

Research on the Supply-Side Reform of Leather Industry Based on Craftsman's Spirit

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Abstract: Shiling, located in Huadu District, Guangzhou, is the world-famous "leather capital of China", and is the largest leather production base and one of the distribution centers of raw and auxiliary materials in China. But the industry also faces a series of development bottlenecks and comes to the stage of urgent transformation. Based on the theory of craftsman's spirit and supply-side reform, this paper discusses the reform of leather industry in Shiling. This paper first summarizes the general development situation of leather processing enterprises in Shiling, then analyzes the core elements of supply-side reform of leather industry based on craftsman's spirit, and finally puts forward the supply-side reform strategy of leather industry based on craftsman's spirit.

1. Introduction

Craftsman's spirit first appeared in the government work report in the 2016 national two sessions. There is no clear definition of craftsman's spirit in academic circles. At first, the craftsman spirit only represents the professional value orientation and behavior of the employees, which is closely related to their outlook on life and value, working attitude and spiritual concept[1]. Specifically, the spirit of craftsmen is the spiritual concept of meticulous carving and excellence of their work and products. It is a feeling, a persistence and a responsibility[2]. "Supply-side reform" is to promote economic development by liberating productive forces and enhancing competitiveness from the supply and production. The supply-side reform is a system engineering and the most important part of the economic work in recent years. If Shiling leather industry wants to reform successfully, it must enhance its competitiveness and create its own high-quality brand from the product quality. This requires practitioners to play the "craftsman spirit". Therefore, the "craftsman spirit" is of great significance to the leather industry of Shiling to improve the quality and create the brand[3].

2. The General Development Situation of Leather Processing Enterprises in Shiling

Leather goods is a gold-stamped business card for Shiling to the world. Leather industry is the key economic industry in Shiling Town. It is over 40 years from a small village to the leather capital for Shiling. At present, Shiling has about 8600 production enterprises and 18300 merchants of various sizes. It can produce more than 700 million processed leather goods each year with an annual GDP of more than 20.5 billion yuan, and can absorb more than 300000 employees. It has successively planned and constructed five industrial parks named as Furong Industrial Park, Jinshi Industrial Zone, Lingnan Industrial Park, Southern Industrial Park and European Industrial Park, with a total area of more than 5,000 mu[4]. At present, the total sales volume of leather goods and bags processed in Shiling has exceeded 50 percent of the sales volume of the same kind of products in the country. The leather goods have been exported to more than 136 countries and regions, and the general market share is more than 60 percent in developed countries such as Europe and the United States[5-6].

The leather industry is the characteristic economy, pillar industry and rich industry of Shiling

Town. In recent years, Shiling Town has firmly grasped the strategic opportunities of international leather industry transfer and domestic leather industry agglomeration. It is guided by the market, driven by opening up, dominated by private enterprises. It is realized leapfrog development of industry through supported by professional markets and industrial parks and aimed at creating regional brands and improving independent innovation ability. In practice, it is successfully to find a new way to enrich the people and strengthen the town through market cultivation, industrial agglomeration, local employment and Entrepreneurship of farmers, correct guidance of the government and regional innovation and development.

However, there are some disadvantages in the leather industry of Shiling. These disadvantages are mainly manifested in the poor working environment, large staff turnover, backward production, weak technology, lack of competitiveness and innovation ability. The number of processing and trade-oriented enterprises in Shiling leather industry is huge, and orders are mainly from Europe and America. After the European debt crisis, foreign trade orders are becoming fewer and fewer. The number of overseas buyers attending the 112th Canton Fair is 11.4% lower than that of the last one, and the number of business attendance dropped by 19 percent. The foreign market of the companies with certain size are encountering "Waterloo" one after another. Their foreign trade orders have fallen by more than half, while small factories have little bargaining space and can only passively accept low prices, and their general profits cannot reach to 5 percent. However, the manufacturing cost of products didn't decrease with the price, but increased by about 28% under the influence of RMB appreciation and wage rising. Since most of the profits come from the processing industry, while only a few come from independent brands. Leather factories that transfer foreign trade to domestic sales are in a dilemma.

3. The Core Elements of the Leather Industry Supply-Side Reform Based on the Craftsman's Spirit

For leather industry, value return is the key point to achieve real "strong" and form brand effect. There is no doubt that such "craftsman's spirit" will create far greater attraction in the market and in front of consumers than that of chaotic products and the attraction of vain luxury goods. Now, most of the enterprises are too aggressive in pursuit of maximum benefits, regardless of the quality of products. They just want the speed not the quality. How to change this? We should even call on enterprises to keep their feet on the ground, to strive for practise of the "craftsman spirit", and to produce high-quality products, to own its brand with high quality of products, so that Chinese brands enjoy a good reputation in the international market[7]. Only in this way can we get value return. But value return is not achieved overnight, it requires our efforts and energy. To achieve supply-side structural reform, not only the enterprises need enough patience and confidence, but also government policymakers and consumers. The brand value of leather industry can not be calculated by speculation. It needs to be carefully carved and precipitated slowly. In order to stand firm in the changeable economic environment, enterprises should adhere to their core values.

4. Strategies of the Leather Industry Supply-Side Reform Based on the Craftsman's Spirit

4.1. Strengthening the efforts to products design, research and development.

Enterprises can more acutely and quickly find the change of market demand and wind direction, and have obvious advantages in the promotion and improvement of product production technology, while colleges and universities have more unique strengths to train innovative talents and raise the level of creativity and other aspects[8]. It is a worth thinking about how to better integrate enterprises with universities and give full play to the role of school-enterprise cooperation. On the one hand, for Shiling Leather Enterprises, how to make use of the relevant talents of universities to find a breakthrough for their products and make use of low cost to produce high quality; on the other hand, universities can consider transferring talents to enterprises so that students can continuously improve themselves in practice.

4.2. Promoting industrial cluster and realizing intellectual industry.

Based on the analysis of industrial cluster network innovation perspective, the main body of leather industry innovation includes leather enterprises, intermediary organizations, scientific research institutions and institutions of higher learning. Our industrial clusters generally have weak innovation ability and excessive imitation, which made low-quality products and caused vicious competition. From a good mechanism of innovation and cooperation, the government should introduce universities, research institutions and intermediaries to help industrial clusters break away from the trend of plagiarism. The government should consummate the innovation system of leather manufacturing industry, which takes the enterprise as the main body and the market as the guidance, and combines the government, industry, education and research institute[9]. It should also strengthen the key technologies tackling, accelerate the industrialization of scientific and technological achievements, and improve the innovation ability of the key links and key areas by deploying the innovation chain around the leather industry chain and allocating the resource chain around the innovation chain. In the big data environment, Shiling leather industry needs to use network communication technology to collect customer demands and dynamically track the development and production of the products. It should also provide intelligent products and services, change the traditional mode of leather line batch production, realize customized and personalized service to meet individual needs through intelligent production and management.

4.3. Speeding up the development of electronic commerce.

From 2010 to 2014, the leather goods processing industry in Shiling has achieved great development in electronic commerce, and has made a series of fruitful achievements. By 2014, among more than 200 Taobao villages, Hecheng Village, Xinyang Village and Yiqun Village made impressive sales performance relied on luggage products in electronic commerce channels. However, since the end of 2014, the leather goods processing enterprises in Shiling have stopped in the field of electronic commerce. Most of the sales performance has been reduced. Facing the predicament, the following suggestions are put forward. Firstly, the development of electronic commerce should take quality as its competitive advantage but not price. Taobao, Tmall and other electronic commerce platforms are mainly to solve the problem of sales channels. Don't make the price decreasing as marketing promotion. The development of electronic commerce should attract more consumers with excellent products. Then, it should pay more attention to the brand construction. Most of the leather processing enterprises in Shiling in Town have obvious short-board in brand building capacity. Brand value has a more important position and appeal in leather goods. In the electronic commerce sales of leather goods, consumers also come for brands.

4.4. Implementing preferential policies and providing talent security.

The government strengthens guidance, takes various measures simultaneously, introduces talents, and provides guarantee for talents. With the development of the leather industry, the government of Shiling Town played as a key role in the support and guidance. Firstly, we should strengthen the construction of professional talent team, help enterprises to introduce talents. The high-end talents who participate in the economic construction of the Shillings and apply for the enterprises in the Shilling should be given definite rewards, and the education problems of their children should be solved through the support of the government[10]. Secondly, thinking about how to retain the talent. Let the enterprises to improve their working environment, provide a good living environment for talents and organize regular training and learning. It should also guide enterprises to take care of there talents for the evaluation of professional titles, the examination of postgraduate studies, and the appointment of talents. Thirdly, it should introduce and train the talent with high class luggage, which provide talent support and technical services for the optimization and upgrading of the industry. Fourthly, it should train qualified technicians and publishing technicians at the production. It can promote the upgrading and transformation of Shiling industrial structure by training basis talent and consummating the talent structure.

5. Summary

The value return is the core element of leather industry supply-side reform based on the craftsman's spirit. In order to achieve supply-side reform, enterprises should strive to practice the spirit of craftsmen, constantly improve the quality of products, and strive to create their own brand. The pressure of transformation and upgrading of leather goods processing enterprises in Shiling is more urgent. Therefore, supply-side reforms can be carried out from the following four aspects: Firstly, it should strengthen the product design, research and development; Secondly, it should promote industrial cluster and realize intellectual industry; Thirdly, it should speed up the development of electronic commerce; Fourthly, it should implement preferential policies and offer talent security. At last, it should standardize the recruitment market, improve the employment system, and promote the orderly and standardized operation of the labor market.

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