

Interaction of Supply Chain Management, Entrepreneurship and Consumer Behaviour

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Abstract— The role of supply managers in driving corporate performance is changing, with an increased emphasis on supply market intelligence, collaboration, inter-organizational partnerships, and operational integration with supply partners. The problem posed in the paper relates to the relationship of three important processes developing in modern society, namely: entrepreneurial activity, the consumer behavior, and supply chain management. The paper presents data from authors' expert surveys conducted in the Republics of Tatarstan and Mari El (2018) regarding the level of development of supply chain management, and consumer opportunities as an important indicator of the degree of wealth and entrepreneurial activity. It is concluded that the level of supply chain management of the population and individual social and professional groups is mainly medium, sometimes low, which impedes the development of entrepreneurial initiative improving the purchasing potential and quality of life of the population in the region. The paper provides recommendations on stimulating the growth of public confidence as a factor in the growth of consumer opportunities of the population with the goal of sustainable socio-economic development.

Keywords— *entrepreneurship, consumption, consumer society, consumer opportunities, buying potential, supply chain management*

1. Introduction

In the current globally competitive environment, many firms are turning to supply management as a core strategic competence that creates competitive advantage. Firms with proactive and world-class supply management programs are differentiated by

hybrid governance structures, where supply managers work closely with business stakeholders to scan the supply market, collect market intelligence, identify opportunities to integrate suppliers with internal requirements, deliver value-added initiatives to create value, and ensure on-going collaboration with key supplier partners [1-3]. Analyzing the interpretation of supply chain management as a social institution, we rely on the work by F. Fukuyama, who considers it within the context of social capital as generally accepted norms and values practiced by a certain group of people, and opening up the possibility of cooperation. It is secondary to the already existing ability of people to interact on the basis of common values. Supply chain management and social capital are among the most important mental features of American scientists, social and cultural prerequisites for the institutionalization and functioning of democracy and a market economy. Stressing the complexity of establishing “framework forms of supply chain management,” Fukuyama draws parallels with formal institutions such as the constitution and the electoral system. He argues that the latter can be created “almost immediately”, in contrast to supply chain management, the formation of which “...is extremely difficult at all levels of society” [4-9].

The considerations by Fukuyama involve an understanding of supply chain management as a social institution being secondary to social capital; it is associated with economic activity in a market economy, primarily with private entrepreneurship. Supply chain management, as well as the economic

activity that it stimulates, is associated with the level of well-being of society. Thus, the circle of the phenomena considered by us is closed: supply chain management - private entrepreneurial activity - well-being provided by consumer opportunities of the population.

According to the theory of M. Weber, entrepreneurship arises at the dawn of the New time, and at the stage of early modernity within the framework of sociological understanding. This is a private legal enterprise, which, according to K. Marx, has unprecedentedly developed the productive forces of society, bringing the economy to a new and incomparably higher level of production of tangible and intangible goods [2, 3]. In turn, consumption takes on a mass character in the "consumer society" that emerges at the stage of the transformation of modernity into postmodern; currently, consumption covers almost the entire population of developed countries and differs from previous consumer practices by the possibility of acquiring a huge assortment of goods and services. It characterizes the stage of mature capitalism, being one of the forms of its further progressive development. At the same time, considering it critically, the process of mass consumption concentrates people's attention, primarily on material values to the detriment of spiritual life [4; 5]. But it is difficult to ignore mass consumption as a real institutional formation, since almost all the attributes of a social institution are inherent in consumption at the stage of genesis and the development of postmodern society. There are groups of persons (sellers and buyers), consumer values and norms ("prestigious consumption", high quality of goods), organizations and institutions (large shopping centres), control bodies (consumer protection societies), and finally, functions related to meeting the needs of broad masses of the population in a variety of goods and services.

The indicated problems were reflected in the works of modern domestic researchers, including author's studies [6; 7; 8]. Fundamental research conducted by large research centres throughout the country pose problems of the relationship between social capital and consumer behaviour, supply chain management and consumer orientations, while a lack of supply chain management is regarded as a significant limiter of the horizons of consumer orientations, long-term consumer plans, and personal savings of citizens [9].

2. Methods

2.1 *Aligning entrepreneurial and supply management roles*

We first seek to establish whether there was a parallel between the bodies of literature in entrepreneurship and supply management. We identify a number of key tenets from the entrepreneurial literature that is representative of more nascent attributes of supply managers. We begin with an overview of the entrepreneurship literature, and next describe specific attributes of entrepreneurs that align with supply managers. To study the interaction between the phenomena of supply chain management, entrepreneurship and consumer behaviour in the Volga Federal District, an empirical study was conducted in two of its subjects.

Experts were interviewed according to the author's questionnaire: in the Republic of Tatarstan (n = 100), and in the Mari El Republic (n = 98); the interviewed people were businessmen and entrepreneurs working in various areas of small business, as well as research scientists who analyse the functioning of the institution of entrepreneurship, its structure and functions. Type of selection was a "snowball".

This target group was selected as an object of empirical research because it has special social and professional characteristics, models of labour, consumer, and organizational behaviour, and is a reserve of the middle class in the domestic social system [10].

3. Results and Discussion

So, according to the results of our research from Diagrams 1 and 2, it is clear that, according to Tatarstan and Mari El experts, the highest level of supply chain management exists in families, that is, in small social groups, where, as a rule, frequent and close informal communication dominates. The medium level of supply chain management clearly prevails in the labour sphere of both republics, as well as in the republican communities as a whole. There are clear differences in business communities of the Republic of Tatarstan and Mari El Republic.

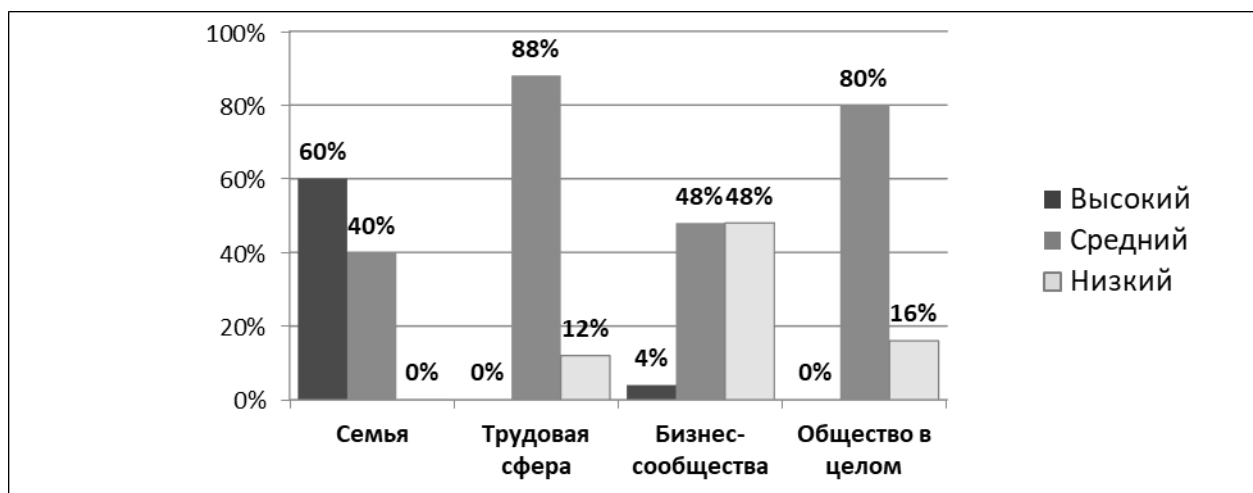


Figure 1. Level of supply chain management in a number of areas, communities and society as a whole (Republic of Tatarstan)

The medium level of supply chain management in the business environment of Tatarstan is balanced by a low level of supply chain management: both have the same percentage - 48.0%. Meanwhile, in the Mari El, the medium level of supply chain management in business communities clearly dominates over the low one with a rating of 96.0%. Moreover, in the Mari El Republic, unlike the Republic of Tatarstan, just small and medium-sized

businesses predominate, whose participants find mutual understanding easier and faster than the owners, management and personnel of large corporations, companies and firms. In addition to this, in the Mari El Republic, the so-called family business occupies a significant amount of the total mass of entrepreneurship.

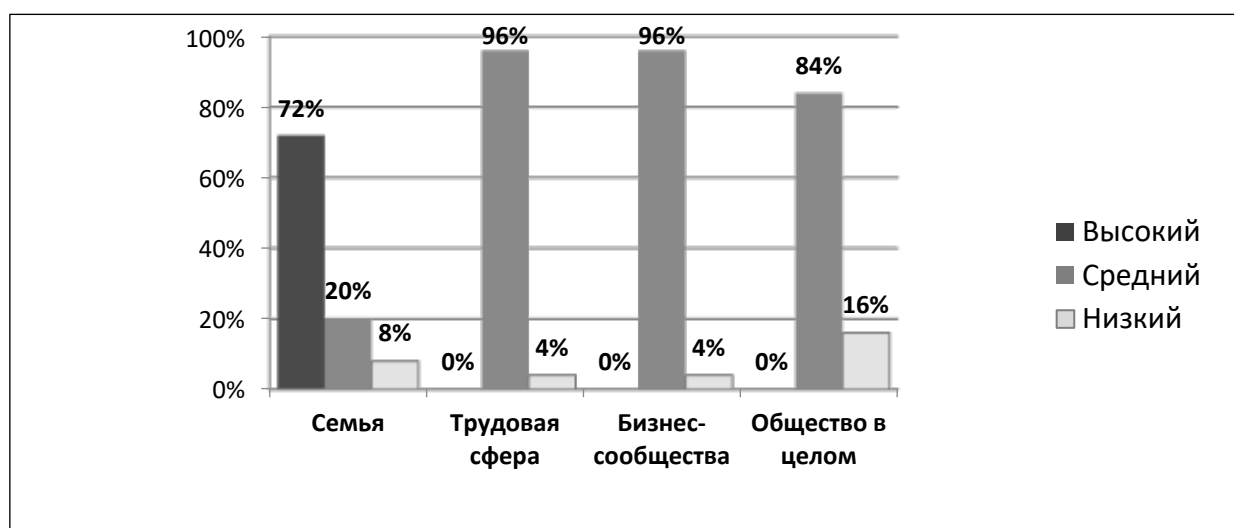


Figure 2. Level of supply chain management in a number of areas, communities and society as a whole (Mari El Republic)

Figures 3 and 4 show that almost three quarters of Tatarstan experts assess the current state of large business as “good”. In the Mari El Republic, such estimates are much smaller - only 32.0%. We dare to assume that this is due to the predominance of large corporations, companies and firms in the Republic of Tatarstan. At the same time, a considerable number of big business structures, if not the majority, are associated with government

agencies that support primarily large business. Such support, often based on informal (family, country, friendship) connections, gives grounds for Tatarstan experts to assess the current state of the Republic of Tatarstan’s big business as “good”, despite the “medium-low” level of supply chain management in the business environment.

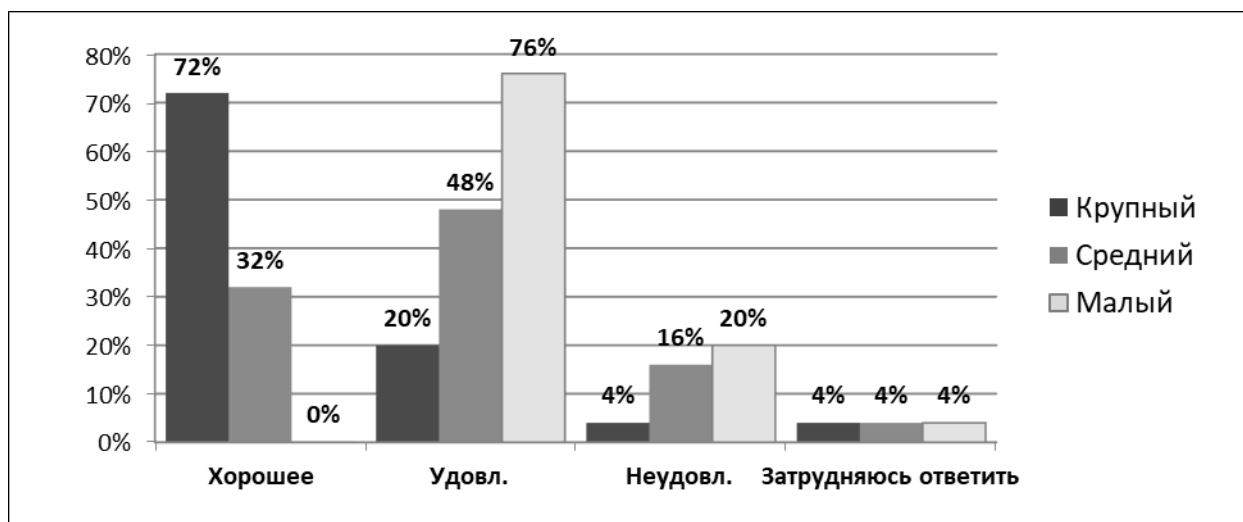


Figure 3. State of entrepreneurship (Republic of Tatarstan)

The state of medium-sized businesses is assessed by experts in both the Republic of Tatarstan and Mari El Republic as mostly “satisfactory” with a negligible percentage difference. In Tatarstan, this indicator approximately corresponds to the indicator of supply chain management level. Such estimates suggest that there is a definite correlation between the level of supply chain management in business communities and the state of entrepreneurship. At the very least, such a conclusion seems quite reasonable in relation to the second-rate business. At the Mari El Republic, there is a significant difference in assessments of the level of supply chain management in business

communities and the current state of medium-sized enterprises. The level of supply chain management is estimated to be significantly higher than the strength of the current state. Apparently, Mari El experts see an inverse relationship between supply chain management in business communities and the state of entrepreneurship. Or, most likely, they believe that the strength of the medium-sized business depends not so much on the level of supply chain management in its environment as on other factors, in particular, on the policies of local authorities, which by no means sympathize with most of the medium-sized businesses in Mari El Republic.

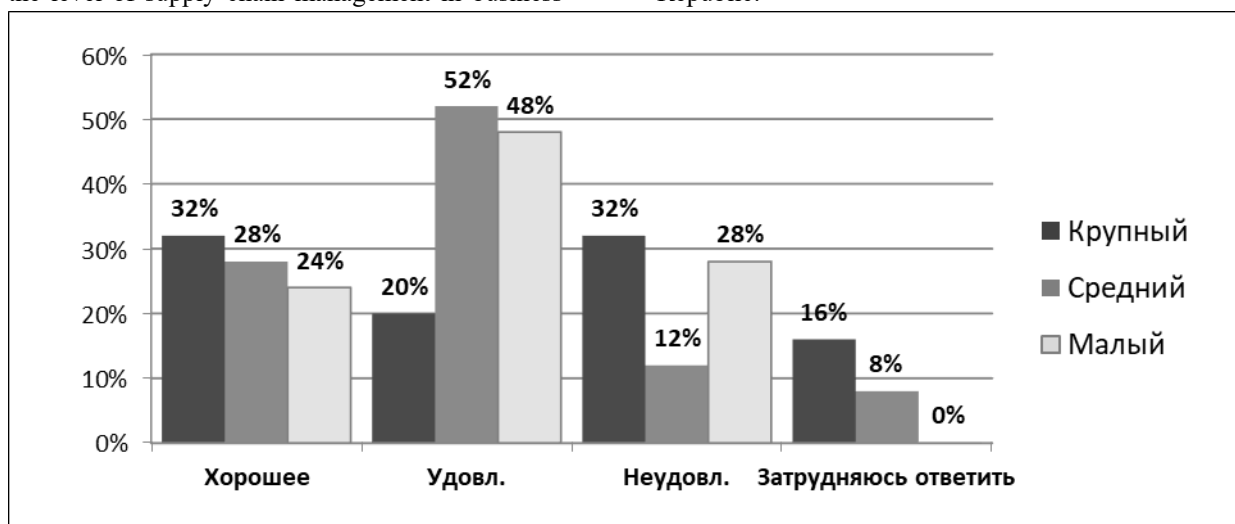


Figure 4. State of entrepreneurship (Mari El Republic)

The state of small business, both in the Republic of Tatarstan and in the Mari El Republic, is assessed by most experts as either satisfactory or unsatisfactory. At the same time, the balance to the benefit of satisfactory ratings in the Republic of

Tatarstan is noticeably more favourable than in the Mari El Republic. At the same time, indicators of the level of supply chain management in the business communities of the Republic of Tatarstan are significantly lower than indicators of the

current state of small business. Whereas in the Mari El Republic, estimates of the level of supply chain management in entrepreneurial communities are two times higher than estimates of the current state of small business. The discrepancy in the estimates of Tatarstan experts can be explained by the predominance in the Republic of Tatarstan of large and medium enterprises based not only on supply chain management, but on formal principles. And, perhaps, the subjective desire of experts to preserve small business as an integral part of entrepreneurship in modern society, performing important socio-economic functions. In the Mari El Republic, small and medium enterprises dominate. At the same time, despite the high level of supply chain management in business communities, the situation of small businesses is as unstable as the state of medium-sized enterprises, since they also largely depend on external factors.

So, according to the research results, there is a correlation between the prevalence of medium estimates of the supply chain management level in the regional communities of the Republic of Tatarstan and the Mari El Republic as a whole, medium estimates of the state of entrepreneurship (with the exception of the situation in Tatarstan's large business, where high ratings prevail) and medium estimates of the degree of consumer opportunities in the population of both surveyed republics.

Mari El's estimates of the consumer opportunities are significantly lower than the Tatarstan's, especially in some product categories. Thus, the level of consumer opportunities of the Mari El population as a whole is determined by business experts as predominantly medium (72%). But there are much lower ratings than in Tatarstan. In Mari El Republic it is 28%, while in Republic of Tatarstan it is 16% [11].

4. Discussion

Based on the results of the analysis of expert survey data, we will express some thoughts on the measures that should be taken to increase the level of supply chain management in society as a whole and in its individual components. First of all, in the field of entrepreneurship, and we specify even more - private entrepreneurship. According to classical ideas, it is the leading driving force behind the institutionalization of modernist society, and subsequently the consumer society with high

consumer opportunities, standards and ambitions of the population.

1. Based on the idea of F. Fukuyama, we express the idea that the state, as well as public associations and organizations should develop a set of measures to stimulate the genesis of such a system of values and norms that could be positively accepted and adopted by most citizens. The ideology of mass consumption, which is not limited to the acquisition of material goods and services, but naturally includes the consumption of spiritual and cultural values, could well become such a value-normative system. Given the historical experience of the development of Russia and other countries, such a material and spiritual consumer synthesis is quite possible.

2. A value-normative model based on supply chain management could well be taken as the starting point for developing a universal system of consumer values and norms. It is based on the ideas of Fukuyama and is formed and operates, first of all, in primary groups such as a family, not numerous production teams, business communities, public associations, amateur clubs, etc. Members of such micro-collectives are united not only by the idea of co-production, leisure activities, but also by the practice of collective use of certain material or spiritual goods, and most often, if we take, for example, a family, both material and spiritual goods.

3. Institutionalization of supply chain management, both in society as a whole and in individual groups and communities not only supposes, but also necessarily requires a set of measures to stimulate the process of expansion and development of entrepreneurship (private and state, big, medium and small). There is also an inverse relationship between supply chain management and entrepreneurship: a real rather than a formal legal opportunity to do business gives rise to a desire to supply chain management those who establish the "ceilings and frameworks" of business practice.

4. The development of entrepreneurship will inevitably lead to an increase in production, and also result in competition between manufacturers and, as experience of the West (and not only the West) shows, it will expand the assortment and improve the quality of manufactured goods and services. Their implementation will require an increase in the standard of living of the population, in particular, the people employed in the public sector of the economy, and this is impossible

without increasing salaries, wages, pensions and benefits, in other words, without increasing the consumer opportunities of the population. It is in such a social environment, where the institution of supply chain management will become a powerful incentive for the further development of both production and consumption.

5. And, finally, a high level of supply chain management in society as a whole (including as a stimulator for the development and enculturation of production and consumer practices) is hardly possible if we do not cultivate in society an ideology based on the principles of solidarity, subsidiarity, the unique value of each human personality.

4. CONCLUSIONS

Since the significant intermediary role of supply chain dynamic capability in affecting supply chain performance, enterprises need to develop dynamic adaptability to internal and external changes, improve the self-organization ability of the supply chain (especially resource reorganization and integration capability, environment adaptability, coordination capability and quality of employees), ensure that member enterprises obtain sustainable competitive advantages from the supply chain collaborative innovation and thus maximize efficiency of the supply chain system. Thus, the hypothesis formulated at the beginning of the paper turned out to be valid, having received confirmation of its validity by the results of the study. Indeed, as follows from the analysis of the data collected during expert surveys, there is a close relationship between the phenomena of supply chain management, entrepreneurship, and consumer opportunities. Another thing is that this dependence at the time of the polls did not manifest itself as clear and obvious in some of its aspects and components.

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