

## Review Article

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## The Strategic Evolution of Value Chains Management and Corporate Reputation in Chinese Logistics Transport Value Market

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### ABSTRACT

China started its reform and open policy in 1978. Since then, the country has been transforming itself from a centrally planned economy to a market economy. The concept of 'logistics' was imported into China in the 1990s. Since then, logistics in China has witnessed a huge growth along with its fast growing economy. Logistics in China has accelerated since China's entry to the WTO in November 2001. Prior to China's entry, foreign logistics participations were regulated in most logistics sectors. Chinese logistics industry had been divided into sub-sectors where logistics activities were strictly regulated. After entry to the WTO, China has committed to a deadline to open its logistics markets. The priority accorded to industry stunted services development-particularly in productivity terms-while the emphasis on physical investment constrained investment in human capital [1].

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### Introduction

Building on these assets, China is expected to steer its economy up the value chain by reinvigorating its human competencies and technological capabilities. China is expected to further deepen its human capital base and to impart the flexible core competencies that workers of the future will need to remain productive across their working lives in the face of rapid technological change and structural shifts in China's labor market. In addition, China is expected to upgrade its technological capabilities by fostering a learning and research environment that encourages new ideas and lateral thinking and gradually making the pursuit of innovation more sensitive to market signals, with the government playing a more facilitating role.

Even if the United States remains a key player in world commodity markets, China has come to occupy a major position as well [2]. Among the latter, metals and minerals might be more significantly affected by the slowdown in investment, even if continued residential construction demand, as well as demand for durable goods such as automobiles, limits some of that slowdown [3]. Given that China's demand for commodities is likely to remain relatively robust, commodity-rich countries will continue to face the challenge of ensuring that the pursuit of commodity wealth does not come at the expense of longterm growth. In the absence of suitable institutions and policies, there is a risk that the pattern of specialization into commodities can result in negative side effects.

### Aim of research

The aim of the study is to prove the prominent role in value chain management on Chinese market.  
Problem of research

Due to a lack of deep mutual misunderstand between Sino-European business cultures mainly in relations of value chains behavior, doing international trade in Chinese logistics market

### Purpose of research

To present scientific issue of the problem of value chains management on Chinese logistics market

### Tasks of research

1. Scientific theoretical literature analysis
2. Scientific empirical interviews

### Object of research

Value chains management on Chinese Logistics Market

### Basic hypothesis

Value chain management plays a prominent role on Chinese logistics market, resolving different miscommunication aspects doing Sino-European trade relations globally

**Methods of research:** comparative scientific literature, comparative empirical interviews

### Expected result of scientific article

There creation of scientific theory for international business negotiation communication between Sino and European relations

### Literature review

#### The driving forces of growth of logistics market in developed countries

These include the prospect of real exchange rate appreciation that may render the manufacturing sector uncompetitive, the risk of becoming trapped in low-value structures that limit the scope for vertical or horizontal links, and the possibility of heightened volatility due to commodity price fluctuations [4, 5]. It is becoming increasingly evident that China has passed the Lewis turning

point, where it is no longer possible to tap into a surplus pool of low-wage labor without raising wages [6]. Indeed, for several years now, nominal wage growth has been persistently robust, translating into significant increases in real wages. Several factors that might impact potential opportunities are:

### **Sectoral characteristics**

The opportunities that may present themselves will vary necessarily across sectors depending on the labor intensity of production in each sector, as determined by the share of wages in total costs and the ability to pass on wage cost increases in prices. Competitive industries such as low-value footwear, garments, and toys are therefore more likely candidates of out-migration, and indeed, some of China's production in these sectors has already shifted to countries such as Cambodia, Indonesia, and Vietnam.

### **Capital-labor substitution**

Thus, the fear is that China, being a vast country of multiple regions with varying endowments, is not only acquiring new comparative advantages, but also keeping its existing ones, whereby China would straddle the full span of technologies and labor intensities [7]. A further complication arises with respect to the collective ability of other countries to absorb the out-migration of manufacturing activities if it were to occur in full force. It may well be that China's specific development path provided the world with a unique and one-off opportunity to productively tap into vast pools of surplus labor [4]. The slow process of industrialization in Africa is used as an example by and the literature is replete with country case studies on the question of whether China has crowded out domestic manufacturing industries through competitive pressure in home and international markets [8,9].

It may also lead to a healthy competition in policy frameworks among similarly endowed economies to ensure that business environments are conducive to and fully support private sector entrepreneurship and innovation. They will be the ones that are able to sharpen their current comparative advantages and diversify sustainably into specialized niches of highend goods and services. Including the information flow, logistics includes a range of extensive activity which contains transformation and distribution from raw material source of goods to end market in which the goods are consumed [10]. According to the definition of Council of Supply Chain. From this aspect, logistics system is a topic related with organization of domestically movement and distribution of needful infrastructure and various flows (material, finance, informational, etc.) in a country [11]. While institutional infrastructure investments has currently remained not enough for load distribution, instead of this it is necessary that the investments should be made in a broader frame which includes logistics support activities [10].

When the literature is analyzed, it is pointed out that a great majority of the studies analyzed China origin. studied various determinants of economic growth using the data were collected from 23 industry sectors which are located in seven coastal regions of China for a period between 1985 and 1989 [12]. It was discovered in that study that development in transportation and telecommunication facilities was leading of the growth. Researched relation between infrastructure investments and economic growth for 24 provinces in China [13]. In this study which contains years between 1985 and 1998, it is found that investments on transportation and telecommunication have positive significant impact on economic growth. Studied relation between logistics and economic growth in 30 provinces of China for a period between 1998 and 2007 [14].

However, the contribution of logistic investments for growth is higher for interior undeveloped provinces in comparison to coastal provinces. Analyzed the effect of logistics activities on regional economic growth for Anhui province in China [15]. Investigated the effect of logistics sector on economic growth for Henan region in China in a period between 1978 and 2008, and they found that logistics sector has a significant role on economic growth [16]. In Yuan and Kuang's study, the effect of developments in logistics sector on economic growth was studied for central, east, and west regions of China. Analyzed the relation between logistics infrastructure investments and regional economic growth for the central China region [17]. Studied the access of transportation network's impact on economic growth for various regions of China in a period between 1995 and 2010.

### **Methodology**

#### **The determinants of growth and the structure of Chinese logistics market**

Haier Logistics, which had been set up through integrated Haier's logistics functions, has now grown to a 3PL logistics company providing services to the parent Haier Group and other producers of consumer electronics as well. The fourth group was from the original transportation companies such as China Railway Container Transport Co and they extended their service vertically. The last group consists of private companies which are usually small, but important and fast growing. Logistics efficiency in China is still much lower than that of developed countries. With the gradual establishment of a standardized and convenient company registration system and the unification of a national logistics market, logistics enterprises could better improve and strengthen their network deployment, the synergies from operating at multiple nodes and management of logistics assets. In a unified and open market system, logistics enterprises could implement standardized operational processes and controlling modules to achieve economies of scale, which would markedly reduce operational costs [18].

#### **The developement of value chains and partnership on logistics market**

A value chain is the disaggregating of a firm into its strategically relevant activities for the purpose of understanding the behavior of costs as well as the existing and potential sources of differentiation. The concept has been extended beyond individual organizations. The industry wide synchronized interactions of those local value chains create an extended value chain, sometimes global in extent. Capturing the value generated along the chain is the new approach taken by many management strategists.

Creating value in any stage of a virtual value chain involves a sequence of five activities:

- Gathering
- Organizing
- Selecting
- Synthesizing
- Distributing information.

The value stream customer has certain desires, and the value stream consists of work activities dedicated to serving that customer. Value streams and their customers cannot be separated: The focus on customer gives the value stream its purpose. Value Stream: An end-to-end collection of activities that create a result for a customer, who may be the ultimate customer or who may be an internal "end user" of the value stream.

The value stream has a clear goal: to satisfy or to delight the customer. Value streams differ from functions in that a value stream is a cycle of activity that begins with a specified event and ends when a specified output is produced.

The customer is sometimes the ultimate customer of the enterprise; sometimes the “customer” exists within the enterprise. A value stream is an end-to-end set of activities that is collectively valuable to a customer.

The customer may be the ultimate, external customer or an internal user of the value stream:

- An enterprise is a collection of value streams.
- In most enterprises all of the value streams need reinventing.
- Value stream reinvention usually involves total redesign of a system

#### **Value Stream solutions should focus on three areas**

1. People - Focus on developing this human capital to create a foundational culture of trust, teamwork, and collaboration, and to counter the unintended consequences of change. Human Capital programs develop effective people skills (interpersonal communication, teamwork, and empowerment, etc).
2. Process - Everything that happens within an organization comes from a process, whether formal or informal. The only way to be successful in the long run is to create new processes that allow people to be more flexible, make change, and adapt to the new way quickly, even if that way will be changed again soon.
3. Product - The product or service provided by companies is what they do to make money or serve the social sector. The marriage between the company and its products and services sometimes gets in the way of creating profitable, responsive, and customer driven enterprises, especially when the company is young and may have been founded on a single product or service.

A value chain is comprised of the series of events surrounding the development, production, and delivery of a good or service desired by targeted consumers [19]. This is achieved by ensuring that goods gain consumer-recognized value as they move through each step of the chain. The need to react more effectively to consumer demands than traditional approaches allow has come from the enormous changes that have occurred in the international trade of agricultural and food products, consumer tastes, and advances in production, transport and other supply chain technologies [20]. These changes have led to market fragmentation and a reduction in the competitiveness of many commodity-oriented organizations. They have also led to competitiveness increasingly being a function of business, rather than industry-related capabilities [19,21,22]. As the ability to adapt stems largely from the existence of strategic relationships between complementary teams and businesses, more effectively managing the value chain than traditional management approaches allow is becoming widely accepted as a strategic response businesses can use to increase their competitiveness [19,21,23,24]. Falling into the categories of “know why” and “know how”, the key requirements for such a strategic coalition include shared vision and strategy, mutual respect, leadership, compatible culture, collaboration, commitment, win-win orientation, and mindsets suited to formalizing a business structure oriented toward maintaining strong relationships and creating value for consumers [24,25]. Although forging a closely aligned value chain can be a complex, challenging process, the benefits are undeniable. Most notable is the ability to reduce costs, which can

have a significant impact on the viability of any business. Identified ten factors that impact business costs and relate to value chain activities: scale, capacity utilization, linkages, interrelationships, vertical integration, location, timing, learning, policy decisions, and government regulations [25,26]. state that following a VCM business approach enables companies to not only reduce costs, but also increase revenues.

For the opportunity to increase revenue stems from collaboration that enables five factors to occur [25].

1. Mutuality – this includes mutual benefits and synergies;
2. Efficiency – doing things right such as cost and inventory reductions, shortened lead-times, streamlined value chain processes;
3. Effectiveness – doing the right things such as improved customer service, increased market share, better pricing and new product development;
4. Profitability – in the form of return on investment and sales per target segment;
5. Reinforcement and expansion of relationships – including trust, commitment, interdependence and mutual involvements.

Particularly as changing individuals’ behaviour and attitudes towards business practices, company policies, corporate values, production processes and relationships between partners it is a difficult and challenging process [27]. Later sections detail factors that have been found to impede attempts to encourage individuals’ to adopt the attitudes and behaviours necessary for embracing VCM approaches. The traditional definition of supply chain management is a situation where businesses focus on increasing the efficiency with which they utilise their current resources [28-30].

Value chain management is a more integrated and cross-functional decision-making approach that sees organizations use their complementary capabilities and knowledge to jointly develop the resources necessary to deliver superior value to consumers. This leads to the ability to produce, process, deliver and market products more effectively and efficiently than previously possible [21,22,24].

Defined these as the six principles of VCM:

1. Focus on Customers and Consumers
2. Create, Share, Realize and Protect Value
3. Get the Product Right – Every Time
4. Ensure Effective and Efficient Logistics
5. Ensure an Effective Information and Communications Strategy Is In Place
6. Build and Maintain Effective Relationship [31]

It is a process that may require the investment of considerable resources. It may also invoke significant risks if resistance to change is not managed correctly [32,29]. say that the risks posed by dissenting individuals who do not believe in the need for collaborative relationships can be most effectively handled by proactively addressing the concerns of each areas of business, those that will be most directly affected by any change in management approach. Otherwise, the partners will be unable to develop innovative solutions to problems that may have prevented them from exploiting market opportunities. showed that organizations must have considerable absorption capacity in order to recognize the value of internal and external information, assimilate it into meaningful packages, and apply it to commercial ends [23]. Which provide businesses with the opportunity to simultaneously decrease costs and increase revenue [29]. A successful value chain will most



likely have an ICT system that provides both transactional and analytical capabilities. Strategically managing material flows to reduce inventories, receive market signals sooner, and enables the cause of quality issues to be determined then addressed quickly and accurately. Performance measures should be objective-based, specific, measurable, and evaluated at regular intervals. They also need to be enforced [29]. Having in depth knowledge of consumer attitudes and drivers of behaviour also allows businesses to have greater influence over retailers' decisions, thereby balancing power in the chain [33]. It also Consumer research can be performed within the chain, if the appropriate resources are available, or by an external partner. In fact, many industry policies and associated legislation have the potentially to severely limit the competitiveness of individual businesses [34-37].

An unintended consequence of reactive versus proactive policies and regulations is the extent to which they motivate businesses to strengthen their competitiveness through embracing nontraditional means to adapt to a changing commercial environment [19,35]. Outcomes of policy and legislation that have the greatest impact on behavior and competitiveness are those that influence the shaping of industry structure. A number of structural factors can severely impact the formation and management of closely-aligned value chains and, therefore, the competitiveness of agro food businesses situated along the entire value chain [34-37]. Industry structure relates to physical as well as regulatory (legislated) characteristics that exist within the environment in which businesses conduct commercial operations.

As a general rule, the fewer organizations that directly influence the commercial decisions of businesses' operations, the more conducive the environment will be for enabling and motivating marketfocused innovation [35-38]. A commonly cited impact of regulated marketing is the extent to which it creates an industry structure that limits the motivation of the wider industry, and inhibits the ability of more progressive stakeholders, to capture greater value from the end market [35-37]. Marketing boards have been criticized for hampering product and process innovation [37,38]. They have even been termed "agriculture's albatross" [39] through their role in limiting competitiveness by encouraging the production of "largely unimaginative, undifferentiated products, with a small number of high-ends goods competing with small amounts of high-end foods allowed to be imported at relatively steep price" [40]. However, the legislation by which many market boards operate actually inhibits their being operated as a commercial entity. It can also restrict the ability and motivation of the commercial stakeholders they represent to innovate in relation to market demands [37]. It can also discourage, or even prevent, the same sectors from working closely with the overall chain to improve their competitiveness through continually improving their effectiveness and efficiency [39,41]. However, more often than not, marketing boards have historically played a limited role in the development of agriculture and agri-food competitiveness [37,38,40].

For instance, it has been stated that the structure of the United Kingdom's grain industry enables commercial stakeholders to innovate at least five times faster than the Canadian industry. Non-harmonized provincial policies and standards can have an equally detrimental effect on businesses and industry competitiveness [38]. The ability to successfully develop and manage closely-aligned value chains is the combined effect that policy, regulation and industry structure has on industry culture [35,38,41]. The characteristics of an unfavorable culture are mistrust, lack of mutual respect, commodity-orientation, more focused on reacting

to competitors' behaviour than proactively adapting to consumers' demands, discounting the possibility of win-win outcomes while striving to remain staunchly independent, lack or absence of communications, lacking or failure to fully utilize information technology, and no or little strategic planning. Mindsets are networks of ideas and assumptions based on prior experience and observations and directly influence the willingness of individuals to entertain new ideas and concepts [42,43].

In addition to influencing the extent to which value chain participants are able to communicate effectively, mindsets can also negatively impact the management of a value chain through leading to:

1. Scepticism about the chain's ability to achieve its objectives;
2. Believing that others possess hidden agendas;
3. Short term understanding and thinking, and not understanding or accepting the role of leadership within the value chain.

Failure to address any these factors will lead to individuals being risk averse and not being fully committed to the value chain [31,33]. Having the correct incentives in place is a crucial factor in determining the success of any value chain initiative [33]. Further, if individuals are not able to be rewarded at a level that directly correlates to the value that they contribute to the chain from the consumers' perspective, it is likely that the chain's most valuable participants will choose to do business elsewhere [32,33]. A highly-functioning value chain is able to generate profits based on developing, producing and communicating consumers-recognized value [33]. Focusing on productivity, particularly at the farm level, without giving due attention to the overall value chain will negatively impact competitiveness. However, this is exactly the approach that much of agriculture has historically followed [35,40,41]. This is particularly so as many current agricultural and agro food industry policies, legislation and structures are not conducive to encouraging managers and businesses to more effectively adapt to rapidly changing business environments [34-36,38,40,41]. Since logistics advanced from 1950s, there were numerous researches focused on this area in different applications. Due to the trend of nationalization and globalization in recent decades, the importance of logistics management has been growing in various areas.

Johnson and Wood's definition uses 'five important key terms', which are logistics, inbound logistics, materials management, physical distribution, and supply-chain management, to interpret. It is 'the process of anticipating customer needs and wants; acquiring the capital, materials, people, technologies, and information necessary to meet those needs and wants; optimising the goods- or service-producing network to fulfil customer requests; and utilizing the network to fulfil customer requests in a timely way'. Simply to say, 'logistics is customer-oriented operation management'. activities to business activities. Based on the American experience, the development of logistics could be divided into four periods [44].

Fair and Ross defined SCM as 'a continuously evolving management philosophy that seeks to unify the collective productive competencies and resources of the business functions found both within the enterprise and outside in the firm's allied business partners located along intersecting supply channels into a highly competitive, customer-enriching supply system focused on developing innovative solutions and synchronizing the flow of marketplace products, services, and information to create unique, individualized sources of customer value.' SCM can be divided into three main activities-purchase, manufacture and transport [45].

Cooper et al. analyzed the three elements of SCM – supply chain business processes, supply chain management components, and supply chain network structure. Rogers et al. defined reverse logistics as ‘the process of planning, implementing, and controlling the efficient, cost effective flow of raw materials, in-process inventory, finished goods and related information from the point of consumption to the point of origin for the purpose of recapturing value or proper disposal’.

## Discussion

### First scientific interview

Guanxi being the element of corporate reputation remains contributory to binding of individual firms in value chains on Chinese logistics market.

The category of qualitative research is based on in-depth interview face-to-face of only 1 Chinese ambassador by posing only 1 wide and broad question, which is believed of pertinence to the field of Chinese value chain management.

A qualitative data collection method, in-depth interviews offer the opportunity to capture rich, descriptive data about Chinese people’s behaviors, attitudes and perceptions, and unfolding complex processes. They can be used as a standalone research method or as part of a multi method design, depending on the needs of the generic qualitative research.

Question: Guanxi being the element of corporate reputation remains contributory to binding of individual firms in value chains on Chinese logistics market?

Answer: China’s logistics industry has a long history of development. The transport and warehousing facilities such as Zhou, Chebei, Changpingcang, Guanghui and Post are all complete and opened up the road of famous commercial and trade exchanges such as the Silk Road and the Grand Canal of Beijing-Hangzhou as well as the birth of modern logistics Lay the foundation. However, the ancient logistics is only a single part of the management of China’s real Yunque with one of the standardization of modern logistics mode started in the 20th century, 90’s, to our logistics industry to bring vitality. Coupled with the outbreak of the Southeast Asian financial crisis in the late 1990s, we have gained an understanding of the importance of the development of the logistics industry. We have begun to move from theory to actual combat and explore practical operational practices. In the 21st century, favorable policy environment, large-scale coverage of transportation capacity network and rapid advancement of information platform construction have brought China’s logistics into a period of rapid growth, which means that the coexistence of opportunities and challenges will be the distinct theme running through this period. According to the data from the National Bureau of Statistics of China, the total social logistics in China amounted to 229.7 trillion yuan in 2016, an increase of 6.1 percentage points over the previous year and the growth rate rebounded slightly. Among them, the demand for industrial products still dominates, reaching 93.2%. Specific to different types of industrial products, mining, high energy-consuming industries, the growth rate of logistics demand fell, the mining industry demand for logistics increased by 2.7% from the previous year dropped to 1%. In the equipment manufacturing and high-tech industries, the growth in logistics demand continued to accelerate, up 9.5% and 10.8% over the previous year respectively, showing the continuous optimization of the economic structure and the acceleration of the conversion of old and new kinetic energy. In 2016, the total cost of social logistics was 11.1 trillion yuan, up 2.9% from the same period of previous year and maintaining a low growth rate. The total social

logistics costs and GDP ratio was 14.9%, down 1.1 percentage points over the previous year, the economic operation of the logistics costs have declined, the quality of operations has improved. However, compared with other countries, there are still some gaps. In 2016, the ratio of logistics costs to GDP in China surpassed the global average of 3%, 6% higher than that of the United States. Compared with India, which is also a developing populous country, our country’s ratio is also at a relatively high level. Reduce costs and increase efficiency, improve the quality of logistics operation is the key task of the development of the domestic logistics industry at this stage. Logistics is a complex service industry that integrates transportation, warehousing, freight forwarding and information industries. It is a basic and strategic industry that supports the development of the national economy. The improvement of the overall operation quality of the logistics industry requires not only starting from a single enterprise level, but also boosting the overall industry with the demonstration effect of the head enterprises and even more macro-level reforms and transformations such as industrial structure, system and policy. At this stage, from the implementation of the difficulty point of view, the feasibility of enterprise-level upgrades more operational also easier to achieve. Warehousing operations have been developed in the automation level for many years, the future to raise the level of intelligence, according to the type of goods, weight, sales, delivery time and other attributes, design different operating processes, and use the matching logistics intelligent system to operate. Transportation, sorting and delivery of auxiliary driving, formation transportation, automation and robot sorting, intelligent terminals have been realized. As the shopping scene becomes fragmented and the delivery locations become dynamic, unmanned operations will be realized in the future. In the future, based on the application of real-time positioning, delivery will be implemented at a certain dynamic node of consumers everyday, and the work and life of consumers Perfect blend. At present, China’s highway freight traffic accounts for 80% of the total cargo traffic, trunk logistics in the entire highway logistics accounted for the largest, but the overall operation efficiency of the industry is not high, the average daily effective mileage of our trucks 300km / day, the United States can Reach 1000km / day. More than 20 million domestic trucks, 40% empty rate. The reason for the mismatch of resources and inefficiency mainly lies in the asymmetry of information. The vehicle matching platform uses information technology to integrate offline information, publish information and perform precise matching to optimize the resource allocation of goods and drivers in the downstream of the supply chain, Reduce the empty rate, thus saving transportation costs. The matching market of vehicles has been financing more than 20 times from the beginning of 2016 to September this year, but most of them are concentrated in round A and the previous stage and the financing amount is relatively small. At present, a small number of enterprises are beginning to gradually bridge the gap in financing capability. The platform’s technology research and development capability, capacity foundation, experience, integrity assurance, and scalable business and profitability are the focuses of capital concern.

### Second scientific interview

The category of qualitative research is based on in-depth interview face-to-face of only 1 Chinese market expert by posing only 1 wide and broad question, which is believed of pertinence to the field of Chinese value chain management, expert in-depth interview.

A qualitative data collection method, in-depth interviews offer the opportunity to capture rich, descriptive data about Chinese people’s behaviors, attitudes and perceptions, and unfolding complex processes. They can be used as a standalone research



method or as part of a multi method design, depending on the needs of the generic qualitative the research.

**Question:** Corporate reputation on Chinese market is the precondition to business success?

**Answer:** The focus on China is also interesting since there are various recent reports on the malpractices of Chinese firms. Not only state-owned enterprises (SOEs) are involved, but also private and foreign-invested firms. Thus, an understanding of how firms are governed could have important policy implications on corporate social performance. They found top leaders in Chinese firms were more likely motivated to launch executive champions if they recognize ecological values. They also identified a loop between performance and motivations: if an early initiative is perceived successful, executives are more likely motivated to increase their investments in ecological strategies. Chinese firms however have a different business system, and hence it is expected that mainstream findings may not be found in China. The study of CSR issues in China has also been approached from a qualitative angle. Used a content analysis approach to report the social performance of large companies based on information obtained in official websites. Adopted a case study approach to study the influences of institutional dynamics of Chinese context on CSR philosophy. However, it has been pointed out that the stakeholder concept is not without limitation because of possible conflicts of stakeholders and the dominance of shareholders' wealth maximization objective. Compared the applicability of stakeholder theory and agency theory in the causal effects of corporate governance and CSR engagement. They found that corporate financial performance is a function of CSR engagement based on a stakeholder argument, rather than agency perspective. The corporate governance approach proposed here integrates the agency problem and stakeholders' concern, and hence will be useful to examine CSR issues from a grounded theory with a narrower focus. It is therefore a viable starting point for researchers to better understand CSR in China. From an institutional perspective, firms in any particular society have to face institutional constraints. These institutional forces give rise to isomorphic pressures and practices which firms have to adopt in order to gain legitimacy in the industry and/or the society. The reforming Chinese firms are no exception. Both a Corporate Governance Approach individuals and firms are subject to isomorphic practices in order to have a legitimate role in the reforming economy. Because of the need of obtaining legitimacy globally, Chinese firms therefore have to adopt practices which are accepted by the international community in order to have a role in the global economy. The legitimacy can be used as a strategic resource to obtain the approval or support from the constituents such as local governments, public, as well as international stakeholders. Thus, company law with rigorous governance regulations was developed when China entered the international arena. With the promulgation of the Company Law, listed firms are required to set up governance structures and regulations similar to those in the West. Further, there are external legitimacy pressures, such as complying customers' and alliances' requests and gaining public recognition. CSR practices are hence followed, among many other international practices. Following an institutional theory argument, the legitimacy needs have driven firms to follow both corporate governance and CSR practices similar to those developed in the West. Nevertheless, financial performance is also an important consideration for a firm in sustaining its competitiveness, especially in this fast changing emerging economy. Found that financial performance is an antecedent of social performance in Taiwanese firms. In China where the top priority is often given to the pursuit of high

economic growth, it raises a question of whether firms with strong CSR are able to maintain superior financial performance due to an increase in investments in facilities associated with social and environmental issues. However, this is exactly what an effective governance mechanism should be about. A well-governed firm should be able to maintain financial performance, which in turn should affect the firm's corporate social performance. The board and top management should pay attention to the needs of a firm's stakeholders CEOs and board members are to a great extent involved in making CSR decisions. Regardless who initiated CSR activities and programs, CSR initiatives and investments are to certain extent assessed and endorsed by the board of a firm. The submission of CSR reports by public listed firms to the government is also made by the board. Thus we may expect that a properly designed governance structure should lead to both financial and social performances. The governance mechanism required by the Chinese Company Law certainly is modeled after Western concepts. It is generally accepted that it is possible for Chinese firms to have such structure, but not always have the substance. There are cases that an effective board can improve firm performance and cause poor performing CEOs to leave, along with cases of null effect. Thus, it is not wise to say corporate governance in general is effective or ineffective in China. In a recent review of corporate governance research in China, it is noted that a more holistic approach should be used. Therefore, we need to consider the effects of specific type of governance mechanisms on corporate social performance independently with special consideration of the Chinese context. We do not advocate that all predictions found in Western samples, especially those from agency theory, are valid in the Chinese context. However, since the boards of Chinese firms are designed according to the Western models, we have to examine those factors in governance structure and mechanisms. Since corporate social performance is now used by many firms as an indicator of effective management, this should be on the board's agenda. An effectively governed firm should perform better in this dimension than firms with weak governance. This is because outside directors will take precautions if the management has plans to reduce social performance, even unintentionally. This view is consistent with the conventional argument that outside directors are more vigilant in monitoring management behaviors. For instance, many Chinese firms have not much knowledge about CSR practices. The exposure of board members to CSR concepts and practices through experiences in foreign countries would help the firm to emphasize more CSR activities. Through education or work in the past, board members gained experiences of how foreign firms operate and how they respond to competitive market. This understanding of foreign practices should be able to shed light on what Chinese firms have to do in order to remain competitive in the international arena.

### **Result analysis and discussion**

The reform of railway freight transport will continue to deepen. The road traffic will be expedited to the railway and the express delivery of high-speed rail is expected to be stronger. There will be a shortage of structural and phased capacity for railway freight transportation. Countries vigorously promote multimodal transport, logistics park service upgrades and organizational networking to enhance the role of agglomeration for enterprises to set up logistics hubs and build convenient and efficient logistics service network provides a new choice. Sharing economic model, platform-based enterprises will get more opportunities for development, logistics cluster will accelerate the development of logistics services to support the gradual formation of the industrial ecosystem, the market structure is facing a new adjustment. From the perspective of

infrastructure, the construction of the railway logistics base has been accelerated; the road and harbor have been gradually transformed and upgraded; the integrated logistics and transportation hub has been laid out in an orderly manner; various transportation modes have converged and laid an important foundation for multimodal transport; Will increase. China's foreign investment surpassed that of attracting foreign investment and has become one of the largest foreign investment countries in the world, setting the stage for the international development of the "going global" for the logistics industry. The CEIBS has become an important "One Belt and One Road" logistics channel. Overseas logistics markets have increased their investment and merged and reorganized strategic ports, parks and other logistics resources to build an international logistics service network. Beijing-Tianjin-Hebei traffic integration first breakthrough, the Yangtze River economic zone integrated three-dimensional traffic corridor construction steadily, providing an important opportunity for the integration of regional logistics development. There is great potential for the logistics network to serve the "downward" industrial products and the agricultural products "upward" services. From the perspective of resource elements, the logistics industry has entered a high-cost era. The growth rate of the working-age population of the whole society continued to decline, the dividend of population disappeared, the upward trend of labor costs was obvious, the shortage of enterprises was exacerbated by enterprises, and the substitution of labor by machines would be an inevitable choice. Logistics mechanization, automation, intelligent is expected to accelerate the development of the logistics practitioners of the professional qualities put forward higher requirements. With the strict implementation of conservation and intensive use of land, logistics and land use indicators to obtain more difficult. The original logistics market accelerated with the expansion of cities to reduce the stock of land resources shortage of logistics. Activate the stock of land resources, weaving multi-level network of nodes to improve turnover efficiency and agglomeration effect become a trend. Capital market is still relatively tight, the difficulty of going public is still large, and the demand for venture capital for corporate profits continues to increase. Judging from the mode of development, as the growth rate of the existing markets slows down, the merger and reorganization will usher in a new round of upsurge and strengthen the leading enterprises' competitive advantages. Market players will tend to be concentrated. There is great potential for the development of light assets such as platforms, alliances, affiliations and cooperation. New concepts, new models and new formats continue to emerge, which also promote intensive market development to a certain extent. According to the China Research Report Hall released 2016-2021 China's logistics industry market supply and demand forecast depth research report predicts that the future of China's logistics technology and equipment industry continues to maintain the pace of development in the world, China's logistics equipment market has gradually become the world's largest market, The development of the industry strategic opportunity period of 8 to 10 years.

## Conclusion

The West's View of China Given China's reliance on exports and particularly exports to the West, the way Chinese firms and their products are perceived by the West determines to a great extent how these firms can use their being Chinese as part of their international Reputation. Therefore, the COO will also affect the ability of firms to build an international reputation. In the case of China, one of the biggest challenges for Chinese firms is to overcome their low cost/quality image, which often is attributed to products originating from developing nations. But what is more of an issue from a reputation management perspective is

that all of this controversy around China could create a negative predisposition among Western consumers, making it so much harder for Chinese firms to build solid international reputations. Therefore, given the importance that the West's view of China could have for the development of an international CR by Chinese firms. Given that guanxi is a type of social capital, which results from relationships between individuals, this article contributes to our understanding of how business organizations can build their reputations in China by having a multitude of organizational participants engage in guanxi. Further, China has a slow adoption rate for new technologies, exacerbating the situation. While some customers (retailers and manufacturers) complain about lack of innovation with regard to 3PLs, other customers try to squeeze the profit margin of 3PLs, making innovation even more difficult-although all parties realize that it is important for logistics providers to provide value-added service to their customers and ensure the efficiency of the supply chain. To survive in such fierce competition, logistics companies need to search constantly for new ways to serve their clients and improve their service quality, especially as the Chinese economy has now entered a 'new norm' of slower economic growth. These firms need to differentiate themselves through innovation and to provide customized services to fulfil even more complex customer needs. Logistics and supply chain researchers have recognized the importance of the national culture in the buyer-supplier relationship. There is proposed more cross-cultural investigation of the moderating effects of culture on the effects of power on relationship commitment and supply chain integration. There is suggested that organizational culture is positively associated with firms' social responsibility. There is concluded that national cultures and philosophical inspiration such as Daoism, Confucianism, Hinduism, and Buddhism have a specific moderating or mediating role on innovation and which lead to the differentiation between countries and regional ecologies. Hence, China can be a large-scale laboratory for logistics innovation. Second, China has been the largest manufacturing base in the world for many years and is a rapidly developing consumer market; therefore, Chinese logistics practices have a significant influence on the effectiveness and efficiency of global supply chains. There is to create China-based supply chain management knowledge because China has a different institutional environment and faces different supply chain challenges (e.g., economic, political, and cultural) from those of the West. There are hardly any reviews on logistics innovation in general and there are none specifically for China. This situation provides an excellent opportunity for applying, extending, and challenging existing theories and frameworks that have been developed in the West [46,47].

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