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Reform of Modern Enterprise Organization Structure in Supply Chain Management Environment

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Abstract:

With the gradual maturity of supply chain theory and the continuous development of supply chain management, enterprises are increasingly focused on strengthening their competitiveness through their own "core competence", and outsourcing non-core businesses to other enterprises. This makes the whole supply chain longer. The cooperation between enterprises on the chain is more important, supply chain management is more important. Rationale and organizational restructuring are more important. Based on the characteristics of the traditional organizational structure, this paper discusses the inadaptability of the traditional organizational structure under the supply chain management environment, analyzes the necessity of the organizational structure change, and finally puts forward how to implement the organizational change in the supply chain management environment.

Keywords: Supply chain management, organization structure, business process reengineering, core competence

1. Introduction

Martin Christopher (1994) suggested that there were only supply chains and no enterprises in the market. The real competition is not the competition between enterprises and enterprises, but the competition between supply chain and supply chain. In order to enhance competition, enterprises and upstream and downstream partners should pay more attention to mutual coordination and create new value for end-users. This makes the competition between enterprises and enterprises evolved into competition between supply chain and supply chain, which shows that supply chain has become the lifeline of enterprises. With the development of advanced industrial technology and information technology, the accelerated process of globalization, and the enrichment of innovative business models, especially in the face of global market competition, supply chain management has become the key to the value of enterprises in the global economic industry chain, and also an important factor in taking competitive advantage in the global market.

Supply chain management is aimed at the management of various activities, such as suppliers, manufacturers, distributors, retailers, customers and other members and from planning, procurement, production, storage, distribution to distribution. The purpose is to communicate through fluent and timely information, material, capital flow, and close coordination among all members of the chain. In order to achieve the best satisfaction of the products and services, the members of the chain also gain their own interests, so as to achieve the coordinated development of the whole supply chain. The core of supply chain management is to use technology to achieve synergy between supply chain enterprises, so as to achieve more effective business processes that create value for customers. Supply chain management is not only about technology usage, but also involves process optimization and Organization Department adjustment. In order to seek the integration of the market demand and the enterprise organization economy, the enterprises on the supply chain show the characteristics of increasingly close cooperation on the basis of the increasingly detailed division of labor. In the face of the needs of supply chain management, the traditional organizational structure of the enterprise has increasingly shown the inadaptability of the process of separation of processes, the pursuit of local optimization, the overstaffing of the organization, the lack of authority and the fine division of labor. It is necessary to reengineer the business process, to change from the emphasis on the function management to the process management, to reduce the operating cost of the supply chain. Improve the response speed of supply chain and provide organizational structure guarantee for enterprises.

1.1. The Structure and Characteristics of Enterprise Traditional Organization

1.1.1. The Structure of Enterprise Traditional Organization

In "market and hierarchical organization", Williamson (1975) divided the organizational structure of enterprises into four categories: classical, U, M and H. Among them, the classical structure is a kind of original organization structure which has not yet managed the division of labor. The owner of the enterprise manages all the activities of the enterprise;

the U structure (Unitary Structure) is the linear functional structure. On the basis of dividing the management function into several departments, the enterprise realizes the high concentration control from top to bottom; the M structure (Multi-divisional Structure) is the structure of the business department, that is, based on the establishment of several functional departments, the company divides the enterprise into a number of business departments according to the factors such as products and regions, and the departments have their own functional departments, own their own products and markets, independent accounting, and the headquarters are free from the daily operation and management. Come out, concentrate on the strategic decision and long-term plan of the enterprise; the H structure (Holding Company Structure) is the holding company structure, the branches of the enterprise obtain the independent legal person status, the headquarters and the branches form the relationship between the parent company and the subsidiary, the parent company investment into the company and the management of the subsidiary through the equity implementation. U, M and H structures are the three most traditional organizational structures used in real life.

This traditional enterprise organizational structure is more and more difficult for enterprises to meet the needs of many parties, thus becoming more and more rigid. For example, there is a lack of rapid and unified communication and coordination mechanism between the various functional departments; the strict hierarchy system greatly reduces the spirit of the employees' creation; the information communication channels are too long to cause information distortion, and the decision-makers cannot respond quickly to the needs of the customers and the changes in the market.

1.2. The Characteristics of Enterprise Traditional Organization

1.2.1. Functional Management Based on Professional Division of Labor

Traditional enterprise organizational structure attaches importance to functional management on the basis of specialization. Functional management emphasizes the centralization of managers engaged in the same or similar activities in the same or similar activities according to the similarities and similarities of management activities to form several functional departments, such as planning, procurement, production, marketing, logistics, personnel, administration, etc., because members of each functional department concentrate on managing the affairs of a particular field. In this way, the efficiency of specialized division of labor can be obtained. At the same time, the members of the Department have the same or similar professional background and value orientation, which can facilitate the communication between each other. The U type structure is the centralized embodiment of the above functions management; for the M type structure, although the management level of the business department is increased, the basic pattern of the function management has not changed in both the headquarters and the business department level. The H structure is the same, whether it is the parent company or the subsidiary, still continues the functional management based on the specialization.

1.2.2. The Multi-Layered and Hierarchical Pyramid Organization

In order to manage the functional departments after specialized division of labor, enterprises need to set up a multi-level organizational structure and refine the functions undertaken by various functional departments, as a result of the limit of the scope of management. For example, a number of workshops are set up in the production department and each workshop is made up of several groups. The sales department is divided into different branch doors according to the sales area, and the different branch doors are divided into groups according to the product category. In this way, the Pyramid type organization system is formed from the top managers to the grass-roots employees.

1.2.3. Power Is Highly Concentrated at the Top

In the traditional enterprise organizational structure, power is highly concentrated on the top level of enterprises. Compared with the U structure, the M structure and the H type structure have made great improvements in decentralization, but the scope of decentralization is still limited to the higher management level. The M structure has delegated the management decision-making power to the various undertakings, and the H structure has delegated the management decision-making power to the subsidiaries. For the lower management level and the grass-roots staff, it is necessary to act in strict accordance with the rules and regulations and work procedures, lack the right to choose the discretion of the camera, and can only carry out the instructions of the higher level.

2. The Inelasticity of Traditional Organization Structure in SCM Environment

Supply chain management is a new management idea and method, its operation needs to be organized, and the traditional organizational structure based on function is more and more incompatible. Therefore, we should consider the operation requirements of the supply chain and establish the corresponding organizational structure in the organizational structure of the design enterprise.

2.1. Competitive Advantages of SCM In Uncertain Environment

2.1.1. Quick Response Capability to Market Demand

In order to satisfy the complex and changeable market demand, relying solely on the internal integration of the enterprise, even if it works on resources, may not work in time. Based on the production process of supply chain management, the scope of resource integration is extended to the outside of the enterprise. Through the strategic

partnership with the powerful suppliers and distributors, the cycle of the research and development from the product to the market is greatly shortened, and the agility of the enterprise is effectively improved.

2.1.2. Reduce the Risks Effectively While Maintaining Flexibility

In the mode of supply chain management, on the basis of the integration of the required resources, because the property rights of the supply chain nodes are independent in property rights, there will not be a problem that the private assets will be precipitated within the enterprise due to the merger and acquisition between enterprises in the case of vertical integration. In the case of great changes in the market situation, enterprises can adapt to the new changes in the reintegration of the members of the supply chain and reflect the higher flexibility, and the risk of curing potential private assets can be resolved.

2.1.3. Strengthen the Core Competitiveness of Enterprises

Supply chain management emphasizes the centralization of enterprise resources on the core competencies which are carefully selected with the core competencies, and outsourcing other important but not core competitive business links to the professional enterprises around the world to build a chain of core competitiveness between enterprises through the supply chain, so as to make it possible to build a chain of core competitiveness among enterprises. The operation of the enterprise has been raised to the world level.

2.2. The SCM Thought Puts Forward the Request to the Traditional Organization Reform

Although the function management helps to improve the degree of specialization, the complete business process is divided into several functional departments, which makes the work of each functional department only part of it. Business process is artificially fragmented, which is likely to result in waste of resources, low efficiency and other negative consequences. Many companies spend a lot of money on introducing information technology, but they have not brought about the improvement of management efficiency. The reason is that enterprises have not improved on unreasonable business processes. The result is: new technology + old Organization = higher cost old organization. The competitive advantage of supply chain management comes from the effective integration of the core enterprises to each node, and this integration must be based on the effective integration within the enterprise. The overstaffing of institutions leads to the lack of efficiency. The Pyramid type organization system with various levels and strict hierarchy is inevitable, and it is inevitable that the phenomenon of overflowing, drags, and bureaucracy and so on, so that enterprise management is lack of efficiency.

However, supply chain management has distinct customer orientation, and customer satisfaction is the starting point of supply chain management. On the one hand, the traditional organizational structure of enterprises will focus too much power on the higher level of enterprises, which will inevitably affect the level of customer service. In the process of the enterprise's specific operation, the following problems often occur: the employees are unable to satisfy the customer because of the lack of the full authority of the senior managers and the strict rules and regulations and the rigid procedures. In the face of favorable market opportunities, employees must report on a level by level basis and get recognition from top management, resulting in slow response and loss of market opportunities. On the other hand, the excessive division of labor makes employees unable to get effective exercise, and business skills can only focus on a certain field, affecting the comprehensive level of customer service.

3. Implementation of Organizational Structure Reform in SCM Environment

3.1. Build Flexible Organization to Promote SCM

Organizational flexibility is one of the important characteristics of supply chain management. Supply chain management requires that the organization system is open and cooperative. While maintaining the dynamic stability of the organization system, it can sensitively respond to uncertain customer needs or complex and changeable market environment, and meet the market diversity and personalized dynamic demand in the way of mass customization. Economies of scale and scope. The flexibility of an organization refers to the ability of an organization to respond to environmental changes and to respond to the instability brought about by the environment in order to adjust quickly according to the results of the change. Different from the static and stable rigid organization structure, the flexible organization has the ability to react quickly. It can combine the internal elements of the organization organically, adjust the strategy according to the change of the enterprise environment and respond to the change of the environment in time. Flexible market response requires rapid explicit and materialization of customer needs, and ultimately a complete and unified market knowledge and transformation mechanism.

3.2. Strengthen Organizational Learning Ability

Organizational learning is the process of communication, sharing and storage of knowledge in an organization. It is also the process of effective allocation of various resources available to the enterprise in order to adapt to the environment. The ability to organize learning is the basis for flexibility or flexibility. As the foundation and framework of organization's existence and operation, organizational structure affects the distribution and flow of knowledge in the organization, and thus has a positive impact on organizational learning. Organizational structure affects the learning ability of the organization, thereby affecting the flexibility of supply chain management. The organizational learning ability is stronger, then the adaptability to environment will be good, and the core competitiveness will be stronger than others.

3.3. Build Market-Oriented Business Processes

The basic unit of supply chain management is market-oriented business process, and the management of the process determines the efficiency of the organization. Only when the internal and external processes of the supply chain are integrated can the real value of the supply chain be found. The supply chain management requires the enterprise to take the customer's demand as the starting point and the destination, to build the organization based on the value increasing process, and to strengthen the unified management of the business process, but not only to the management of the various functional departments within the enterprise. The supply chain management must take market as the guidance to clear the key process of the enterprise, and then reorganize the business activities with the need of the process, and finally redesign the structure of its organization around the process to produce a new process centered organization. At the same time, the establishment of supply chain management system greatly improves the efficiency of information communication between the members of the supply chain. Due to the limited nature of social resources, resource sharing and collaborative complementarity becomes the key to enterprise competition in the information age. The information technology should be used as the booster of business process reengineering, and the enterprises in the supply chain management environment must make full use of information technology to realize the collaborative management of internal and external process of the enterprise.

3.4. Solve the Operation of Enterprise Organization Structure

Organizational change and innovation under the supply chain environment is to comprehensively and systematically solve the organizational structure and operation of enterprises and meet the needs of the development of the supply chain. First of all, according to the idea of enterprise reengineering (BPR), starting from the optimal system thought of the whole process, the customer and the supplier are oriented to optimize the business process and optimize the business process. It emphasizes that the activities in each link in the process are maximized and added as much as possible to minimize the invalid or non-value-added activities, and aim at the overall optimal process of the whole process. Design and optimize activities in the process to eliminate departmentalism and interest decentralism. Secondly, after the design of the process, the enterprise organization function is set up according to the process. The goal of the function setting is to organize flat, that is to eliminate the pure middle management layer as far as possible, shorten the distance between the upper and lower levels of the organization, and build a structure with the least level. Third, the transformation from function management to business process management is realized, emphasizing management oriented business process, setting business audit and decision point located in the place of business process execution, shortening channel and time of information communication, thus improving the satisfaction of internal and external customers. Fourth, establish the "value chain" within the enterprise, between the upper and lower processes, between the service and the service, to join together and restrict each other in a certain form of value, so as to reduce the cost and save the cost, and ultimately improve the overall efficiency of the enterprise.

3.5. Strengthen the Application of Information Technology

Information technology provides the conditions for the supply chain enterprises to create a market oriented organization. By creating the external information network and Intranet, the supply chain enterprises greatly optimize the traditional communication mode between people and people, people and objects, objects and objects, and improve the communication mode between enterprises, enterprises and customers. At the same time, the wide application of information technology provides broad space and flexible way for the organization innovation of supply chain enterprises. Enterprises can use information technology to carry out network operation, engage in e-commerce, publish online advertisements, and conduct online market research and information exchange, and network marketing. In addition, the enterprise information system based on Internet, Intranet and ERP can intelligently realize the organization and management functions - planning, organization, leadership and control. Therefore, the internal division of labor will take a revolutionary change to adapt to the profound changes of the external market.

3.6. Create a Favorable Organizational Environment and Culture

The organizational structure of supply chain management can operate effectively, and a suitable organizational environment is needed. Enterprises must change the existing organizational environment and culture according to the characteristics and requirements of the new organizational structure, so as to ensure the success of organizational change in supply chain management. Enterprise organizational innovation under supply chain management is different from the process reengineering within a single enterprise. In addition to its internal process transformation, the enterprise must also transform the business with its partners, such as the business contact with the supplier, the business contact with the distributor, and so on. Therefore, the organization innovation of supply chain management enterprises should start from the whole system, do well the coordination work of all cooperative enterprises, and get their support and cooperation.

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