems, big businesses will also be in a position to identify opportunities where they can further support their SMME supply base through supplier development initiatives.

## Enterprise development

The concept of enterprise development lies in investing knowledge and time, attracting investment, building business linkages, employing more people for an enterprise to compete in the global economy (Das Nair & Landani 2021). The SMME sector is important and a key stakeholder in many industries' supply chains. The informal sector is also seen as a significant element of the economy as it creates employment and contributes to the economy, especially in developing countries (Zainol et al. 2017). Another way for mining companies to contribute to improving surrounding communities and their competitiveness is to develop the informal sector in their communities via enterprise development initiatives to enable them to participate in the formal economy. Furthermore, as a derivative of corporate engagement, community benefit funds and community enterprise development can play a transformational role in societal and economic development (Ajide et al. 2017).

Larger companies consider their supply chains as a significant source of strategic advantage, impacting on the competencies required by SMMEs to meet expectations (Macpherson & Wilson 2003). Not all SMME suppliers are immediately in a position to contribute to their customers' performance as desired in the ideal buyer-supplier relationship. For this reason, buying organisations should develop policies that provide an enabling environment for sustainable enterprises but also implement measures that improve productivity through access to finance, skills, infrastructure, markets and technology transfer (Kibuuka & Tustin 2019). To this end, some large companies take it upon themselves to set up

enterprise development centres which are meant to create a favourable environment for SMMEs to be able to grow sustainably and contribute to the country's economic growth (Khoase 2015). In some cases, business incubators are established for the same purpose. The business incubation centres offer targeted business support and technical support services to accelerate the growth of emerging and small start-up business enterprises into financially and operationally independent enterprises (Masutha & Rogerson 2014). By supporting their SMME suppliers through various enterprise development initiatives that aim to empower SMMEs with the skills they need to be efficient, large businesses also mitigate supply disruptions, ensure supply continuity and ultimately, the sustainability of suppliers while contributing towards the country's socio-economic development and well-being (Hanekom, Niemann, Meyer & Breytenbach, 2020). Sibiya and Barnard (2020) concur that enterprise development can be used as a strategic tool for supplier development.

## Supplier development

When a buying company's supplier is not performing at the required levels, they have three options, namely do it in-house, change to a different supplier or help the existing supplier to improve capabilities (Handfield et al. 2006). Supplier development looks at the third option and is defined as an activity that a buyer undertakes to improve a suppliers' capabilities or performance in order to meet the buying company's needs (Handfield et al. 2006).

Supplier development is any deliberate attempt by the buying company to improve the performance and capabilities of the supplier which contributes to the performance of the buying company (Sikombe 2020). In supply chain management, supplier development plays an important role in identifying deficiencies of the suppliers, and has become increasingly critical as it affects and impacts one's own performance and triple bottom line (Perakyla 2020). Buyers must thus ensure that, through supplier development initiatives, their suppliers' performance and capabilities equal or surpass that of their competitors (Drotskie & Okanga 2016). Supplier development of SMMEs is vital since large companies such as mines need reliable suppliers that will grow (Westhuizen & Ntshingila 2020). In their study of SME manufacturing companies, Ahmed, Bouassami and Tizro (2014) found that communication, collaboration and trust, top management involvement and long-term commitment are critical elements of supplier development.

## Research methods and design

This study adopted a qualitative research approach with an interpretivist paradigm. An interpretivist paradigm enables the researcher to gain further depth through seeking experiences and perceptions of a particular social context (Alharahsheh & Pius 2020). Qualitative researchers generally study fewer people, but go much deeper into the issues hoping to generate a subjective understanding of how and why people think, perceive, reflect, interpret and interact (Baker & Edwards 2012). Insights from mining companies

and SMMEs were obtained to explore SRM for enterprise and supplier development in a cement mining industry.

Participants were purposively selected based on their expertise and experience of enterprise development initiatives or programmes and of managing an SMME in the vicinity of the mine, and have had business dealings with the mines previously or currently pursuing some opportunity from the mine. Purposive sampling is also known as deliberate sampling since it involves deliberately selecting particular units of the universe for establishing a sample which represents the universe, and it can also be called convenience sampling (Babbie & Mouton 2001).

In all, 16 participants were interviewed as that was the point at which data saturation was experienced. Data saturation is reached at a point where observing more data will not lead to more information related to the research questions (Lowe et al. 2018). Electronic interviews were transcribed from audio to written form, and clearly marked with each respondent from 1 to 16. Thematic analysis was used to analyse the data in this study. Thematic analysis is a method for identifying and analysing patterns of meaning in a dataset (Braun & Clarke 2006).

The researcher ensured that measures of trustworthiness were ascertained. These include the credibility, transferability, dependability and confirmability of the study (Flick 2018). Furthermore, the researcher ensured that the study complied with the ethical requirements such as the anonymity of participants and confidentiality of the data.

## Ethical considerations

Ethical clearance to conduct this study was obtained from the University of Johannesburg Department of Business Management Research Ethics Committee. (No. 22SOM40).

## Results

This study sought to explore SRM for enterprise and supplier development in a cement mining industry. This section reports findings drawn from the primary data obtained from the interviews with the participants. Table 1 details the participants targeted for selection in this study.

As per Table 1, 12 SMME suppliers, 2 procurement manager and 2 community development managers were interviewed. Following primary data analysis, six themes emerged, as outlined in Table 2.

Participants are identified by their number, gender and age (e.g. P1, Female, 38 years). The themes that emerged from the primary data are discussed as follows:

### Theme 1: Funding the relationship

When asked about some of the enablers for an effective buyer-supplier relations, Participant 1 responded:

**TABLE 1:** Profile of participants.

Organisation	Level	Reason for selection	No
SMME suppliers	Owners/managers/senior managers	Constant feedback regarding lack of opportunities and need for support from large organisations	12
Mining company	• Procurement manager	• Responsible for providing opportunities and faces internal challenges regarding inability to perform	2
	• Community development manager	• Responsible for bringing together SMMEs in the communities and procurement teams in the Cement Manufacturer	2

SMME, small, medium and micro enterprise.

**TABLE 2:** A summary of themes from primary data.

Theme number	Description
1	Funding the relationship
2	Skills development
3	Segmenting suppliers
4	Supplier compliance
5	Information sharing
6	Supplier performance monitoring and evaluation

‘So it’s another issue that with a small company like ours, anything that affects your cash flow will really affect your performance. Because even accessing funding or overdraft facilities from banks – it’s difficult for small players as they would want a lot of other things like audited financial statements which is difficult for small players.’ (Participant 1, Female, 38 years)

Participant 4 added:

‘You will need funding and, in my experience, I would say in the organisations that have worked for, funding remains a big challenge for SMMEs because unless companies are banks and what you call financial kind of organisations, just your normal mining company really do not create that kind of funding to be able to give money directly to SMMEs.’ (Participant 4, Male, 45 years)

On the same question, Participant 5 reflected:

‘The first one is lack of funding. You’ll find that even though they are interested in some of the opportunities, because they cannot actually sustain the payment terms that are out there, then funding becomes an issue. Although there are many opportunities made available, payment terms are unsustainable and creates financial issues for SMMEs.’ (Participant 5, Male, 40 years)

Participant 7 responded in this way:

‘The industry is trying to save costs as much as they can. That’s the challenge that we’re facing now and the challenge also that we as SMMEs are facing is that sometimes, you’re gonna get a project that is about, let’s say R1 million, only to find out you don’t have that million to start the project. That’s a challenge that I sometimes come across. So you’re going to have to go and find some funds so that you can be able to service the company according to the standard they need. I think the industry needs to check those challenges because you find that there is work sometimes but because of cash flows, you are not able to supply. That gives a bad appearance to SMMEs as suppliers that you aren’t able to supply because we can’t afford to buy whatever you need to supply at that moment.’ (Participant 7, Female, 30 years)

It is clear from the above that SMMEs require some funding to maintain buyer-supplier relationships, especially where

no formal enterprise development framework exists. Small, medium and micro enterprises seem to be expected to fend for themselves in a take-it or leave-it relationship. In this regard, Makhubele and Nieuwenhauzen (2016) observed that enterprise development interventions positively impact the growth, strategy, and development of SMMEs through a variety of financial and non-financial interventions aimed at developing and supporting enterprises. Banks, venture capital funds and business angels are among those who make the decision to finance a business (Gazzola, Slavata & Panova 2016). A study conducted in Malaysia found that with well-structured financing, SMMEs were significantly able to gain competitive advantage (Al Mamun, Muniady & Nasir 2021). A new or growing business needs money to fund expansion strategies. In order to supply and deliver on a contract with a mining company, SMMEs require resources and funding. However, this study found that funding stands as a major challenge because of the lack of funding supplied to them. Without the financial support, SMMEs may experience a lack of growth. Another issue raised was the challenge of payment terms where SMMEs are unable to stick to the agreed terms. This shows that SMMEs require financial support to not only enable them to supply the required goods and services to the project, but to also give them a chance to grow within the industry in itself.

### Theme 2: Skills development focus

Following from the analysis of primary data, lack of skills emerged as a second theme. In this regard, Participant 1 remarked:

‘Sometimes we also lack some critical skills, which I think is also linked to financial resources because we might not have the financial mastery to hire expert skills to work on your project. You might be given a contract that requires some highly technical skills or specialised consulting services for a mine. And at the end of the day you may need a specialist rock engineer to be involved – and to get the person on board – these guys don’t come cheap as they demand quite hefty payments. This also comes down to funding and access to finance.’ (Participant 1, Female, 38 years)

In the same vein, Participant 3 added:

‘It’s just a simple barrier created from the suppliers’ points of view in terms of perception because of lack of those kind of business skills, just simple business acumen and understanding why there needs to be certain compliance. I don’t think it’s the actual skill that is missing – the skill the supplier has doesn’t have, but it’s the actual development of those business skills that they don’t have, and I think those are the challenges – which obviously affects their performance.’ (Participant 3, Male, 53 years)

Participant 5, who is part of the mining company, observed:

‘Managerial inefficiencies, so you do find that some of them do have the company profile, do have the documentation, but they don’t have the right management skills and expertise.’ (Participant 5, Male, 40 years)

Participant 5 confirms that SMMEs comply with all the requirements for a project; however, they lack the managerial

efficiency required and this challenges their ability to fulfil the requirements of the project. Interestingly, when the government criticised the South African mining industry for lack of transformation, the industry blamed inconsistencies, varying legislation and definitions governing transformation, as well as a lack of skills from historically disadvantaged groups (Moraka 2016). Lack of skills has been identified as a challenge that SMMEs face in the supply chain of the mining industry. According to Macpherson and Wilson (2003), this is likely because of low priority or insufficient support for training and development of managers in SMMEs.

### Theme 3: Segmenting suppliers

Competition in the cement industry emerged as one of the themes from the primary data. This theme developed from the following observations from the participants. Participant 2 responded:

‘Competition is good but it is quite difficult for a small company to compete with the giant, that is the big companies that have been in the mining industry for long. So if the mining company has not decided who to support, then it becomes very difficult for the SMME. And it’s hard to compete with giants in the industry.’ (Participant 2, Male, 39 years)

Participant 5 had the following to say:

‘SMMEs still suffer from competition because they do not always keep up or advance with technology. He explained that they might have all the equipment but lack technological equipment and resources that the Department of Mineral Resources and Energy (DMRE) needs. So that’s another challenge.’ (Participant 5, Male, 40 years)

Participant 10 expressed the following views:

‘I think the biggest challenge is building their footprint because you find that already there are big companies that are already stakeholder. It’s a challenge to secure a tender because we will find that already in the mining industry the key players are the big companies that are the stakeholders.’ (Participant 10, Male, 56 years)

Participant 8 stated the following:

‘Not having a footprint in the industry, hence mostly side-lined. You will find that there is also a case where the guys in the industry are gonna check in terms of where do you also render your similar service, and if you don’t have that much of a footprint, then you do find that they do get side-lined, which again that’s where the development is gonna come through. It’s almost like when you’re applying for a job, they will ask for experience and you’re like, where am I gonna get the experience? And then someone will come and say do the internship and then you get the experience.’ (Participant 8, Female, 44 years)

Since competition in the cement industry in South Africa is fierce, cement manufacturers must have sustainable supply chains in order to maintain their competitiveness as today’s market competition is not between companies but between supply chains (Pooe 2016; Uluskan & Godfrey 2018). Competitors are the driving force behind every company’s success or failure, and competitive strategies are at the core

of a company's success (Raksha 2015). Small, medium and micro enterprises must identify the market they initially target, in this case, being within the mining industry. A competitive advantage is required for SMMEs to perform successfully and efficiently in industries with many more existing competitors. Not all management units understand the importance and the role of such advantages in their strategies, which usually ends with business failures or termination. Thus, SMMEs need to keep abreast with the changes within their environment.

#### Theme 4: Supplier compliance

Compliance came through as a fourth theme. In this regards, Participant 3 who is an attorney operating within the SMME sector retorted:

'The understanding of compliance, the understanding of why you need to comply, why certain health standards are in place, why licenses are required. It's just a simple barrier created from the suppliers' points of view in terms of perception because of lack of those kind of business skills, just simple business acumen and understanding why there needs to be certain compliance.' (Participant 3, Male, 53 years)

Participant 5 added:

'SMMEs not understanding the importance of maintaining compliance, including compliance with tender and/or RFQ requirements. For example, you can find that when they submit and you don't need a letter of good standing even if they know that they don't have one on their side, they will have that thing of maybe because we're going to be reasonably priced, I don't want to use the word cheap then they will consider us and we can see in terms of the letter of good standing later on only to find that it's a pre-qualification criteria and they don't make it through the tender process we can't even get to the costing of it, so it becomes a challenge also from their side.' (Participant 5, Male, 50 years)

Participant 5 explained that suppliers do not comply with the requirements of tenders or requests for quotations. When a tender is advertised, they would rather respond by submitting paperwork with a lower fee, hoping to be awarded the tender. In this case, the issue around compliance is ignored as suppliers think that they are only measured on what price is given. Developing small businesses, specifically in host communities, should not only be about ticking the box for compliance purposes but also about doing the right thing and contributing meaningfully to the companies' and country's transformation and growth strategies. Enterprise and supplier developments' importance and contribution to compliance have now been highlighted. The focus will turn to understanding how to develop effective supply chains and explore different types of supply chains and its elements with a focus on the mining and cement industry.

Supplier compliance within the supply chain is highly challenging because of the complexity of some of the relationships, but companies need to be well aware of the reputational damage that supplier misconduct can cause (Sauer et al. 2018):

'[I]t's the other side of the coin and but all I could think about is just you know, getting the SMME's and ensuring that the governance in relation to compliance as well as safety aspects and all of those, making sure that they're compliant and on par with umm, what's required from the regulatory bodies. So I think that should be one challenge. Just making sure that from a compliance perspective, they're on par.' (Participant 8, Female, 44 years)

Participant 8 also highlighted compliance as a barrier or challenge in developing SMMEs. Suppliers need to understand that compliance is key in everything they do and reduces the risks a business faces by facilitating the right actions and clear understanding. Internal threats often challenge an organisation's performance and compliance exposes unacceptable conduct. Without full compliance, SMMEs cannot reliably build and maintain trust.

#### Theme 5: Information sharing

Access to information also emerged as one of the themes.

Participant 4 responded this way:

'An enterprise development framework would start with just creating the channel to share the information. It really goes a long way to say that community that is where operate are aware and they have access to information about my procurement opportunities. I think for me, that's first and foremost. The company should be seen to be open enough to share these opportunities when they come up in enterprise development, we create channels, whether it's in meetings or engagement forums, or engagement channels, databases and all kinds of platform we maintain in ED just to share and disseminate information on procurement opportunities.' (Participant 4, Male, 45 years)

Participant 12 added:

'Well, to be honest with you, I think that when it comes to enterprise development, all the necessary compliance issues - all the necessary explanations should be given to the SMMEs in order for them to understand what it's actually all about.' (Participant 12, Female, 41 years)

To maintain and enhance performance and superior buyer-supplier relationships, collaborative performance management initiatives need to be implemented, which also facilitates high levels of information sharing (Jaaskelainen 2021). Information sharing includes both financial and non-financial information, and this can now be achieved easier than before as a result of numerous technological capabilities available. Knowledge and information sharing becomes easier when the buyer-supplier relationship has high levels of trust (Rungsithong & Meyer 2020). This could ultimately lead to the establishment and maintenance of a sound link between big and small business. The ability to predict and react to disruptions in the supply chain has become almost instantaneous and companies can use information collected to adapt more efficiently to combat these disruptions (Buyukozkan & Gocer 2018). The right of access to

information empowers citizens to obtain information held by public bodies (with limited exceptions). It encompasses a right to request and receive information, as well as an obligation for governments to publish information proactively. Everyone has the right of access to any information held by the state, and any information that is held by another person and that is required for the exercise or protection of any rights.

## Theme 6: Supplier performance monitoring and evaluation

Management of suppliers happened to be one of the major themes which emerged from the primary data. Participant 15 mentioned the following:

'Managing the supplier once they are in your supply chain to do evaluation, to make sure that they are performing in line with their SLA is just a support programme to make sure that they continue to be viable to stay in business. For someone to take a deliberate effort to make sure that they grow, we continue to evaluate these contracts, we continue to evaluate the performance of this supplier so that we can identify that they are ready to grow, ready to take up this new responsibility.' (Participant 15, Female, 52 years)

Participant 12 added:

'And obviously, you've got teething problems and all those kind of things which adversely affect your performance at the end of the day. But there's no training. Or let says there's no guidance to check in terms of, you know, what's expected of you and all those kind of things. So once again, the expectancy of an SMME versus a huge corporate is what creates the biggest challenge at the end of the day.' (Participant 12, Female, 41 years)

Participant 9 commented:

'It's very important for them to sit with you one-on-one. I know they're very busy because it's usually like very big companies but if they can do like what my supplier did.' (Participant 9, Male, 49 years)

Having effective supplier management has many benefits, including improved quality and delivery of goods and service, reduced costs, and improved relationships with suppliers. In addition, by managing supplier performance, buyers can reduce the risk of disruptions to their own operations.

The building blocks of SRM for enterprise and supplier development are shown in Figure 1. These building blocks are essential in fostering meaningful supplier relationship between the cement mining company and SMMEs.

## Conclusion

The aim of the study was to explore SRM for enterprise and supplier development in a cement mining industry. The literature on the notions of SRM, enterprise development and supplier development was reviewed. The primary data produced six themes, namely: funding the buyer-supplier relationship, skills development, segmenting suppliers,



SRM, supplier relationship management; ESD, enterprise and supplier development; M&E, monitoring and evaluation.

**FIGURE 1:** Building blocks for supplier relationship management for enterprise and supplier development in the cement mining industry.

supplier compliance, information sharing, and supplier performance monitoring and evaluation. These challenges seem to suggest that SRM in the cement mining industry lacks the needed formalisation, without which enterprise and supplier development initiatives may not be effective and sustained. It is evident that there is no clear plan and budget on the part of the industry to fund the enterprise and supplier development (ESD) programme. One of the biggest challenges contributing to SMMEs funding issues is the stringent requirements from financial institutes inhibiting SMMEs from access to cash. This is owing to the fact that SMMEs keep hitting a brick wall insofar as funds and payment terms are concerned. Therefore, it is necessary that funding becomes part of the ESD programmes. Small, medium and micro enterprises also acknowledge that they lack the required skills to execute specific projects and attribute this to the lack of funding and the inability to hire the right people for certain tasks. The lack of simple business skills, business acumen, the right management skills, and expertise has been responsible for the failure of many SMMEs. In SRM, on account of their many inherent deficiencies SMMEs look towards big companies for skills development in technical, managerial and administrative areas.

A further challenge is for SMME suppliers to find themselves competing with more established companies for business. Small, medium and micro enterprise suppliers also believe that it is difficult to compete with the larger organisations because they have more financial muscle and have been operating in the industry for many years. They can also not compete effectively as a result of larger organisations

having more advanced technology and better equipment to fulfil contractual obligations, hence the need for SMMEs to be supported by larger organisations in the mining industry. The unequal levelling field could well be indicative of the fact that there is no clear-cut supplier segmentation. The first four challenges naturally lead to the lack of ability by SMME suppliers to comply with regulations in areas such as occupational health and safety. There also seems to be a lack of platforms for information sharing between buyers and SMME suppliers. This could also be as a consequence of lack of formal structures by the cement mining companies to facilitate supplier relationship management. Finally, primary data revealed that SMME suppliers' performance is not monitored and evaluated by the mines. Without formal channels of communication between the buying company and SMMEs suppliers, the latter are in no position to receive formal feedback insofar as their performance is concerned.

This article has proposed six building blocks of SRM for ESD in the cement mining industry. Firstly, ESD programmes need to be sufficiently formalised and funded. Secondly, ESD programmes need to revolve around skills development for entrepreneurs and SMME suppliers. Such development will enable SMMEs to take advantage of future procurement opportunities and meaningfully contribute to the success of their customers in the mining industry with a view to ultimately creating mutually beneficial relationships. Thirdly, segmenting SMME suppliers is critical in helping the buying companies recognise that SMME suppliers are themselves at different growth trajectories, and that any needed support needs to be tailored to their needs and level of development. Fourthly, the ESD programmes should also assist SMMEs working with the cement mines to appreciate the importance of compliance to industry laws and regulations. Fifthly, the ESD programme needs to facilitate open communication and foster information sharing between the mining company and SMMEs. Sixthly, the ESD programme should be characterised by a culture of performance, and the SMMEs need to understand that their remaining on the programme depends on how well they take advantage of the support provided by the ESD programme.

Despite the contribution made by the study, there were limitations too. These include the fact the views expressed by the participants may not necessarily be generalised because of the fact that the study was of a qualitative nature. It is however, recommended that future studies use a much bigger sample and employ quantitative methods to test the veracity of the six building blocks proposed. Furthermore, future studies could also focus on other mines.

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## Authors' contributions

Z.R. undertook the study and wrote the first draft. D.P. supervised the study, corrected and edited the article. W.M. co-supervised the study and guided the data collection work.

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## Data availability

The data that support the findings of this study are available from the corresponding author, D.P., upon reasonable request.

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The views and opinions expressed in this article are those of the authors and do not necessarily reflect the official policy or position of any affiliated agency of the authors, and the publisher.

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