

Examining the Role of Logistics and Supply Chain Management in the Enhancement of Small and Medium Enterprises (SMEs) in Nigeria

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Abstract: *The strategic role of logistics and Supply Chain Management (SCM) in any business cannot be overemphasized. The place of small and medium enterprises in an economy globally has remained one the key factors for the economic growth and development of any country. The paper examines the role of logistics and supply chain management in the enhancement of Small and Medium Enterprises (SMEs) in Nigeria. The paper applies Value Chain Theory. Methodologically, qualitative research method is used. A combination of descriptive and narrative research design is applied based on secondary data. The paper among things the logistics and supply chain industry is key to guaranteeing the competitiveness of companies in Nigeria in general and SMEs in particular. The sector has remarkable growth potential and principally acts as a motor of private sector development and economic growth. One of the recommendations of the paper is that SMEs need to be encouraged to utilize their logistics and SCM capabilities and cooperative relationship to access the latest technology, materials, process and other methods of innovation which will make them functional in business societies.*

Keywords: Logistics, Supply chain, Supply chain management, Small to medium-sized enterprises, Nigeria

INTRODUCTION

Globally, the small and medium-sized enterprises (SMEs) sector plays a crucial part in the economies of all of the countries. The SMEs are the foundation for the development of the national and global economies. In a modern-day complex and competitive business environment, the adaptation of appropriate strategies is a particularly important effort to furthering the development of companies from the SMEs sector (Kot, 2018). Small and medium enterprises (SMEs) are the lifeblood of every economy. However, in order for them to sustain their role of contributing to the mainstream economy, SMEs have to implement effective strategies in all of their business operations, inclusive of logistics. The function of logistics is important to SMEs because it is the quintessence of the organisation's relationship with suppliers and customers (Mafini & Omoruyi, 2013). One of such strategies that is applicable include the supply chain management for the development the SMEs. With the combination of logistics and supply chain management, the enhancement of SMEs in any economy is guaranteed. Nigeria is not an exception.

Small and Medium Size Enterprises (SMEs) comprise 70-90 per cent of enterprises in most emerging countries, and therefore make a large contribution to entrepreneurship, gross domestic product, and employment. In addition to their vital role in generating employment and economic growth, SMEs form the largest group of manufacturing firms which essentially provide specialty manufacturing and support services to LEs (Thakkar, Kanda & Deshmukh, 2011). Supply chain management in SMEs is an approach that helps the organization to function in a more agile and cost effective manner by integrating the processes of various partners at all three levels – strategic, tactical, and operational. Even though globalization has increased pressure on some SMEs to continually reduce their prices against their quality and services, SCM can improve the performance of SMEs and increase their profitability by enhancing their ability to obtain supplies of the right quality, at the right time, and at the most favored prices (Baymout, 2015).

STATEMENT OF THE PROBLEM

Small and Medium Enterprises (SMEs) in Nigeria have not performed creditably well and hence have not played the expected vital and vibrant role in the economic growth and development of Nigeria. This situation has been of great concern to the government, citizenry, operators, practitioners and the organised private sector groups (Onugu, 2005).

Despite the increasing attention being paid by all modern enterprises to supply chain management practices globally, small and medium-sized office supplies firms still lag behind in embracing the SCM practices (Owiti, 2014). A study conducted by Thakkar et al (2012) concluded that supply chain management issues are more comprehensively explored in the context of large enterprises but less attention is paid to SMEs. Wanjau (2013) conducted a study on the role of quality in growth of SMEs and economic development of Kenya. Even though conducted in Kenya, this study was inappropriate in terms of addressing the SCM practices, benefits and challenges among SMEs in Nigeria. Quality has not been identified by any previous studies as supply chain management practice.

Despite the increasing relevance of SCM to small and medium enterprises for economic growth in Nigeria, they are still lagging behind in appreciating integrated logistics and supply chain dimensions, which drives remarkable change in business processes;

work with positive results for better quality services, cost reduction and efficiency. SMEs in Nigeria also lack strong awareness in practicing effective SCM practices. In an attempt to manage and respond to increased complexity of markets, technologies and suppliers, SMEs in Nigeria struggle more with SCM processes compared to large enterprises.

SMEs must first be taught what logistics is, since, contrary to their larger peers, they have no idea what cycle time for example means (Harrington, 1995, p. 57.) Unfortunately, most researches do not examine the logistics interpretation of the small and medium-sized enterprises, despite the fact that, presumably, they embody rather different approaches which impacts also on the validity of the content of the studies (Gecse, 2012).

OBJECTIVES

The major objective of this paper is to examining the role of Logistics and Supply Chain Management in the enhancement of Small and Medium Enterprises (SMEs) in Nigeria.

Two specific objectives are:

- i. To explain the levels of Logistics and SCM in SMEs
- ii. To examine the challenges of SMEs in Nigeria

CONCEPTUAL REVIEW

The Concept of Logistics

It may also be perceived as the process of planning and implementing the flow of products, parts, services and related information necessary for production and delivery (Lasserre, 2004). Logistics has an important theoretical and conceptual foundation, drawing on theories from a range of disciplines such as marketing, purchasing and supply, business strategy, supply chain management (SCM), economics, organisational theory as well as general management (Dekker, Bloemhof & Mallidis, 2012).

As currently understood, logistics is a broad concept defined as “that part of the supply chain management that plans, implements, and controls the efficient and effective forward and reverse flow and storage of goods, services, and related information between the point of origin and the point of consumption in order to meet customer’s requirements” (Council of Supply Chain Management Professionals, 2012).

The word logistics is defined as “the in-depth coordination of complex operations,” and it is generally taken to refer to the process by which products and supplies are efficiently moved across a geographic area. Sometimes that area is a warehouse, sometimes it’s a city, and sometimes it’s an entire nation or continent (See <https://homebusinessmag.com/growing-a-business/diversifying-a-biz/importance-logistics-growth-small-businesses>).

Logistics is the physical distribution that attempts to systematically manage a set of related activities that include transportation, distribution, storage, finished products, inventory levels, packaging and material handling to guarantee the efficiency of the delivery of finished products to the clients (Kwateng, Manso & Mensah, 2014).

The Concept of Supply Chain

Chan et al., (2006): A supply chain can be viewed as a network of participating corporations working together to achieve global objectives, which are generally minimizing total cost, or reducing inventory level, etc, through which material and products are acquired, transformed and delivered to consumers in markets. Supply chain management is the act of optimizing all activities through the supply chain, so that products and services are supplied in the right quantity, at the right time and at an optimal cost.

According to Beamon (1998), a supply chain may be defined as an integrated process wherein a number of various business entities (that is, suppliers, manufacturers, distributors, and retailers) work together in an effort to: (1) acquire raw materials, (2) convert these raw materials into specified final products, and (3) deliver these final products to retailers. This chain is traditionally characterized by a forward flow of materials and a backward flow of information. Pienaar (2009) defines Supply Chain as a general description of the process integration involving organizations to transform raw materials into finished goods and to transport them to the end-user.

Mentzer et al. (2001) have defined the supply chain as a series of three or more entities (organizational or individual) that are directly involved in two-way flows of products, services, finances and/or information, from source location to consumer. Min and Zhou (2002) have observed the supply chain as an integrated system that synchronizes a series of interdependent business processes in order to: (1) supply raw materials and parts; (2) transform these raw materials and parts into finished products; (3) add value to these products; (4) distribute and promote these products either to retailers or consumers; (5) ease information exchange between different business entities (such as suppliers, manufacturers, distributors, logistics service providers, and retailers).

The Concept of Supply Management

The Supply Chain Management Professionals' Council (2009) asserts that Supply Chain Management (SCM) includes the designing and management of all activities involved in sourcing and purchasing, transformation, and all logistics management activities. Principally, it also includes coordination and partnership with network partners, which can be suppliers, mediators, third party service providers and customers. Fundamentally, Supply Chain Management (SCM) coordinates supply and demand management within and across companies.

According to Simchi-Levi et al. (2003), Supply Chain Management (SCM) refers to a set of methods used to effectively coordinate suppliers, producers, depots, and retailers, so that commodity is produced and distributed at the correct quantities, to the correct locations, and at the correct time, in order to reduce system costs while satisfying service level requirements. Hensher & Brewer (2004) think that supply chain management comprises all business and management activities that are used for transforming input resources in products and services. According to Grant et al. (2006), Supply Chain Management refers to corporate business processes integration from end-users through suppliers that provides information, goods, and services that add value for customers.

The Concept of Small and Medium Enterprises

SMEs, or small and medium-sized enterprises, are defined differently around the world. The country a company operates in provides the specifics on the defined size of an SME. The sizing or categorization of a company as an SME, depending on the country, can be based on a number of characteristics. The traits include annual sales, number of employees, the amount of assets owned by the company, market capitalization, or any combination of these features. The United States also defines SMEs differently from one industry to another.

SMEs are non-subsidary, independent firms/organizations which employ fewer numbers of employees (OECD, 2005). This number varies across countries. According to the European Union (EU), SMEs are categories of micro, small and medium-sized enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million Euros. In Nigeria, the Central Bank of Nigeria in its monetary policies circular No. 22 of 1988 defined SMEs as enterprises which have an annual turnover not exceeding Five Hundred Thousand Naira (₦500,000). For the sake of clarity, the National Policy on Micro Small and Medium Enterprises (MSMEs) has given a clear distinction of enterprises, based on employment and Assets. SMEs are organizations which can best be described through their capital, scope and cost of projects, annual turnover, financial strength and number of employees amongst other things (Mekwunye, 2018).

The most frequent upper limit designating an SME is 250 employees, as in the European Union. However, some countries set the limit at 200 employees, while the United States considers SMEs to include firms with fewer than 500 employees (OECD, 2005).

The Concept of Small Enterprise: In Nigeria, an enterprise whose total cost including working capital but excluding cost of land is between ten million naira (₦10,000,000) and one hundred million naira (₦100,000,000) and/or a workforce between eleven (11) and seventy (70) full-time staff and/or with a turnover of not more than ten million naira (₦10,000,000) in a year (Onugu, 2005).

According to the Central Bank of Nigeria report (2003), small scale firms are firms with a workforce of 11 – 100 workers and a total cost of not more than 50 million naira including working capital and excluding cost of land. In July, 2001, the national council on industries at the 13th meeting in Markurdi, Benue State, reviewed and adopted the following classification of industrial enterprises and came up with the definition that “A small scale industry is an industry with total capital employed of over N1.5 million but not more than ₦50 million including working capital but excluding cost of land and of a labour size of 11 -100 workers (Francis, 2009).

The Concept of Medium Enterprise: The concept of medium enterprise in Nigeria is understood as a company with total cost including working capital but excluding cost of land of more than one hundred million naira (₦100,000,000) but less than three hundred million naira (₦300,000,000) and/or a staff strength of between seventy-one (71) and two hundred (200) full-time workers and/or with an annual turnover of not more than twenty million naira (₦20,000,000) only (Onugu, 2005).

According to the Central Bank of Nigeria report (2003), medium scale firms was defined as firms that have a labour force of between 101 – 300 workers with a total cost of over ₦50 million naira but not less than ₦200 million naira including working capital but excluding cost of land.

The Concept of Large Enterprise: Any enterprise whose total cost including working capital but excluding cost of land is above three hundred million naira (₦300,000,000) and/or a labour force of over two hundred (200) workers and/or an annual turnover of more than twenty million naira (₦20,000,000) only (Onugu, 2005).

THEORETICAL REVIEW

Value Chain Theory

Theoretically, this paper relies on the Michael Porter's Value Chain Theory. The **value chain**, according to Porter in his one most widely read book "Comparative Advantage: Creating and Sustaining Superior Performance" (1985) is a set of the primary and support activities that an organization uses to create value in the form of products or services. It is a useful tool for taking stock of organizational capabilities. A value chain is a chain of activities. In the value chain, some of the activities are deemed to be primary, in the sense that these activities add direct value. In the preceding figure, primary activities are logistics (inbound and outbound), marketing, and service. Support activities include how the firm is organized (infrastructure), human resources, technology, and procurement. Products pass through all activities of the chain in order, and at each activity, the product gains some value. A firm is effective to the extent that the chain of activities gives the products more added value than the sum of added values of all activities (Carpenter, Bauer & Erdogan, 2012).

The value chain analysis describes the activities the organization performs and links them to the organizations competitive position. Value chain analysis describes the activities within and around an organization, and relates them to an analysis of the competitive strength of the organization. Therefore, it evaluates which value each particular activity adds to the organizations products or services. This idea was built upon the insight that an organization is more than a random compilation of machinery, equipment, people and money. Only if these things are arranged into systems and systematic activities it will become possible to produce something for which customers are willing to pay a price. Porter argues that the ability to perform particular activities and to manage the linkages between these activities is a source of competitive advantage. Porter distinguishes between primary activities and support activities (Augustine, Nimfa & Folagbade, 2017).

Primary activities are directly concerned with the creation or delivery of a product or service. They can be grouped into five main areas: inbound logistics, operations, outbound logistics, marketing and sales, and service. Each of these primary activities is linked to support activities which help to improve their effectiveness or efficiency. There are four main areas of support activities: procurement (supply Chain), technology development (including R&D), human resource management, and infrastructure (p. 80).

EMPIRICAL REVIEW

The importance of SMEs in Nigerian Economy

Around the world, a lot has been said about SMEs. Also there has been various subject of discussions, seminars, and workshops both locally and internationally about SMEs. Some government have specifically formulated policies to aid the empowering, growth, development and performance of SMEs, while have assisted through loans and fiscal incentives (Onugu, 2005). According to Central bank of Nigeria report (2003), SMEs are very important economic catalyst in developing and industrialized countries. In developed countries 98% or more than belong to the Small and Medium scale sector. In Japan, 80% of industrial labour force is employed by small firms, 50% in Germany and 46% in USA are employed by smaller businesses.

Logistics plays a crucial role in the growth of SMEs, especially when they decide to reach out to markets outside of their country. In fact, the optimization of supply chain management within a firm is an element that will determine the success or failure of its internationalization process (Kirby & Brosa, 2011).

The role small and medium enterprises play in the development of country is very important. SMEs have greatly contributed to the Nigerian development in terms of employment, growth and development, and marketing of goods and services (Ayozie O, 2006). The Nigerian Government is turning to small and medium scale industries and entrepreneurs as a means of developing the economy and solving problems (Latinwo and Ayozie, 2010). A great percentage of all registered companies in Nigeria are constituted by small scale industries and they have been in existence for a long time (Ayozie, 2006).

Employment Generation

SMEs have the capacity to generate employment as their mode of operations is more labour intensive. Their labour intensive nature is much higher than that of large enterprises. It has also been observed that more jobs per unit of investment capital and per unit energy consumed are created worldwide by SMEs than large scale enterprises (Venkatarman, 1984 as cited in (Oduntan, 2014). According to Crusher (2010) and Lawal (1993), SMEs have helped in solving the problem of unemployment in many countries (Oduntan, 2014). The small scale enterprises, especially the ones operating in the rural areas, help to reduce rural-urban migration (or population movement) by the employment of youths in the rural areas.

Poverty Alleviation

SMEs play a vital role in reducing poverty and inequality among citizenry. This is not unconnected to the affordable and relatively low capital requirement for its establishment. It also engages both skilled and unskilled workforce thereby creating a means of livelihood. This is an important role in any economic development process (Oduntan, 2014).

Capacity Building

The small and medium scale enterprises, in a way, develop a pool of skilled and semi-skilled manpower. Because people with inadequate skills are engaged by the entrepreneur, they have the opportunity to develop their skills for future advanced functions in well-established industries (Crusher, 2010; Lawal, 1993). SMEs provide a platform for training of indigenous entrepreneurs, which drives the wealth creation process at all levels. It has even been established that SMEs is a nursery of entrepreneurship where individual creativity and innovation are the driving force. Therefore, they may be as the university where vast majority of entrepreneur receives training (Oduntan, 2014).

Technological Acquisition

Small-scale industries provide opportunities for the development of local skills and technology acquisition through adaptation. The “Aba made good syndrome” a concept adopted by the part of Nigeria is a clear manifestation of such technological acquisition and this gives impetus to rapid development in the economy (Odubanjo, 2000). Crusher (2010) and Lawal (1993) observe that SMEs help to solve the daunting unemployment situation in the country by the creation of jobs and employment of large number of unskilled and semi-skilled people.

Industrial Dispersal

SMEs could easily be located in rural areas because they can survive on rudimentary industrial infrastructure consequently they serve as major facilitators for industrial dispersal and rural development and thus have the capacity to stem rural-urban conjuration.

Technological/Industrial Development

SMEs have short-term gestation period and high potentials for quick yield on investment. They provide promising alternatives for countries that desire the fast option of industrial development. This is possible in most cases because the technology in use is less complex and can be handled and manipulated by the entrepreneurs (Oduntan, 2014). The SMEs provide opportunity for developing and adapting appropriate technology and serve as excellent breeding ground for entrepreneurial and managerial capacity. They also stimulate indigenous entrepreneurship (Crusher, 2010; Lawal, 1993).

Crusher (2010), Lawal (1993) as cited in Obi (n.d.) summarily list the following as the contributions of the SMEs to the Nigerian economy: They increased output of goods and services for the generality of the people of Nigeria; improve backward linkages between them and the agricultural economy; their operations make possible increased utilization of local resources as inputs for processing and production of goods; they supply large firms with intermediate materials and help to distribute the products of large firms on commission basis or serving as sole distributors for the large firms; they help to preserve competition and prevent monopolistic tendencies by the large firms; and they have great flexibility for innovation and extend the frontiers of knowledge on local products and services.

RESEARCH METHODOLOGY

This paper is based on a rapid review of the existing literature in order to better understand the issue of logistics and supply chain management and their role in the Small and Medium Enterprises in Nigeria. This paper adopted historical and descriptive research design. The method and sources of data were from secondary (indirect) sources through an extensive study and review of textbooks, newspapers, magazines, journals, periodicals, the internet-based materials, archival materials, bulletins and other documented materials that have treated the subject matter of this study or/and other related topics.

The paper is purely non-statistical research based. Data were gathered from secondary sources. The secondary data for this study were reliable since they were collected by the researcher himself according to the research objectives and questions, and he neglected unrelated information. These data were also reliable since they have satisfied publication criteria and subjected to public examination. The researcher was also thorough in selection of relevant data for the study; hence, the problems of unsuitability, reliability, inadequacy and invalidity were taken care of.

DISCUSSIONS

THE IMPORTANCE OF SUPPLY CHAIN MANAGEMENT TO SMES

Generally, SCM practices contribute to innovation in businesses through coordination and integration of tasks and activities throughout the chain (including clients, suppliers and the focal company) to facilitate the design, development and delivery of solutions (Srivastava, Shervani and Fahey, 1999). Innovation is understood as significant changes in products and processes (Bunnell and Coe, 2001), as well as the introduction of new products, processes and/or services in the market (OECD, 2005).

SCM practices are understood as practices of collaboration and IT integration of SMEs with their clients and suppliers (Koh et al., 2007; Kim, 2009). Collaborative practices include activities developed jointly with suppliers and clients, based on customizing products or identifying and evaluating trends, for mass-production products, and considering improvements in production processes, the use of new materials and the incorporation of software (Kaminski, Oliveira and Lopes, 2008).

In order to obtain the benefits of vertical integration without falling afoul of the formal costs of property (Arend & Wisner, 2005), SCM creates value for SMEs and permits the development of important competitive advantages by means of the relationships between suppliers and clients (Bordonaba-Juste & Cambra-Fierro, 2009). Among the benefits of SCM practices for SMEs are the positive impact on their operational and general performance (Bayraktar et al., 2009; Bhutta, Rana & Asad, 2007), providing competitive advantages through the relationship with clients and suppliers (Bordonaba-Juste and Cambra-Fierro, 2009) and support to innovative processes (Zeng, Xie & Tam, 2010; Wang & Kafouros, 2009).

Implementing SCM practices in Small and Medium Enterprises can be a difficult affair. While Large Enterprises have the resources to invest in Supply Chain Management practices, SMEs, who will benefit greatly, often lose out mainly because SMEs are small in size and many in number and they lack adequate resources in terms of people, finance and technology to implement the best supply chain practices to their benefit. It has become increasingly important for SMEs to have a supply chain strategy, to enable them to be competitive in the marketplace

There are many ways SCM can be beneficial to SMEs. Balarabe (2018), however, identifies some benefits which among others include:

Supplier Relationship Management: Just like the customer, the supplier is a very important part of the supply chain. The company identifies its key suppliers, negotiates and enters into an agreement with them. It tries to forge good relations with its main suppliers resulting in a win-win situation. In today's business environment, organizations have to develop a relationship with their suppliers by actively listening to their problems and trying to solve them, thus making them partners in the supply chain process.

Customer Relationship Management: Many companies spend loads of money in attracting new customers. But it is equally important to value and nurture existing relationships. This process involves identifying the key customers of a product and meeting their requirements. Various types of customers are identified, their needs are assessed and the product is customized accordingly. The customers can also be classified into large and small customers and accordingly serviced.

Adoption of Enterprise Resource Planning (ERP): With some resources some SMEs can afford to fund a moderate version of ERP software which would ease their operations through the tremendous advantages provided by this system. Most of the advantages discussed below if not all are embedded into the ERP system.

Formation of Consortia or Cooperatives: This is one of the easiest way SMEs will benefit from the advantages of operations through Consortia. If carefully formed consortium will definitely provide an avenue for the SMEs to utilize and harness the various components of Supply chain to run their business effectively and efficiently.

Customer Service Management: This process provides the interaction with customers. This is the face of the company, as far as the customer is concerned. This may also involve helping the customer to locate where his goods are in transit or installing the product at the customers' place. It should be noted that Customer Service Management, which interfaces with customers, is different from Customer Relationship Management, which defines the processes of acquiring and maintaining customers.

Agility production and management: SMEs should adopt supply chain practices which helps them to be agile and respond fast in this ever-changing market place. In fact, SMEs have an advantage over Large Enterprises when it comes to agility because of less bureaucracy and smaller size. Some of latest tools used in SCM Are Lean practices, Six Sigma and 5S Methodology. While it might seem like a lot of effort, especially for Small Enterprises, it is important that they carefully evaluate their SCM. It is not necessary to use expensive software to have a good SCM system. Well-defined management processes will ensure that the supply chain works seamlessly from the producer to the consumer.

THE LEVELS OF LOGISTICS AND SCM IN SMES

Logistics as an overarching activity is of paramount importance to SMEs because it is the essence of the organisation's relationship with the customer, who is in turn, the revenue generator for SMEs (Burt, Petcavage & Pinkerton, 2010). It determines where the money comes from and addresses the reason for existing in business, that is, to create and profit by satisfying customers'

needs (Krajewski, Ritzman & Malhotra, 2010). Logistics strategies also provide continuous customer relationship improvement in order to gain competitive priority (Chen, 1999 as cited in Mafini & Omoruyi, 2013).

It determines whether the SME will be able to deliver the product as promised or will let the customer down (Hong & Jeong, 2006). The way a logistics strategy is implemented by the SMEs determines their commitment to customers and profitability. Logistics is therefore important for all organisations because it makes or breaks customer relationships (Cant, Strydom, Jooste & Du Plessis, 2006).

Kummer (1995) distinguishes four phases of the development of the logistics level of small and medium-sized enterprises, the distribution of which among enterprises:

- In the pre-logistics phase, the company logistics tasks are not coordinated yet.
- Interest in logistics represents the start of the logistics knowledge of the employees (e.g. they go to seminars) and the first pilot studies.
- The phase of initial-level logistics means the isolated, insular implementation of a logistics strategy/concept.
- In the professional logistics phase the logistics strategies/concepts transgress the boundaries of the company itself; they exploit the effect of the learning/experience curve in logistics, and the logistics strategy/concept is deeply ingrained in corporate practice.

According to Halley and Guilhon there is no good or bad small business logistics strategy; it is determined by two key factors: the owner-manager and the dependence of the company on its environment. They found basically three types of models of small business logistics strategy (Halley & Guilhon, 1997, pp. 487-488):

- “A deliberate, proactive strategy enables the value chain to be redirected towards high added value activities.” Logistics is a strategic function here which conditions the organisational form, the competencies, the fields of areas, while maintaining the owner-manager’s control over operations.
- “A reactive strategy, where the gradual adoption of logistics activities allows existing internal and external resources to be maximised. Here logistics is an adaptation tool concerned only with one function of the organisation.”
- “An emerging, evolving strategy for young small firms seeking a quality image for their products and processes, while preserving their independence from partners.”

A logistics strategy in SMEs can only be implemented amidst the appropriate conditions; no firm should be forced to introduce logistics in its strategic concerns, but those that do so are more effective in their markets and in their internal processes (Halley & Guilhon, 1997).

CONCLUSION

In conclusion, the assessment of the logistics performance of small and medium businesses based on the financial, organisational and value-creating aspects will yield different results (Halley & Guilhon, 1996), and the logistics response capacity of small and medium-sized enterprises is enhanced by cluster membership (Grando & Belvedere, 2006). Some researchers have identified relationship between certain logistics components and company performance (Lea et al., 1996); Orfanos et al., 2010), but according to Töyli et al., (2008) and Solakivi et al., (2011), there is no statistically significant positive relationship between logistics and financial performance.

The SMEs despite their small or limited sizes, available funds and assets can benefit from the implementation of logistics and SCM in their operations. This is very critical because most Government in Africa hardly genuinely assist this largest segment of supply chain linkages despite the various Agencies established for such purpose.

From among the components of logistics performance, cost levels are given a priority role, and they are examined at macro- or corporate level. At the latter, according to the surveys, the logistics costs of SMEs correspond to less than 22% of their total costs or sales revenues. Most SMEs are aware to a moderate extent or not at all of their logistics cost level (Virum, 1994); Tempel & Meißner, 2002), or they assume it is zero (Berr et al., 1990; Campos-Garcia et al., 2011).

The logistics industry is key to guaranteeing the competitiveness of companies in Nigeria in general and SMEs in particular. The sector has remarkable growth potential and principally acts as a motor of private sector development and economic growth.

Most areas of SC engagement are outsourcing of functions, such as 3PL adoption of certain level of ERP, formation of consortia and best practice in management such as lean, agile or leangilty which would make the SMEs more responsive to ever changing customer demands in the market place.

RECOMMENDATIONS

- i. The paper recommends that government at all levels should as a matter of national development, pay more attention to the development of the value chain to focus the SME sector and implement a new strategy based on the principle that SMEs are a company that can provide a reasonable basis. This will go a long way to achieving greater wealth creation, employment growth and increase the country's ability to earn foreign currency through small and medium enterprises (Taiwo & Olufunke, 2018).
- ii. It is also recommended that SMEs need to be encouraged to utilize their logistics and SCM capabilities and cooperative relationship to access the latest technology, materials, process and other methods of innovation which will make them functional in business societies (Augustine et al., 2017).
- iii. The paper further recommends a greater need for collaborative approaches between large firms and their small suppliers and distributors, and with industry associations that can help increase awareness of the benefits of e-business among their memberships.
- iv. As a remedy to the extensive skills shortages, SMEs could invest in sustained training and development programs aimed at enhancing the logistics-related skills of their workforce (Brum, 2010). To deal with the complications associated with technology, SMEs could ensure that technology issues are co-opted into strategic planning initiatives, such that they form part of the goals and vision of the enterprise (Gagnon & Dragon, 1998).

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