

Research on the Relationship between Supply Chain Integration and Enterprise Performance based on China's Textile Industry

Aidi Xu^{1,2}

¹School of Digital Commerce, Zhejiang Yuexiu University, Shaoxing, China

²Center for International Education, Philippine Christian University, Manila, Philippines

Abstract

According to the present situation of the garment textile industry, a green supply chain management system based on the garment industry is put forward, and a scientific and reasonable performance evaluation system is established, which is a strategic choice to effectively enhance the international competitiveness and sustainable development capability of China's textile industry. Visualization of supply chain is the foundation for enterprises to stand and develop in the market. At present, the research on supply chain visualization is still in the exploratory stage, and the existing research mostly focuses on the direct mechanism of supply chain visualization on enterprise performance, focusing on the impact of supply chain visualization on company performance. However, nowadays, consumers are paying more and more attention to products, and their requirements are changing rapidly. Enterprises should rely on their own ability to succeed in the complex market, and they can make full use of the advantages in the supply chain instead of visual effects alone. To adapt the supply chain to the changes of the market, it is necessary to cooperate closely with upstream enterprises and coordinate the operation of enterprises by the integration of supply chain.

Keywords

Textile Industry; Supply Chain Integration; Corporate Performance; Relationship.

1. Introduction

In recent years, with the rapid development of information technology and communication network, the market environment faced by enterprises is becoming more and more complex: the rapid flow of global resources; Greatly shorten the product R & D cycle and reduce the profit margin of the enterprise; Customers have stricter requirements for quality [1]. In the current global technology unstable environment, supplier integration is the key factor to improve enterprise performance [2]. The participation of suppliers will greatly reduce the production cost of enterprises, improve product quality and shorten the R & D cycle. Philip Kotler, a famous American economist, pointed out: "enterprises only consider the economy, ignore the long-term interests of consumers and society, and ignore environmental protection. They will be eliminated." Textile and garment industries are the pillar industries of China's national economy. They are facing a severe test in environmental protection [3]. Due to the change of external environment and the instability of technology, enterprises have become an effective means of operation and management in facing complex environment, obtaining competitive advantage and improving business performance [4]. The current research shows that supply chain integration has a positive impact on enterprise performance. China's economic transformation is accompanied by economic integration. This transformation is a gradual decentralization, which makes China change from a highly centralized planned economic system to regional decentralization.

Supply chain integration is an important guarantee for each member enterprise in the supply chain to obtain and maintain its core competitiveness, and the flexibility and visualization of the supply chain are important factors affecting its uncertainty [5]. In the past, scholars have discussed the single intermediary role of supply chain integration and supply chain performance, and in what form and degree, the double intermediary role of supply chain visualization and agility will affect the performance of enterprises [6]. From the perspective of a country, the development of a country's supply chain has a certain influence on its international competitiveness; For enterprises, the development degree of supply chain has great influence on the performance of supply chain. In practical sense, by optimizing the supply chain process, identifying risks, responding to customers' demands in time, we can effectively solve the unstable market environment and improve the business performance of enterprises [7]. However, with the development of global supply chain, the competition among enterprises is becoming more and more fierce, so the agility and visualization ability of supply chain are paid more and more attention. If the resources can be effectively integrated, the agility of the whole supply chain will be improved, and then the performance of the supply chain will be improved.

2. Conceptual Models and Theoretical Assumptions

Definition of related concepts. Supply chain integration is a process of establishing strategic partnership between enterprises and external organizations. Supply chain integration includes internal integration and external integration. External integration of supply chain includes customer integration and supplier integration. In the process of external integration of enterprises, we should focus on the construction of supply chain cooperation. External integration of supply chain means that enterprises integrate upstream and downstream resources, bring suppliers and customers into the supply chain, and establish long-term mutually beneficial cooperative relations with suppliers and customers [8]. Supplier integration is to establish strategic partnership through information sharing and jointly participate in the development of new products. Customer integration refers to information sharing and cooperation between enterprises and customers at the strategic level to improve the visibility and overall planning of products or services. Through the external integration of the supply chain, it can promote the cooperation among enterprises, promote the understanding and cooperation among enterprises, so as to reduce the resource consumption among enterprises and reduce the collaboration cost among enterprises. In addition, through the external integration of the supply chain, it can effectively solve the contradictions between upstream and downstream enterprises, reduce the inventory of enterprises and improve the quality, so as to enable enterprises to obtain better business performance. Industry drive refers to the globalization drive of industry, which reflects the market environment, cost environment, competition environment and government environment of an industry. China's market characteristics are divided into two categories: technology intensive and labor-intensive. As for business performance, different scholars use different measurement methods to divide business performance into four dimensions, namely delivery time, cost, quality and flexibility [9]. The relationship between supply chain integration and business performance is discussed from four dimensions: cost, quality, delivery time and flexibility.

Research theoretical basis. In the early 20th century, the concept of resource base was introduced into the field of management. Since the middle of 20th century, more and more scholars have attached importance to the resource base theory. The core idea of the resource-based view is that an enterprise is a combination of resources and capabilities, and its various resources and capabilities are the key for a company to form its core competitiveness, maintain its competitive advantage, and obtain extraordinary operating income, that is, its resources and

capabilities determine its operation and business performance in the market. Through the establishment, external cultivation and accumulation of "heterogeneous" resources, enterprises can determine their competitive advantages and reflect the resource competition among different enterprises. Therefore, in the case of partnership with upstream and downstream enterprises, the competitive advantage of enterprises will be more obvious when they acquire "non-imitation" resources. Contingency theory holds that the business performance of an enterprise depends on the matching degree of its own structure, process and enterprise environment. Based on contingency theory, the external integration of enterprises can improve the business performance of enterprises. In recent years, contingency theory has been gradually introduced into supply chain integration, and it has been studied from several aspects, such as enterprise scale, enterprise environment, social culture, market environment and institutional environment[10]. Facing the ever-changing market environment, how to improve the information processing ability and information quality of enterprises is of great significance to the achievement of the company. External integration can integrate the external operations and activities between enterprises, and provide accurate demand and supply information for the internal integration of enterprises. Low integration between suppliers and customers will lead to inaccurate and lagging supply and demand, resulting in uncoordinated production plans, high inventory and unstable delivery date. Although the improvement of an enterprise's operating performance mainly depends on the integration of new product R&D, marketing, purchasing, production and logistics, the improvement of its operating performance depends more on the participation and cooperation of manufacturers and customers. Especially in the delivery time and product flexibility of enterprises, due to the uncertainty of the external environment, it has a strong dependence on the external integration of the supply chain. Figure 1 is the contingency theory diagram.

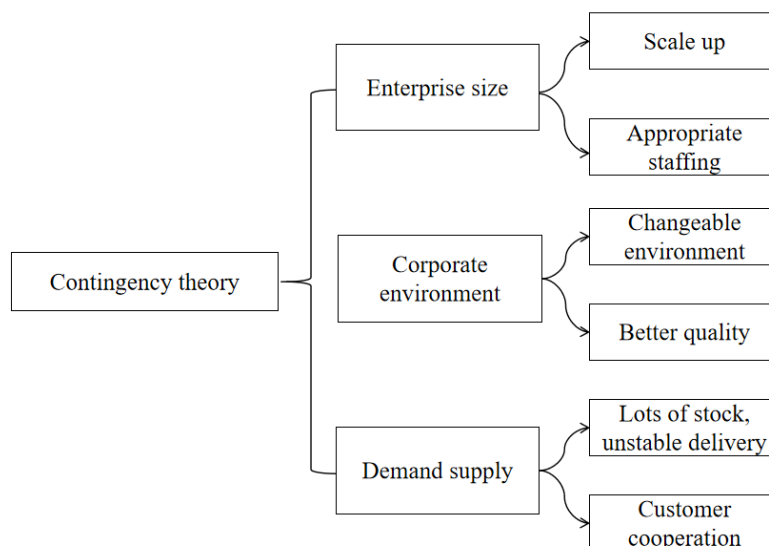


Figure 1. Contingency theory relationship

3. Research on the Relationship between Supply Chain Integration and Enterprise Performance

The relationship between supply chain integration and firm performance.Textile and garment industry is a long-term industrial chain, involving cotton planting, cotton spinning, shuttle weaving, knitting, yarn dyeing, finishing, fabric development, product design, garment making, technical testing, fabric and auxiliary material testing, washing, printing, embroidery, brand planning, marketing, etc. However, due to the variability, short fashion cycle and high timeliness of textile and clothing, the textile and clothing industry must have the ability to

quickly respond to market information. The above-mentioned characteristics of the textile and garment industry make garment enterprises with strong brand and development ability become the backbone of the industry. The supply chain of textile and garment is centered on garment enterprises. Its core enterprises control through information flow, logistics and capital flow, that is, from the purchase of raw materials of fabrics, to the production of finished products, to the sales network, and then to the hands of consumers. Figure 2 shows the organizational model of textile and clothing supply chain.

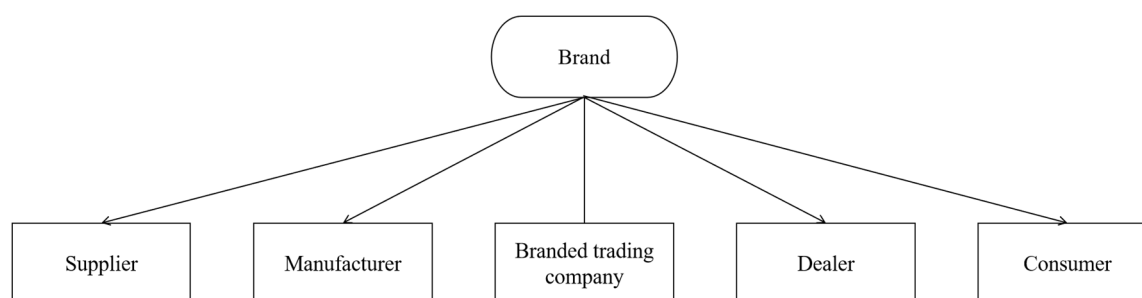


Figure 2. Organizational Model of Textile and Apparel Supply Chain

① The business performance of an enterprise is very important to enhance the competitiveness of the supply chain. Fundamentally speaking, supply chain is a kind of recombination and integration of resources and an effective way of resource allocation. In this process, without the support of enterprise performance, the integrated supply chain can not achieve the role that the whole is greater than the part. The traditional supply chain integration takes the core enterprise as the main body. Improving the performance of the enterprise will thoroughly affect the efficiency of the whole supply chain. On the one hand, inefficient suppliers and downstream vendors in the supply chain are excluded from the supply chain, while core enterprises can expand their horizons to domestic and even global, and select suppliers and vendors from a strategic perspective to effectively improve the efficiency and competitiveness of the supply chain; On the other hand, it can effectively mine the market segments, restructure the process, and even design products that are more in line with consumer needs, thus promoting the emergence of the entire supply chain.

② Supply chain integration plays an important role in the business performance of enterprises. The improvement of the company's performance includes three aspects: first, mass production of resources; Create new and unique things and open up new markets.

The impact and optimization of supply chain integration on enterprise performance. The integration of supply chain can't improve the performance of all enterprises. For the node enterprises in the supply chain, their scale is often very small, and it is difficult to obtain enough external funds for innovation from financial institutions such as banks. However, in the supply chain dominated by core enterprises, it is often difficult to gain the advantage of negotiation, thus making it difficult for them to realize their own innovation. Although in the supply chain, node enterprises can stabilize their market share by agreement, but their innovation ability is difficult to improve. Outside the supply chain, if an enterprise wants to beat the core enterprise in the market competition, it needs constant innovation, and at the same time, it needs to be constrained by its core enterprise. In many cases, in order to ensure their competitive advantage, the core enterprises in the supply chain will use the integration of supply chain to control the resources needed for innovation, thus making the enterprises unable to succeed in the competition. To a certain extent, the core enterprises in the supply chain are like a monopoly market. They use the integration of the supply chain to obtain a large amount of market surplus, thus improving the company's performance. However, for the adherents and competitors of monopoly enterprises, the integration of supply chain can't promote the

company's business performance. Enterprise performance, in a sense, can improve the comprehensive performance of enterprises by improving the overall performance of enterprises, and improve the comprehensive performance of companies by comparison and trade-off. The core of an enterprise is to improve the efficiency of the enterprise, and innovation is an important factor to promote economic development and enhance the competitiveness of the enterprise. Only by comprehensively integrating the supply chain can the company's operating performance be continuously improved. In particular, it is necessary to create a sound institutional environment for the improvement and development of the company's performance, so as to encourage and guarantee the company to improve its performance through innovation, and provide it with necessary funds and institutional support. The establishment of a new supply chain pattern requires redistribution of resources. Therefore, it is necessary to break through the access barriers of some industries, so as to better allocate resources, improve the operating performance of enterprises and achieve the goal of sustainable development.

4. Conclusion

Supply chain integration is an effective supply chain management strategy. For companies with poor business performance, they can establish long-term strategic partnership with suppliers to improve their comprehensive ability. Therefore, in order to improve the customer's operating efficiency, we must improve the internal integration and customer integration of the enterprise, and improving the overall quality of customers will indirectly improve the customer's operating performance. The improvement of supplier operation performance and customer operation performance will greatly promote the company's operation performance. Therefore, improving the business performance of enterprises can not only transform the original supply chain, but also establish a new supply chain to make it more competitive. Therefore, the performance of an enterprise is closely related to the formation of a new supply chain. Improving the performance of an enterprise and promoting the emergence of a new supply chain are the basis of the business performance of an enterprise.

References

- [1] Li Bo, Zhang Yantao, He Zheng. The influence of supplier integration on independent innovation capability of enterprises from the perspective of network--Taking textile enterprises as an example [J]. *Research in Technology Economics and Management*, 2017, 000(010):50- 55.
- [2] Feng Fang, Zhu Chunlan. The impact of supply chain flexibility of textile and garment enterprises on partnership and performance [J]. *Silk*, 2017, 54(10):7.
- [3] Yu Min. Talking about the construction of green supply chain management in textile enterprises [J]. *Energy and Environment*, 2020(2):2.
- [4] Zhang Qian. Countermeasures to improve the international competitiveness of my country's textile industry supply chain [J]. *Textile Herald*, 2020(6):5.
- [5] Li Juan. Research on the Supply Chain Integration of Textile and Garment Enterprises [J]. *Jiangsu Textile*, 2018, 000(012):52-53,57.
- [6] Ling Zichao, Shen Lanping. The establishment and research of green supply chain management mode in textile industry [J]. *Journal of Chengdu Textile College*, 2017, 34(2):4.
- [7] Fei Yunping. Research on the relationship between supply chain integration and enterprise performance [J]. *New Business Weekly*, 2019(5):1.
- [8] Zhang Jinsong, Zhang Xiaoqian, Wang Qinyun. Research on the relationship between institutional pressure, green supply chain management practice and corporate performance [J]. *Journal of Wuhan Textile University*, 2019, 32(5):7.

- [9] Wang Huiying, Cao Hailin. Performance Evaluation of Apparel Supply Chain Integration under Omni-channel Mode [J]. Logistics Technology, 2018, 37(6):9.
- [10] Zhao Shuangjun, Xu Mingliang. Research on the construction of supplier evaluation index system of textile enterprises from the perspective of green supply chain [J]. China Cotton, 2021, 48(10):5.