



# Research on the Role and Existing Problems of Enterprise Supply Chain Management in Zhejiang Province

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**Abstract.** The rapid changes in China's domestic and foreign economic environment have put forward higher requirements for the level of enterprise supply chain management. As an important link in enterprise development, supply chain management should be highly valued by enterprise managers to improve the competitiveness of enterprises. Starting from the concept of enterprise supply chain management, this article expounds on the function of supply chain management, analyses the development status of small and medium-sized enterprises in Zhejiang Province and finds that small and medium-sized enterprises have problems such as weak capital chain, lack of professional talents, weak informatization foundation, and difficult transformation and upgrading in supply chain management. Finally, it puts forward optimization countermeasures for enterprise supply chain management to provide a strong reference for enterprise development.

**Keywords:** Supply chain management · enterprise management · small and medium-sized enterprises · application strategies

## 1 Introduction

Enterprise supply chain management is an important sector of enterprise operation and management. It mainly refers to enterprise managers using the business process between suppliers and customers to identify, analyze and evaluate the development of internal economic activities and the operation of monetary funds in enterprises, and set up matching management risk procedures to ensure the normal operation of enterprise activities. The goal of regular supply chain management is to achieve the normal development of the daily economic activities of enterprises, set up corresponding development goals, activity plans and management systems according to the enterprise development strategy, ensure that enterprise supply chain management is compatible with enterprise economic activities, optimise enterprise resources, and enable enterprises to win in the fierce competition between chains and chains.

At the same time, Martin Christopher, a supply chain management expert, pointed out that competition in the 21st century is no longer between enterprises and enterprises, but between supply chain and supply chain [1]. The quality of production products and

customer satisfaction are not only determined by the production enterprise, but also closely related to the raw material suppliers upstream of the enterprise, downstream logistics distribution and other enterprises. The production enterprise is only a node in the chain. Only when all enterprises in the product chain have the largest production capacity, best management and the highest efficiency can they be in the leading position in the market. Therefore, in the face of market competition, we should not only consider node enterprises, but also pay attention to the management of all enterprises in the supply chain. So, for small and medium-sized enterprises, improving product quality and market competitiveness are not only determined by individual enterprises, but also related to other enterprises in the supply chain. Especially in the context of the COVID-19 epidemic, how to implement effective management to face the risks caused by the epidemic is an urgent problem to be solved.

## **2 Functions and Concepts of Enterprise Supply Chain Management and Research Overview**

### **2.1 Concepts of Supply Chain Management**

Enterprise supply chain management needs to collect and summarise a series of production and operation information and make a dynamic, continuous, and circular analysis of the business situation of enterprises. Therefore, when formulating supply chain management rules and regulations, enterprises need to make corresponding changes according to the internal and external environment, and mobilise according to relevant information flow, product flow and capital flow. Usually, the goal of supply chain management is to achieve the normal development of the daily economic activities of the enterprise, set up corresponding development goals, activity plans and management systems according to the enterprise development strategy, ensure that the enterprise supply chain management is compatible with the enterprise's economic activities, optimise the enterprise resources, and let the enterprise win in the fierce competition between the chain and others.

### **2.2 Functions of Supply Chain Management**

Supply chain management includes the whole process of controlling the transformation of materials to finished products through management, as well as the process of the flow of finished products from organisation to final consumers. The purpose of supply chain management is to improve trust and collaboration among supply chain partners, so as to improve the visibility of inventory in all aspects, accelerate inventory turnover and reduce the utilisation rate of inventory funds.

In recent decades, in the context of globalisation, the development of outsourcing and information technology has enabled many organisations such as Dell and Hewlett-Packard has successfully operated collaborative supply chain network management methods, making each of its professional business partners more focused on key strategic activities within its jurisdiction. This kind of supply network between organisations can be considered to be a new form of organisation, and they cooperate.

### 2.3 Research Overview

Through effective supply chain management, each node enterprise can reduce total transaction costs, improve work efficiency and expand market share on the basis of providing the best products and best services to end users. At this stage, the total inventory cost, logistics transportation time, customer service quality and total cycle time of each partner enterprise are in the best state.

There are many small and medium-sized enterprises in China and can adjust their strategies quickly and flexibly according to market changes. However, small and medium-sized enterprises still face many problems in the process of implementing supply chain management, which can be summarised as the following three aspects.

First, small and medium-sized enterprises have difficulties in financing. Zifinance is an important factor that restricts the development of small and medium-sized enterprises and their participation in domestic and foreign supply chains [2]. Fan Ying pointed out in 2021 that the main way for small and medium-sized enterprises to obtain exogenous funds is to guarantee or mortgage loans to commercial banks, but they will face financing difficulties due to insufficient effective mortgage guarantee assets, high financing costs, and financial institutions' preference for granting credit to large enterprises.

Second, due to the lack of information technology and talents, a matching information logistics management model has not been established. In 2011, Tao Yu mentioned that the concept of logistics management of small and medium-sized enterprises was relatively backward, ignoring the importance of information and systems, and should establish an advanced logistics management information system [4]. Yang Lingyan and Li Dengming pointed out that in the context of modern society, although logistics management has been innovatively managed, the scope of logistics management coverage of small and medium-sized enterprises is limited, and no specialised information logistics management platform has been set up, and further exploration is needed [3].

Third, lack of professional talent management. In 2017, Dong Guanqun mentioned that some small and medium-sized enterprises still adopt the concept of parental or family-style management, not paying attention to the introduction of professional talents. In addition, the career development plan and salary of small and medium-sized enterprises cannot be compared with large enterprises, so it is difficult to attract high-quality talents for long-term employment.

In addition, Zhang Zhijian and Zhou Xiangfeng also mentioned that there are practical problems such as lack of social integrity, lack of core competitiveness, inability to withstand information construction plans, and difficulties in information sharing in the supply chain management of small and medium-sized enterprises [5]. Zhou Bing pointed out that there are four problems in the supply chain management of small and medium-sized enterprises: fixed logistics operation mode, unstable cooperation with upstream and downstream node enterprises, inefficient information transmission and reflection, and high inventory level [6]. They can range from strengthening the concept to making it more user-friendly, emphasizing the benefits and characteristics of small and medium-sized businesses, and reducing inventory regulations. The seven perspectives of modelling, realising information management, attaching importance to human resources development and building a supplier evaluation management system are improved.

### **3 Analysis of the Current Situation of Small and Medium-Sized Enterprises in Zhejiang Province**

First, the number of small, medium and micro enterprises in Zhejiang Province is large and the development is stable [7]. In 2019, there were 45,695 industrial enterprises above scale in Zhejiang, accounting for 12.09% of the country. Among them, 45119 small and micro enterprises above scale, accounting for 98.74% of the total number of Zhejiang. Between 2015 and 2019, although the number of small and medium-sized enterprises above the scale in Zhejiang decreased in 2016, the overall upward trend, with an average growth rate of about 2.7%. At the same time, there are 4.97 million individual industrial enterprises, which is relatively large.

Second, the overall development of small and medium-sized enterprises in Zhejiang Province is inextricably linked to the local economy. In comparison, the number of regional industrial enterprises with advanced economic development is relatively large. In 2019, the GDP of Zhejiang Province was 6235.2 billion yuan, of which the top five were Hangzhou, Ningbo, Wenzhou, Shaoxing and Jiaying, and the last three were Quzhou, Lishui and Zhoushan. At the same time, in terms of the number of small, medium and micro industrial enterprises in the province, the number of enterprises in Ningbo, Wenzhou and Jiaying is relatively large, while Lishui, Quzhou and Zhoushan are relatively small.

Third, small and medium-sized enterprises in Zhejiang are mainly focused on advantageous industries in various regions of the province. Small and medium-sized enterprises in Zhejiang mainly focus on the characteristic industries in the region, such as Shaoxing's textile industry, Yiwu's small commodities, Dongyang's mahogany furniture processing manufacturing and fishing gear industry, Yongkang's hardware products, Wenzhou's electrical appliance manufacturing industry, etc. Actively guiding small and medium-sized enterprises to participate in regional characteristic industries is not only conducive to the transformation and upgrading of small and medium-sized enterprises, but also conducive to the development of the characteristic block economy of the region to a higher level.

Fourth, the epidemic brings new opportunities and challenges to small and medium-sized enterprises. Affected by the epidemic, all kinds of enterprises, especially small and medium-sized enterprises, faced problems such as shutdowns, difficulties in employee recruitment, and limited financial access, but this also brought new opportunities to the small and medium-sized enterprises industry, mainly in the fact that small and medium-sized enterprises began to realise the importance of the Internet, which is conducive to their integration of traditional High self-level information management and accelerate digital transformation.

## **4 Problems in Supply Chain Management of Small and Medium-Sized Enterprises in Zhejiang Today**

### **4.1 The “Chain” of the Supply Chain is Fragile and Easy to Break**

The epidemic has fully exposed the problem of small and medium-sized enterprises in Zhejiang, that is, the instability of the industrial chain. Affected by the epidemic, small

and medium-sized enterprises in Zhejiang have experienced difficulties such as shut-downs, rising raw materials, and unstable suppliers and sales channels in an unbalanced market environment of supply and demand. Among them, it is more obvious that they are vulnerable to price fluctuations and the capital chain is fragile. For example, steel prices related to Yongkang's hardware products and Wenzhou's electrical appliance manufacturing showed an upward trend in 2020, which directly increased the procurement costs of enterprises. At the same time, the liquidity of enterprises can only be maintained for several months, because the extended account accounts receivable of epidemic enterprises have broken the capital chain, and the breakage of the capital chain of an enterprise will also affect the relevant upstream node enterprises. In addition, employees have also become an important factor in the recovery of production capacity of small and medium-sized enterprises. Zhejiang is a large province for migrant workers. At the beginning of 2020, most enterprises delayed the start of work due to the delay in employee rework under the background of the Covid-19. Even in 2021, which advocates staying in the area to celebrate the spring festival, some small and medium-sized businesses face a labor shortage.

#### **4.2 Weak Informatization Construction and Poor Foundation**

Due to capital constraints, lack of professional supply chain management talents and other factors, small and medium-sized enterprises do not pay attention to the introduction and construction of information technology facilities. In particular, small and medium-sized enterprises with home-based operations still adopt the traditional methods of manual inventory and manual accounting in raw material procurement, inventory, financial management and freight arrangement. In contrast, large enterprises with relatively complete information infrastructure in the epidemic environment have completed online procurement, online recruitment, online distribution and other links through digital information construction, and resumed industrial production early. In addition, although some small and medium-sized enterprises have begun to use the supply chain management system, they have paid more attention to improving the efficiency of their own departments, and to a certain extent, they have ignored the information sharing of information and related information facilities between node enterprises.

#### **4.3 Lack of Supply Chain Management Personnel and Easy to Lose**

At present, small and medium-sized enterprises have begun to pay attention to the internal and external supply chain management of enterprises and consciously introduce supply chain management professionals. In terms of external management, small and medium-sized enterprises tend to establish stable cooperative relations with upstream and downstream enterprises. In terms of internal management, small and medium-sized enterprises employ professional talents to optimise the internal structure, and appropriately refer to supply chain management software to improve enterprise efficiency and optimise resource allocation. However, supply chain management is a new undergraduate major in 2017. Not only small and medium-sized enterprises, but the demand for supply chain management talents has expanded rapidly. In addition, job seekers, are also more willing to choose large-scale enterprises with relatively complete facilities.

Therefore, how to attract and retaining compound supply chain management talents is an urgent problem for small and medium-sized enterprises.

## **5 Countermeasure Suggestions**

### **5.1 Implement the Punctual Procurement Strategy and Establish a Good Cooperative Relationship with Suppliers**

The on-time procurement strategy is a relatively advanced procurement measure at present, and it is also used as a relatively mature financial management method. Its main advantage is that it can provide high-quality and reasonable quantities of products for corresponding enterprises at appropriate time and place. The application of this kind of procurement strategy can not only control inventory consumption and avoid unnecessary waste, but also help to control the operating costs of enterprises, promote enterprises to use more funds for production and sales, and further enhance the business development strength of enterprises.

### **5.2 Actively Introduce Information Technology to Improve the Informatization Level of Supply Chain Management**

The construction of the supply chain management system is conducive to the rapid collection and analysis of various types of information, and brings reliable data support to enterprise decision-making, which can effectively control the operating costs of enterprises [8]. At present, most enterprises still have a low degree of informatization in supply chain management, making it difficult to effectively play the value of supply chain management. Based on this, it is necessary to actively introduce information technology and establish a well-functioning supply chain management platform with the help of information technology, so that it can fully share and feedback the data of all links in the supply chain node in real time, so as to ensure that the work content of each department in the enterprise is effectively coordinated, which can not only avoid the department The problem of functional conflict between them can also improve work efficiency to a certain extent and maximise the benefits of enterprises.

### **5.3 Help from the Government**

Steadily implement financial support for small and medium-sized enterprises. Capital flow is an important link in the supply chain management of small and medium-sized enterprises. At present, the Chinese government encourages commercial banks to set up special credit plans for small and micro enterprises. In addition, the repayment period of small and medium-sized enterprises can be appropriately extended according to the actual situation, the credit loan plan can be carefully implemented, the loan process and approval procedure can be simplified, so that small and medium-sized enterprises can quickly obtain useable funds.

## 5.4 Product Development and Commercialisation

Customers and suppliers must be integrated into the product development process to shorten the product launch time. As the product life cycle is shortened, it is necessary to develop appropriate products and successfully launch them in a shorter cycle to keep the company competitive [9]. Managers of the product development and commercialisation process must coordinate customer relationship management to determine the customer's clear needs; select materials and suppliers with procurement; develop production technology in the manufacturing process to manufacture and integrate into the best supply chain process to meet the market portfolio of specific products.

## 6 Conclusion

To synthesise the above, the construction of an enterprise supply chain management innovation model in the new era has had a profound impact on the transformation and development of enterprises. The changes in the economic environment at home and abroad have brought many opportunities and challenges to the development of enterprises. Understanding the problems in the process of enterprise supply chain management can help enterprises solve problems in a timely manner, improve the supply chain management model, realise the efficient production of products, and finally improve the economic benefits of enterprises. Enterprises must pay enough attention to supply chain management and establish a standardised and integrated management model. Only in this way can they constantly improve their competitiveness. Most of the data used in this paper comes from the past two years, which may lead to some differences from the current situation. Getting the latest information through online surveys or local consultation, so that more accurate solutions can be given.

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