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The Significant Effect of Information Sharing and Strategic Supplier Partnership on Supplier Performance

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Abstract: This article explores the importance of incorporating supply chain management (SCM) in Malaysian manufacturing industry. The paper investigates the influences of two important key ingredients of SCM namely 'information sharing between SCM partners' and 'strategic supplier partnership' on 'supplier performance'. The study measures production or SCM managers' perceptions regarding SCM and level of performances in their companies. The SEM result demonstrates that proxies of 'information sharing between SCM partners' namely 'sharing of business knowledge and plan', and 'sharing of production information' appear to be of primary importance and exhibit significant impact on 'supplier performance'. In addition, determinants of 'strategic supplier partnership' such as 'quality and continuous improvement programs' and 'joint-effort problem solving' also demonstrate high and significant impacts on 'supplier performance'. Manufacturing companies should emphasize greater attention to 'sharing of business knowledge and plan with suppliers' in ISBP programs as well as 'quality and continuous improvement programs' in SSP programs.

Keywords: Supply Chain Management, Supplier Performance, Pearson's Correlation, Structural Equation Modeling

INTRODUCTION

Intense global competition and challenges have prompted many manufacturing companies to be more involved in how their suppliers and customers do business. They need to have more emphasis on manufacturing processes that have impact on enhancing supply chain management performance and bottom-line outcome. The processes may include the procurement of raw materials, products' designs

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