



## Chapter X

# Supply Chain Management in China

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## Abstract

*China, a high-developing country, is facing reform in the 21<sup>st</sup> century. Almost every company in China is undergoing some form of transformation in order to reduce costs and to maximize profits. It is easy to understand the position of the supply chain in a Chinese company, because taking good control of a supply chain means acquiring quality materials at lower costs, so that the cost of unit products will be dramatically reduced, and maximum profits will be made. However, in China, this is easier said than done. This chapter discusses the current status of supply chain management (SCM), challenges and solutions to SCM critical issues, and the role of technology used in SCM in China.*

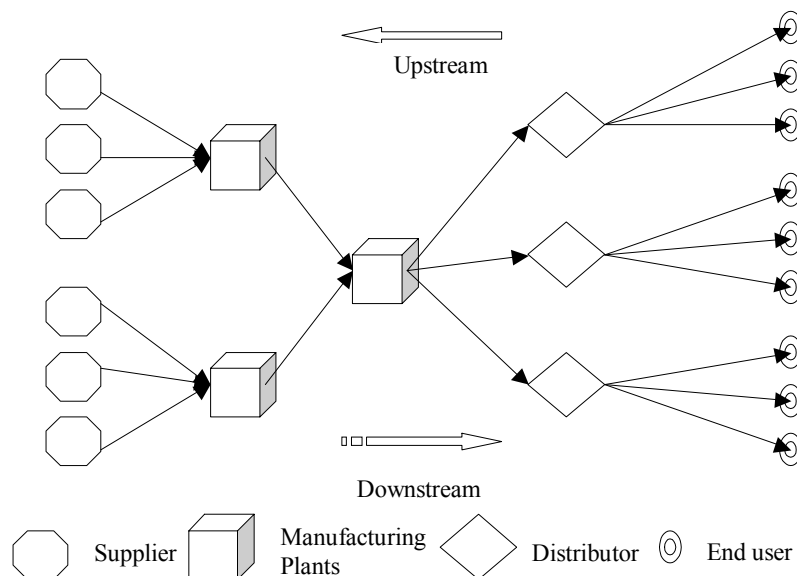
## An Overview of SCM in China

### Definition of Supply Chain Management

The theory behind the supply chain began to surface by the end of the 1980s, when global manufacturing was increasingly gaining popularity around the world. This is why supply chains were widely and mostly used in the manufacturing industry; before, it had evolved to become a new mode of management. Although the full potential of Supply Chain Management (SCM) had not been in place for very long, it is fair to say that SCM is being broadly accepted and highly regarded by many people in the industry. However, to some people, logistics and the supply chain are all the same. This misconception is gradually disintegrating due to the fact that we have begun to understand more about the supply chain for its close tie to e-commerce and to logistics. Meanwhile, SCM is becoming a worldwide issue. In China today, SCM is gradually being accepted and applied in logistics and in electronic commerce companies.

At present, because of the different applications of SCM, groups of organizations tend to have their own versions of the SCM definition; each is based on its own comprehension and experience. However, regardless of how different the terminology is or how the experience or the approach may vary; they all carry the fundamentals of the SCM at heart. In China, according to Tsinghua University, a modern management research center defines supply chain as the network that is made up of retailers, suppliers, manufacturers, and other business partners that reciprocally supply each other with raw materials,

Figure 1. A sample of supply chain



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