



**LISTED COMPANIES WORKING CAPITAL MANAGEMENT PROBLEMS AND
COUNTERMEASURES**

—STUDY ON GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI



BAI XUEYAN

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COUNTERMEASURES**

—STUDY ON GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

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BAI XUEYAN

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Advisor:.....

Date:7...../.....7...../.....2021

(Dr. Zhangli)

.....
(Associate Professor Dr.Jomphong Mongkhonvanit)
Acting Dean, Graduate School of Business Administration

Date.....7...../.....7...../.....2021

Siam University, Bangkok, Thailand

ABSTRACT

Title: LISTED COMPANIES WORKING CAPITAL MANAGEMENT PROBLEMS AND COUNTERMEASURES—STUDY ON GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI

By: Bai Xueyan

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Advisor:



.....
(Dr. Zhang li)

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Among the various assets of an enterprise, working capital matters most. Whether or not the management efficiency and turnover speed of working capital can ensure enterprises' sustainable and stable development has become essential to enterprise management. Concerning, home appliance manufacturing enterprises' financial management, especially the management of working capital, directly determines whether home appliance enterprises can survive and develop in the fierce market competition.

By reviewing the research literature at home and abroad, this paper used the literature method, narrative research method, and comparative method to evaluate working capital management's performance from the perspective of elements and channels. By selecting two large enterprises, Gree Electric and Qingdao Haier, this paper made a comparative analysis of their working capital and an in-depth analysis from the aspects of the management system and mechanism, business model, etc.. Based on the analysis of the reasons for the difference in working capital management performance between the two major home appliance manufacturing enterprises, the following conclusions were drawn: From the perspective of working capital management performance based on elements, the inventory turnover period of Gree from 2010 to 2014 was higher than that of Qingdao Haier. In terms of accounts receivable turnover period, Qingdao Haier's accounts receivable turnover speed was faster than that of Gree Electric. The main reason was that in the accounts receivable of Gree Electric, notes receivable occupy many funds, and the time of money recovery was very long. This was why Qingdao Haier's accounts receivable's overall turnover performance was better than that of Gree Electric. The turnover period of

accounts payable of Gree Electric in 2010-2014 was higher than that of Qingdao Haier, but this advantage was likely to become a disadvantage if it is overused. From the perspective of working capital management performance based on channels, the turnover period of working capital of purchasing channel of Qingdao Haier and Gree Electric was not ideal, which indicated that the capital occupation of accounts payable and bills were greater than that of raw material inventory and prepayment. This also meant that both Gree Electric and Qingdao Haier occupy the capital of upstream suppliers. From 2010 to 2015, the capital turnover performance of Gree Electric was obviously behind that of Qingdao Haier. For the turnover period of marketing channel working capital, except 2013, Gree Electric was longer than Qingdao Haier. From channel-based working capital management performance, the overall level of working capital management of Gree Electric was not as good as Qingdao Haier.

We found that while Gree Electric was developing through in-depth analysis, there were still some problems, such as low working capital turnover period, serious occupation of upstream suppliers' funds, and threats brought by marketing mode. Given the above problems, we put forward the following suggestions: strengthen the information sharing with suppliers, speed up the purchasing channel capital turnover, strengthen supplier management, and establish an excellent strategic cooperation relationship, to implement scientific production mode, improve production efficiency, jointly manage inventory with suppliers, improve fund recovery efficiency, and develop e-commerce marketing mode. It is hoped that these suggestions to improve the working capital management for Gree Electric and becomes a specific reference.

Keywords: working capital management, performance evaluation, elements and channels



摘要

题目： 上市公司营运资金管理问题及对策探究——以珠海格力电器股份有限公司为例

作者： 白雪燕

学位： 工商管理硕士

专业： 国际商务管理

导师：

(博士： 张力)

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在企业的各项资产之中，营运资金具有最重要的地位。营运资金的管理效率和周转速度，是否能够确保企业持续稳定的发展，已成为企业管理的重要内容。因此，家电制造企业的财务管理问题，特别是对营运资金的管理问题决定着家电企业能否在激烈的市场竞争中生存与发展下来

本文通过回顾国内外研究文献的研究，运用了文献法、叙述研究法和比较法，从要素和渠道两个角度，对营运资金管理绩效进行评价，通过选择格力电器和青岛海尔两家大型企业，对两者的营运资金进行了对比分析，并从管理体制和机制、商业模式等方面深入剖析造成两大家电制造企业营运资金管理绩效差异的原因，分析得出以下结论：从基于要素的营运资金管理绩效方面来看，格力电器 2010-2014 年存货周转期均高于青岛海尔，在应收账款周转期方面，相比较而言，青岛海尔应收款项周转速度比格力电器快，主要原因在于格力电器应收账款中，应收票据占用很多资金，款项回收的时间非常长，这就是青岛海尔应收账款整体周转绩效优于格力电器的原因，2010-2014 年格力电器应付账款周转期高于青岛海尔。从基于集道的营运资金管理绩效方面来看，青岛海尔和格力电器的采购道营运资金周转期数均不理想，说明应付账款和票据的资金占用大于原材料存货和预付账款的资金占用，这两大家电制造企业都占用了上游供应商的资金，2010-2015 年格力电器生产道资金周转绩效明显落后于青岛海尔，而对于营销渠道营运资金周转期，除了 2013 年以外，格力电器都呈现出长于青岛海尔的状态。

通过深入剖析，我们发现格力电器在发展的同时，仍然存在营运资金周转期低，占用上游供应商资金严重，营销模式带来的威胁等问题，针对上述问题，我们提出了如下建议：加强与供应商信息共享，加快采购道资金周转，加强供应商管理，建立良好的战略合作关系，实行科学生产模式，提高生产效率，与供应商联合管理库存，提高款项回收效率，开拓电商营销模式。希望能为格力电器改进营运资金管理产生一定的参考作用。

关键词： 营运资金管理 绩效评价 要素和渠道

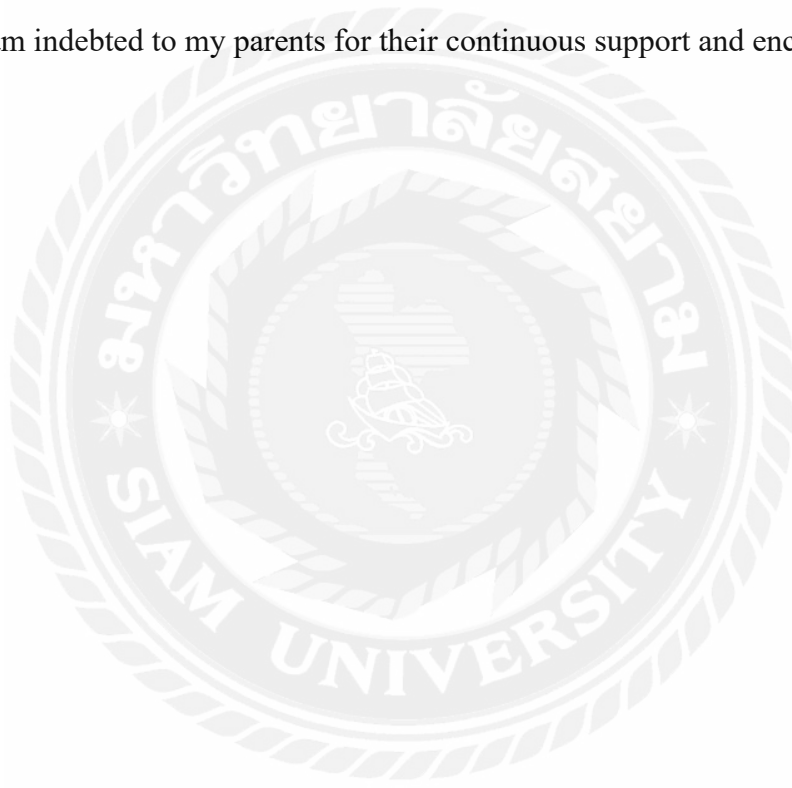
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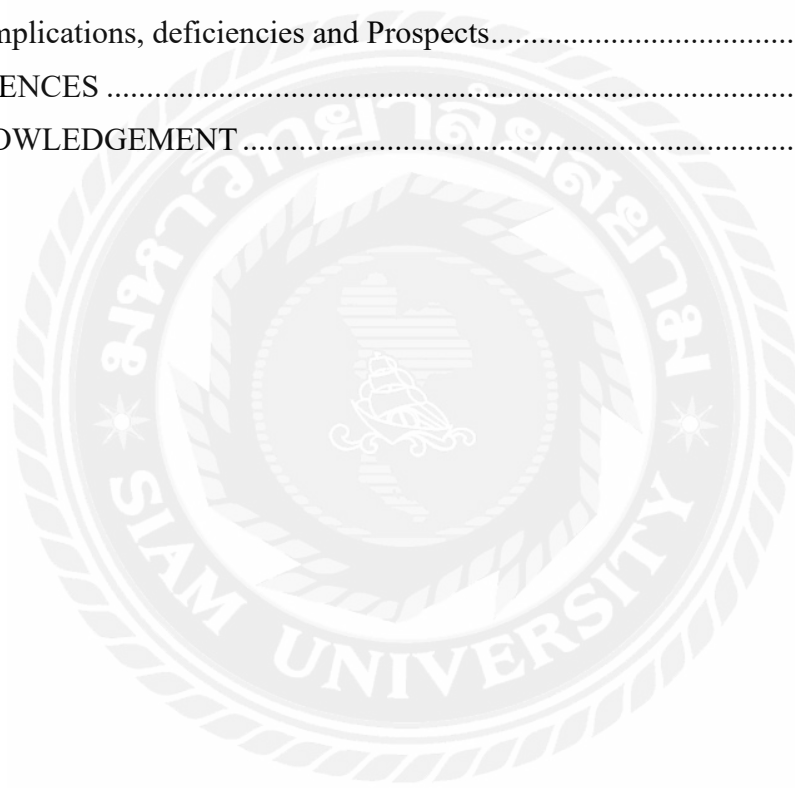


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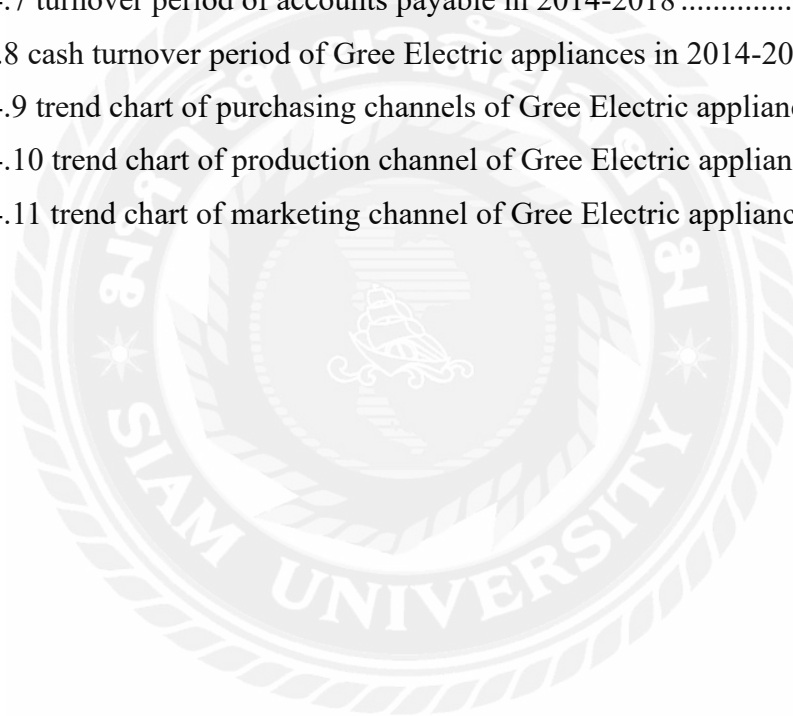
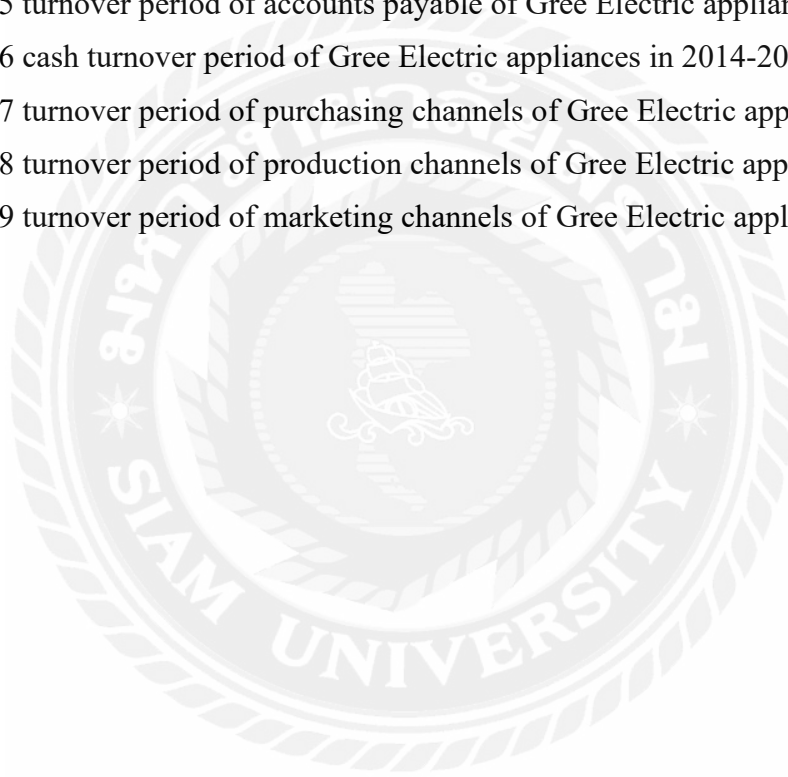


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1. INTRODUCTION

1.1 Concept and characteristics of working capital

1.1.1 Concept of working capital

Working capital is also called "working capital". It refers to the net value of the total amount of current assets minus the total amount of current liabilities, that is, the net value of working capital available for use in business activities. The concept of working capital can be divided into broad sense and narrow sense. The total amount of current assets of an enterprise is called working capital in broad sense, while the balance of current assets minus current liabilities is called narrow working capital. This paper demonstrates from a narrow point of view, and selects individual items for analysis. Table 1.1 shows the common current assets and liabilities

Table 1.1 individual items in current assets and current liabilities

Current assets	Current liabilities
Monetary capital	Short term loan
Notes receivable	Notes payable
Dividends receivable	Accounts payable
Accounts receivable	Accounts received in advance
Other receivables	Dividends payable
Prepayment	Tax payable
stock	Other accounts payable

1.1.2 Characteristics of working capital

1. Short turnaround time. For example, cash, securities and other current assets are easy to be converted into cash under normal circumstances, which can be recovered within one year or one operation period.

2. Quantity is volatile. The internal and external environment of an enterprise may affect the amount of current assets and current liabilities. The internal conditions usually refer to the regular business, while the external conditions refer to the changes in the market environment. If one of the two changes, the quantity fluctuation will change greatly.

3. The sources are diverse. Short term financing can be used to deal with the shortage of working capital. For example: bank short-term loan, commercial credit, bill discount and other ways.

1.2 Concept and importance of working capital management

1.2.1 Concept of working capital management

Working capital management refers to strengthening the management of current assets and current liabilities; increasing the turnover speed of cash on hand, inventory and accounts receivable, reducing the over occupation of funds and reducing the cost of occupying funds; using commercial credit to solve the problem of short-term capital turnover difficulties, borrowing from banks at an appropriate time, and using financial leverage to increase the rate of return on equity capital.

1.2.2 The importance of working capital management

To improve the quality of products and services, it is necessary to gradually enhance the level of sales performance. In order to ensure the normal development of enterprise business, we must strengthen the management of working capital. If you want to gain a positive competitive advantage in the capital market, strengthening the management of working capital is an important means. Whether the working capital management is effective will directly affect the liquidity and profitability of enterprise assets.

The importance of working capital management is reflected in two aspects. On the one hand, because there are a lot of production and sales activities every day, it will lead to a large number of cash inflows and outflows are not synchronized and different, the inflow and outflow of cash of enterprises are difficult to correspond, making the production and management activities of enterprises have great uncertainty in the future, thus reducing the cash flow forecast of enterprises. Therefore, strengthening the management and planning of working capital reserve and reasonable payment can form a virtuous circulation fund for enterprises, which can not only provide necessary financial guarantee for enterprises, but also improve the anti risk ability of enterprises and promote enterprises to expand production and operation scale in the future. On the other hand, strengthening the management of working capital can guarantee and enhance the short-term debt paying ability, facilitate the enterprise to identify the current financial risk, and help the enterprise to establish the next production and operation target with reliable information support. Generally speaking, the more current assets a company holds, the stronger its short-term solvency and the smaller the default risk, the stronger its debt financing ability in the capital market.

1.3 The basic method of working capital management analysis

This paper first analyzes the working capital change trend of Gree from 2014 to 2018 from the direction of narrow concept. Because the change range of current assets is larger than that of current liabilities, the items in current assets are analyzed emphatically.

1.3.1 Based on element analysis

Based on the factors, it mainly adopts the financial ratio analysis method. Financial ratio analysis, also known as financial index analysis, is based on the relationship between two or more items in the financial statements of the same period to obtain its ratio, so as to evaluate the financial status and operation degree of an enterprise. Financial ratios can be used to assess the year-on-year changes in investment returns and to compare different companies in a particular industry at a particular point in time.

This paper analyzes the current situation of working capital management of Gree Electric Appliance with the turnover ratio of accounts receivable, inventory turnover and two kinds of financial ratios under the method of financial ratio analysis.

(1) The turnover rate of accounts receivable. Since accounts receivable refer to sales revenue without cash, this ratio can be used to measure whether the amount of accounts receivable is reasonable and whether the collection efficiency is high. The higher the turnover rate, the shorter the number of days required for each turnover period, indicating the faster the company's collection. On the contrary, it shows that the management efficiency is too low.

(2) Inventory turnover. Inventory turnover is a measure of a company's ability to sell products and whether there is too much or too little inventory. The larger the ratio is, the faster the turnover is, and the greater the ability to control the inventory is, the more profit will be, and the less circulating capital of inventory will be. On the contrary, excessive inventory will have the effect of capital overstock and reduce the speed of capital flow.

Combined with the turnover period of accounts receivable and inventory, and finally from the perspective of cash turnover period.

1.3.2 Based on channel analysis

This paper mainly analyzes the working capital of business activities, which is divided into three channels: procurement, production and marketing, and analyzes the working capital turnover period of these three channels.

The purchasing channel connects the enterprise and the supplier of raw materials, and

transfers the raw materials directly from the supplier to the enterprise after the transaction is completed.

Production channel refers to the process that an enterprise uses manufacturing technology to transform materials into finished products. This process needs to consume a lot of raw materials, manpower and capital.

The sales channel connects the enterprise with the final consumer, and the product of the enterprise is transmitted to the consumer through the channel, and finally realizes its value embodiment.

1.4 Research background

The role of working capital is very important for an enterprise, because it is directly related to whether the enterprise can carry out normal production and business activities. It will exist in every important link of the enterprise, such as supply, production, sales and so on, and it will be active in the whole survival and development period of the enterprise. There is no doubt that working capital management is an important part of enterprise financial management. It is a daily financial management activity. The success of an enterprise is directly determined by it. In the operation of enterprises, working capital is a daily working capital used by them. However, all aspects of production are closely related to it. In order to ensure that enterprises can effectively connect the supply, production and sales links, it is necessary to ensure that enterprises have sufficient working capital. Even it involves the survival of enterprises and whether they can develop in a longer term. The fixed assets and even the operation of the whole enterprise depend on the turnover of working capital. For the long-term survival and development of an enterprise, the healthy turnover of working capital is of great importance. Therefore, the success of enterprises and the effectiveness of working capital management are inextricably linked. In reality, many enterprises facing bankruptcy situation, their own needs have exceeded the working capital turnover and can no longer meet the important reason for their failure. More importantly, for the development goals of enterprises, the effectiveness of working capital management not only has a direct impact on the daily operation of enterprises, but also involves whether enterprises can create benefits in the process of development.

Home appliance manufacturing industry plays a very important role in China's economic development. China's home appliance manufacturing industry also has an important position in the world market, and its industry scale can not be underestimated. At the same time, the development speed of home appliance industry in China is also quite amazing. At the beginning, China's home appliance industry is only small-scale development, but now, it has formed the scale of industry development, and the development scale is showing an increasingly

expanding trend. At present, the competitiveness of China's home appliance industry has its own place in the world. In addition, for the use situation, not only domestic people are using China's home appliances, but also some domestic home appliance brands have appeared in foreign countries. The use scope of China's home appliances has been extended to the outside world. However, at the same time, some foreign brands have also begun to enter the Chinese home appliance market. Therefore, China's home appliance manufacturing industry began to face fierce competition. With the development and progress, fierce competition and other challenges have also come. First of all, there is a lack of innovation ability and scientific research ability in China's home appliance industry, and there is a more obvious development mode of "two ends in the outside, the middle in the inside". These problems cause us to be unable to effectively grasp some core technologies in the home appliance industry, which leads to our lack of competitiveness at some high-end level. Many home appliance manufacturing enterprises are still relying on the relatively cheap labor force in China. Secondly, at present, there is a fierce market competition among domestic home appliance manufacturers. All kinds of brands have frequent price wars in their respective fields to attract customers. In the long run, malicious price competition will negatively affect the long-term development of enterprises. Therefore, the quality and function of home appliances are the aspects we should pay more attention to, rather than through price. To solve this problem. In addition, the problem of financing has been one of the biggest problems in the development of China's home appliance industry, and the shortage of funds belongs to the scope of financial management research. On the one hand, the lack of working capital management in the household appliance industry should be strengthened. In order to ensure the smooth connection of the supply, production and sales stages of the enterprise and the good survival and development of the enterprise, we must make the working capital be actively operated and well managed. Therefore, it is necessary to strengthen the research on working capital management in household appliance manufacturing enterprises and provide theoretical basis for the sustainable development of home appliance manufacturing enterprises. In this context, this paper takes Gree Electric Appliance as an example, and makes a comparative study on its working capital management.

1.5 Research significance

Working capital is as important to the enterprise as blood plays in the human body. If the human body does not have the blood circulation, will die, the ischemia, the body will appear the discomfort. Correspondingly, if the working capital can be used well, the development of the enterprise will be smooth; if the use of working capital fails, then the failure of the enterprise

will be sooner or later. In all kinds of daily business management activities, working capital management is the core, which is not only the inevitable requirement of fierce competition in the market, but also reflects the value of the enterprise. Therefore, the research of this paper is of great significance both in theory and practice.

1.5.1 Theoretical significance

In the content of financial management, working capital management is an important part of it, and it is also a prerequisite for an enterprise to maintain its survival and continuous development. The success or failure of an enterprise's management of working capital will have a significant impact on the competitiveness of the enterprise. If the enterprise can manage the working capital well, the enterprise may get higher return on investment in the future. Through the management of working capital, the capital required for the turnover of enterprise production and business activities can not only be guaranteed, but also the full utilization and rapid turnover of working capital can be effectively guaranteed. At the same time, the holding cost of working capital will be greatly reduced. Of course, this is carried out under the premise of considering financial security. Foreign research on working capital management began in the 1930s. Experts focus on the optimization of capital structure. They think that capital should be coordinated and controlled, and this control must be carried out quantitatively. Compared with the advanced theories of western developed countries, the research on working capital management in China is relatively backward. The research on this problem began in the early 1990s in China. The background at that time was that China's accounting system began to reform. The academic circles in China realized the great significance of studying the management of working capital. We still have to admit that there is still a big gap between China's research on working capital management and the world's advanced level. Relatively speaking, the theoretical system is not perfect. The wooden research is conducive to make up for the deficiencies in this respect and promote the research on the working capital management of home appliance manufacturing industry.

1.5.2 Practical significance

Working capital is the most liquid part of enterprise capital. Since the value turnover of fixed assets is transferred to the value of products in batches, its realization mode can only be realized after the sales revenue is realized. Therefore, in this process, working capital acts as a lubricant, which lubricates the value existing in the form of fixed assets with the value of

current assets, and through production, sales, payment collection and other intermediate links, And finally back to monetary assets. In these monetary assets, the value of the enterprise's own current assets will continue to be invested in the next capital cycle, while the value of the original fixed assets and the newly added value will be converted into monetary funds and can be used to purchase and build new fixed assets or fill in the current assets. Therefore, working capital turnover is the most important link in the whole capital turnover chain. If there is no good operation of working capital, the survival and development of enterprises will face great difficulties, and enterprises will not be able to achieve all kinds of goals set by shareholders in advance.

Through strengthening the management of working capital, under the premise of ensuring the normal turnover of daily production and operation activities, under the premise of simulating the impact of various future events on financial risks, the enterprise can continuously improve the utilization level and turnover efficiency of working capital, and effectively reduce the holding cost of working capital under the condition of fully improving the overall profitability of the enterprise. This is the goal of all enterprises. This goal contains two basic meanings: on the one hand, the liquidity of the enterprise's own monetary capital must be fully satisfied. The current assets owned by enterprises not only need to be able to maintain the normal production and operation of enterprises, but also to maintain the timely repayment of debts to deal with the financial crisis that enterprises may face in the future, and help enterprises establish good reputation in the capital market to facilitate the financing activities. When enterprises are faced with temporary shortage of funds, they can timely transfer capital from capital Get the money you need in the market. On the other hand, the management of various projects of working capital can rapidly improve the turnover speed of working capital, reduce the amount of working capital held in different periods of operation, so as to reduce the holding cost of monetary capital and achieve the purpose of improving the profitability of enterprise capital.

2. LITERATURE REVIEW

2.1 Foreign literature review

(1) Research on the content and function of working capital management

The early scholars focused on the management of each very detailed working capital element, and obtained the optimal quantity of single working capital element through various technical methods, so as to make the enterprise obtain the maximum benefits. W. The concept put forward by D. Knight (1972) concerns the existence of minimum stock for the first time. His model can satisfy the quantitative calculation of minimum order cost and storage cost. Hampton C. Hager (1976) provided a large number of schemes for reference in the case of different cash flow demands in each step of the production process, so as to effectively solve the problem of slow turnover of working capital. After that, gentry (1990) established a unique index to investigate the influencing factors of cash cycle - weighted cash cycle. Jensen (1986) believes that the increase of short-term debt is often accompanied by the decrease of free cash flow, which leads to the company to take more financial risks. All of the above theories focus on the influence of single element on enterprise income in working capital. But the stock and flow of assets, current liabilities, each element of the inherent relationship, if only independent consideration of these elements, then the enterprise in the practical application will feel helpless

After the 1980s, the research of working capital management appeared a new dawn, scholars began to focus on the systematic and comprehensive use of working capital management, and began to put the enterprise strategy in the core position, instead of simply staying at the financial level. Kenneth P. Nunn (1981) proposed that the management of working capital and corporate strategy should be considered comprehensively, rather than staying at the financial level. This view lays a foundation for the transformation of working capital management to supply chain optimization. John antanies (2002) pointed out that there are different levels of consideration between the minimum inventory quantity, the full utilization of assets and the best service level of customers. John antanies believes that when managers make working capital management plans, the ultimate goal is to achieve the strategic objectives of the enterprise. Therefore, it is necessary to analyze the interaction among various elements of working capital.

Juan Colina (2002) pointed out that revenue management, expenditure management and supply chain management are important footholds for making a comprehensive capital management plan. This is the first time in history to fully express what is working capital

management, how to define the content of working capital management, and the significance of working capital management to all operating departments of the company. The completion of working capital management needs to complete revenue management, supply chain management and cost management. If these three aspects are completed well, the efficiency of enterprises will be greatly improved.

Their research has proved that there is no obvious correlation between successful enterprises and sales growth with higher profit margin. Excessive pursuit of profits may lead to the growth rate of cash flow far behind the profit growth after tax, which makes enterprises face great business risks. Therefore, we should pay more attention to the management of cash and other working capital. Andrew Harris (2002) believes that the management should be aware of how all departments inside and outside the enterprise should use working capital, and seriously explore the relationship between the behaviors of these departments. Andrew Harris's view combines supply chain, external macro market environment and working capital management of enterprises.

According to Matthew D. hiii (2010), enterprises need to find scientific and special solutions to working capital management according to their own operating and financial conditions. The 2010 CFO survey service agency reported that high-quality financial services will greatly improve the relationship between suppliers in the whole supply chain of the industry, focusing on how enterprises can obtain financial assistance through the relationship between enterprises in the supply chain, so as to improve the level of working capital management. The research of Herbert kotzab (010) confirmed that if only the cash turnover speed of one enterprise in the whole supply chain is accelerated, it can not explain the improvement of capital operation efficiency of all enterprises in the whole supply chain, and the effective methods to improve working capital management occur at the same time. Therefore, we summarize it into the whole supply chain link and corresponding logistics management for demonstration. Vivek upimlapure (2011) studied the performance of many chemical enterprises as samples. After combing through special technical means, it was found that there was a very obvious positive correlation between the level of enterprise working capital management and the level of profitability.

(2) Research on the evaluation index of working capital efficiency

In the initial research stage of working capital management, the ratio of liquidity and other financial indicators are used as an effective method to evaluate the efficiency of working capital management. In 1955, John Sagan proposed that in the form of financial indicators, various ratios of working capital can provide effective financial analysis data at the first time, but the understanding of this problem at this stage is not enough. Financial personnel should make full use of market data, appropriate research methods and various technical means to find the

possibility of solving the problem. On the contrary, beaver, on the contrary, puts forward the view of "quick ratio" and so on. The idea of comprehensive management of working capital is a management method for the whole content. Rachard VD. (1980) proposed the cash flow speed index = accounts receivable turnover period + cash cycle inventory turnover period - accounts payable turnover period, which has been widely used in the analysis of working capital performance evaluation. However, there are also some problems with this indicator. As a simple addition and subtraction method, different turnover days of current assets often lead to wrong conclusions. James A. gentry et al. (1990) proposed a new concept of weighted cash cycle (WCCC).

2.2 Domestic literature review

(1) Research on the content and function of working capital management

After 1993, China's accounting system began to integrate into the international accounting system. Professor Mao Fugen first published a paper on working capital in the authoritative journal of journal accounting research and accounting in 1995. He focused on the analysis of the relationship between current assets and current liabilities. He believed that the quantity of working capital should be related to the source of these funds, and he should have a global awareness in his vision. When making plans, he should discuss from the whole and how to make them Reasonable working capital policy to solve the contradiction between profit and related risks. This paper has aroused a resonance in the ideological circle, and started to discuss the working capital theory in China. The starting point of the discussion will focus on the contradictory perspective of risk and profit analysis, and carry out the research on the management structure of working capital. Xiang Ping (1997) put forward the idea of "no working capital management", and considered that under the premise of meeting the basic needs, the combination of current assets and current liabilities should reduce the investment of enterprises as much as possible, and the short-term debt financing in the capital market should be fully and reasonably used.

Since then, the domestic financial accounting academia began to carry out more theoretical and practical analysis on this concept.

In 2001, with China's accession to the World Trade Organization (WTO), more and more exchanges between China and international large enterprises and research institutions have led the academic circles to pay more and more attention to the application of working capital. There are more and more innovative research on working capital management theory. For example, Wang Zhuquan (2001) explored the innovation of working capital management of cross regional enterprises from the perspective of the relationship between marketing channels and

middlemen, stressed the importance of a very important role in supply chain management, stressed the importance of forming a cooperative relationship between upstream and downstream enterprises of goods sources outside the scope of enterprises, and emphasized the importance of working capital management in cross regional business Core role. Wang Zhuquan and Ma Guanglin (2005) proposed that working capital management should pay attention to the research of distribution channel control, working capital management and supply chain management, channel management and customer relationship management. Wang Zhuquan (2007) put forward a new perspective, emphasizing the need to reclassify the various elements of working capital and establish a new framework. This framework is based on the channel management of working capital management, thus opening a new way for Chinese scholars and entrepreneurs to study working capital management.

Du Jinghua (2001) pointed out: "the balance between risk and income is the basic principle to determine whether the working capital policy is good or bad. Risk averse companies usually choose low-risk and low-income working capital policies, while enterprises with risk preference will choose high-risk and high-income working capital policies. A more practical working capital policy should maintain two risk preferences in the middle, that is, moderate risk corresponds to moderate income to determine the basic principles of working capital policy." Liu Yunguo et al. (2001) used 30 stocks in the Shanghai Stock Exchange 30 index as the sample analysis, and made the analysis. They thought that most of the current working capital management strategies of Listed Companies in China are risk neutral, and the change direction and proportion of current assets and current liabilities are the same. Generally speaking, Chinese entrepreneurs generally lack the spirit of innovation, and inventory management pays more attention to increasing liquidity to reduce financial risk. Liu Hanlin (2006) used statistical analysis method to clarify the influencing factors of working capital demand of different industries by taking the constituent stocks of Shanghai Stock Exchange 180 index as samples. The preliminary conclusion is that the demand for working capital by industry factors is multi-directional, and the main factors are: production cycle of commercial transaction, capital structure and organic composition of capital. Cheng Bo (2009) pointed out that the research on working capital management shows that the problems existing in Chinese enterprises are concentrated in several aspects: lack of working capital, low efficiency of working capital operation, too large proportion of bank loans, and unreasonable capital structure. Diao Wujun (2011) pointed out that there was an important inverse relationship between working capital management policy and working capital management performance based on the data of Listed Companies in liquor industry from 2002 to 2008. Zhao Jianfeng (2011) selected some monopoly industries to conduct research, descriptive analysis and multiple regression analysis, and conducted an empirical study on the relationship between the company's working capital policy and financial holding. Sun Jianqiang (2012) took nearly 400 listed companies in the

central and western regions in 2010 as the research objects to study and analyze the working capital management status of the companies in the central and western regions.

(2) Research on evaluation index of working capital efficiency

On the basis of understanding the shortcomings of the financial ratio measurement index theory in the current practical management work, Yang Xiongsheng (2000) pointed out that the turnover amount should be a part of the enterprise's advance payment, and the amount of funds returned to its original state through the circulation of various links such as production and sales. Therefore, the analysis method of average account age should be adopted to cooperate with the overdue rate index of accounts receivable. In this paper, the inventory turnover speed is changed to the ratio of the capital occupied by the inventory to the total cash assets, so as to show the turnover speed of the inventory in different links. Yu Guojian (2000) established a comprehensive management strategy evaluation system to test and evaluate the circulation situation of working capital, strengthen the analysis of accounts receivable, the logical relationship between accounts receivable and inventory turnover, and the three financial ratios. Wang Zhuquan et al. (2007) designed a new method to organically link working capital management and working capital management performance evaluation system, namely channel working capital management performance evaluation system. The main content is to put forward the evaluation index of turnover period and decompose it into the working capital turnover period of marketing channel production cycle time.

Through academic exchanges between Chinese and foreign scholars, the main points of view began to be gradually consistent, and the ideas put forward by Chinese scholars began to be highly valued by western academic circles. Li Wen (2010) made a very effective scientific evaluation on three aspects of the current working capital management performance evaluation index system from the perspective of the amount of working capital level accounting for the enterprise's monetary capital, and whether the working capital financing channels and its structure are good, and scientifically weigh the dialectical relationship between benefits and risk costs. Shao Fenfen (2010) divided the evaluation indexes into main elements and secondary elements. The main elements are inventory quantity, amount of accounts receivable, amount of accounts payable, etc. This view organically combines the value chain thought with the performance evaluation of working capital management, mainly discusses the supply channel, the other part of working capital of production and operation and marketing evaluation. Peng Feng (2012) effectively summarized the characteristics of working capital management in China, and he set 15 specific financial indicators through four main perspectives, and made a special analysis on the level of working capital management. At the same time, he uses factor analysis method, entropy method, and statistical analysis method to establish the scoring function of performance indicators, so as to obtain quantitative results, and obtain a

comprehensive working capital management performance evaluation system that can be fully used in actual production management activities. According to the characteristics of e-commerce industry, Liu Zhiqi (2013) formulated an evaluation index for working capital. After determining the meaning of the corresponding elements, through the evaluation indicators reflected by the occupation of working capital by different channels in the supply chain, analyzed the corresponding evaluation indicators in the production process, analyzed the working capital management stage of electronic manufacturing industry in China, and summarized the listed companies of electronic manufacturing industry This paper analyzes the differences between the working capital turnover speed and the actual production and sales channels in the production implementation, and puts forward the solutions.

2.3 Literature review at home and abroad

First of all, the level of working capital management has become the core element of evaluating the financial management level of modern enterprises, and its quality level will directly affect the value of enterprises. Therefore, scholars at home and abroad have made unremitting research for a long time.

What is gratifying is that the current research on working capital management has basically realized the leap from single point to multi-point, and began to change to channel and supply chain management as the core. At the same time, its benefit evaluation standard is also changing. It pursues the transformation and development from the speed of circulating assets to the speed of working capital circulation, and then to the speed of working capital circulation with the channel as the core. Both business and academic circles agree to innovate the theory and practice of working capital management based on channel and supply chain, so as to promote the emergence and development of new theory.

The concept of working capital management has gradually taken root in China, and has begun to bear fruit. Chinese scholars began to change the research direction of working capital management. Instead of studying a single element of working capital, they began to study the scope of corporate investment and financing from a global perspective. Through the supply chain perspective of upstream and downstream enterprise groups, the level of research has been deepened and the scope of research has been expanded. Now, a lot of achievements have been made Progress. But we still have to see that there is a big gap between the research of working capital management in China and the advanced level of foreign countries. First of all, the exploration of working capital management in China is in its infancy, the theoretical model is lack of complete framework, most of which are point discussions without forming a three-dimensional structure, and there is a research gap in some research fields; in the empirical

aspect of working capital research, there is still a lack of domestic research; The analysis of working capital management from the perspective of supply chain and channel needs to be further improved. There is still a lack of industry analysis. The nature of listed companies is different, and the industries they participate in are different, so the difficulty of financing in the capital market is different. Therefore, the methods of working capital management are quite different. Therefore, the working capital management of various industries should be discussed separately.



3. RESEARCH METHOD

3.1 Research content

This paper is divided into five parts, the specific content is as follows:

Chapter one: Introduction

This chapter will focus on the research background and significance of the paper, basic ideas and the overall framework, and discuss what is working capital, what is working capital management, what is the goal of working capital management, and introduce the performance evaluation system of working capital management to pave the way for the subsequent discussion.

Chapter two: literature review at home and abroad

This chapter discusses the literature review at home and abroad, and at last studies the domestic and foreign literature review.

Chapter three: the main contents and methods of the research

This chapter discusses the main contents and methods of the research.

Chapter four: analysis of working capital management of Zhuhai Gree Electric Co., Ltd

This chapter focuses on a large listed company of home appliance manufacturing industry in China. Gree Electric appliance is the case study material of this paper. Based on the performance evaluation system of working capital management based on two aspects of elements and channels, the paper compares and compares the performance of working capital management between GRE electric and Qingdao Haier through the analysis of financial data of two listed companies Finally, the problems and causes of the operation capital management of Gli electric appliances are put forward.

Chapter five: conclusion and prospect and optimization suggestions for working capital management of Gree Electric Appliances

This chapter puts forward the optimization suggestions of working capital management according to the problems raised in Chapter 4, and introduces the research conclusion, deficiency and Prospect of this paper.

3.2 Research methods

1. Literature method: through the author's thinking on the questions raised, actively consult various literature materials, make full use of the original materials such as newspapers and magazines, and refer to professional literature to obtain theoretical knowledge, so as to lay

a good foundation for the follow-up research work.

2. Narrative research method: describe the phenomena with scientific language and explain them through the theories of predecessors. By asking questions, answering questions, analyzing disadvantages, we can get relevant experience.

3. Comparative method: by comparing the working capital management concepts of Gree and Qingdao Haier, we can evaluate the performance level of Gree's working capital management more objectively.

4. Financial ratio analysis method: this paper first analyzes the working capital trend of Gree Electric from 2014 to 2018 from the narrow concept. As the change range of current assets is larger than that of current liabilities, we focus on the items in current assets.

(1) based on factor analysis

Based on the factors, the financial ratio analysis method is mainly used. Financial ratio analysis, also known as financial index analysis, is based on the relationship between two or more items in the financial statements of the same period to get the ratio, so as to evaluate the financial status and operation degree of the enterprise. Financial ratios can be used to evaluate the year-on-year changes in investment returns, and can also be used to compare different companies in a specific industry at a specific point in time.

This paper analyzes the current situation of working capital management of Gree Electric appliances with the turnover ratio of accounts receivable, inventory turnover and two kinds of financial ratios under the financial ratio analysis method.

① Accounts receivable turnover. As accounts receivable refers to the sales revenue without cash, this ratio can be used to measure whether the amount of accounts receivable is reasonable and whether the collection efficiency is high. The higher the turnover rate is, the shorter the number of days required for each turnover period is, which means that the company can collect money more quickly. On the contrary, it shows that the efficiency of management is too low.

② Inventory turnover. Inventory turnover is a measure of a company's ability to sell products, and whether the inventory is too much or too little benchmark. The larger the ratio is, the faster the turnover is, and the greater the ability to control the inventory is, the profit will gradually increase, and the less the turnover capital of inventory will be. On the contrary, excessive inventory will produce the impact of capital backlog and reduce the speed of capital flow.

Combined with accounts receivable and inventory, the turnover period is analyzed, and finally from the perspective of cash turnover period.

(2) channel based analysis

This paper mainly analyzes the working capital of business activities, which is divided into three channels: procurement, production and marketing, and analyzes the working capital

turnover period of these three channels.

The purchasing channel connects the enterprise with the suppliers of raw materials, and transfers the raw materials directly from the suppliers to the enterprise after the transaction is completed.

Production channel refers to the process that enterprises use manufacturing technology to transform materials into finished products. In this process, a lot of raw materials, manpower and capital are consumed.

The sales channel connects the enterprise with the final consumers, and the products of the enterprise are transmitted to the consumers through this channel, and the final realization of its value is achieved.



4. DATA ANALYSIS

4.1 Basic information of Zhuhai Gree Electric Appliance Co., Ltd

Zhuhai Gree Electric Appliance Co., Ltd. was founded in 1991. It is a listed company including R & D, production, sales and service. Gree is one of its three major brands. Its main products are air conditioning, mobile phones, household appliances, etc. China's household appliance industry ranked first in terms of tax payment, which has been occupied by Gree for 15 years, with a total tax amount of 81.413 billion yuan. For nine consecutive years, it has been selected by Fortune magazine as one of the top 100 listed companies in China. Gree brand air conditioner of Gree company became the only product called "world famous brand" in China's air conditioning industry in 2006. Its business covers nearly 100 countries and regions in the world. In nearly 30 years of development since its establishment, Gree Electric Appliance has developed rapidly in the household appliance industry with its advanced R & D technology, excellent product quality and unique operation and sales mode. Since 1995, Gree household air conditioner has occupied the first place in China's air conditioning industry for 22 consecutive years, and led the world in 2005-2017. According to the latest data, Gree's domestic market share of household air conditioner and commercial air conditioner has reached 42.73% and 16.20% respectively, ranking the first for five consecutive years and ranking among the top 500 enterprises in the world. The following is the operating income of gree in 2014-2018.

Table 4.1 total business income of Gree Electric appliances in 2014-2018 unit: 100 million yuan

Year	2014	2015	2016	2017	2018
project					
Total operating revenue	1400	1005	1101	1500	2000

Data source: according to the annual report data of Zhuhai Gree Electric Appliance Co., Ltd

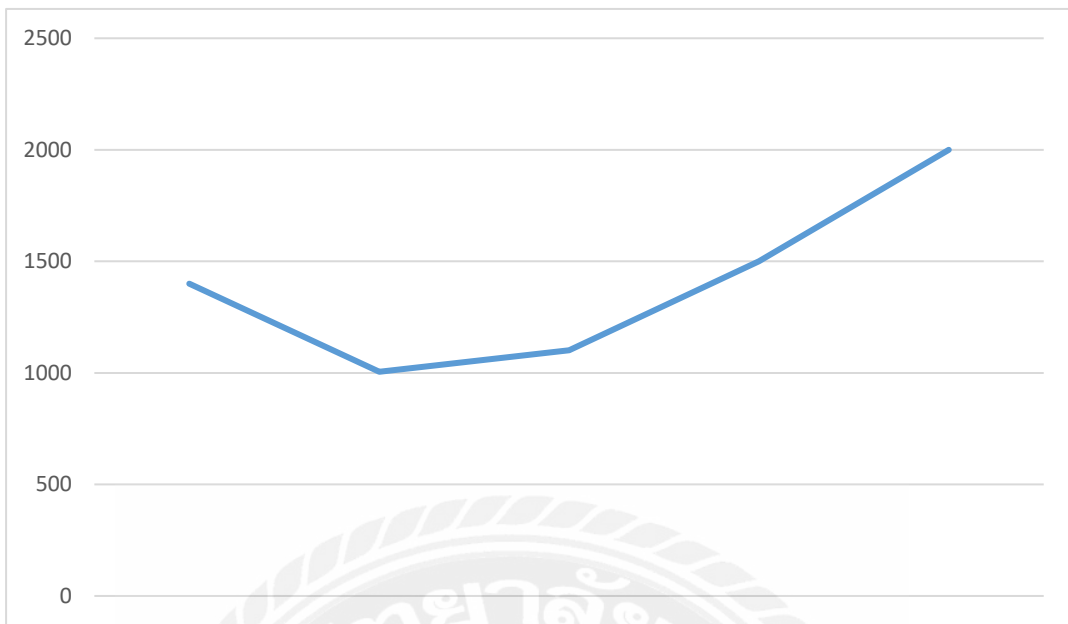


Figure 4.1 total revenue of Gree Electric appliances in 2014-2018 unit: 100 million yuan

As can be seen from the above Figure 4.1, the total operating revenue of Zhuhai Gree Electric Appliance Co., Ltd. from 2014 to 2018 presents an overall growth trend. From 2014 to 2015, Gree's total operating income fell so much, mainly due to the unstable overall market environment in 2015, the demand of the real estate market was less than the supply, and the number of people buying houses was less, so the income of air conditioning business was also reduced. From 2015 to 2017, the operating revenue showed a steady upward trend. In 2015, the operating revenue reached 100.5 billion, but it decreased compared with 2014, with a year-on-year decrease of 28.17%. In 2017, the company achieved a net operating income of 148.286 billion yuan and a net profit of 22.402 billion yuan, both of which reached a record high, and exceeded 200 billion yuan in 2018. Overall, Gree's operating income decreased in 2014-2015, and increased steadily in the following years. The turnover period of accounts receivable of Gree Electric is 100 to 130 days, which is higher than the industry average, indicating that there is some gap with the industry average. Comparatively speaking, the turnover speed of accounts receivable of Gree Electric is lower than that of Qingdao Haier Enterprise, and its fluctuation is about 40-90 days. This shows that there is a big gap in the efficiency of accounts receivable management between the two companies. The turnover rate of accounts receivable of Gree Electric is significantly lower than that of Qingdao Haier, which may be related to the different marketing strategies and collection policies implemented by the two companies. Through further analysis, it is found that from 2010 to 2015, the proportion of accounts receivable of Gree Electric is less than 5%, and the proportion of notes receivable is about 95%. In order to further analyze the gap between the two enterprises in the management of accounts receivable, this paper recalculates the turnover period of accounts receivable of Qingdao Haier and Gree

Electric after the amount of notes receivable is removed.

4.2 Working capital status of Zhuhai Gree Electric Appliance Co., Ltd

Table 4.2 working capital of Gree Electric appliances in 2014-2018 unit: 100 million yuan

Year \ Project	2014	2015	2016	2017	2018
Current assets	1201	1209	1429	1716	1997
current liabilities	361	407	395	434	515
working capital	840	802	1034	1282	1482

Data source: according to the annual report data of Zhuhai Gree Electric Appliance Co., Ltd

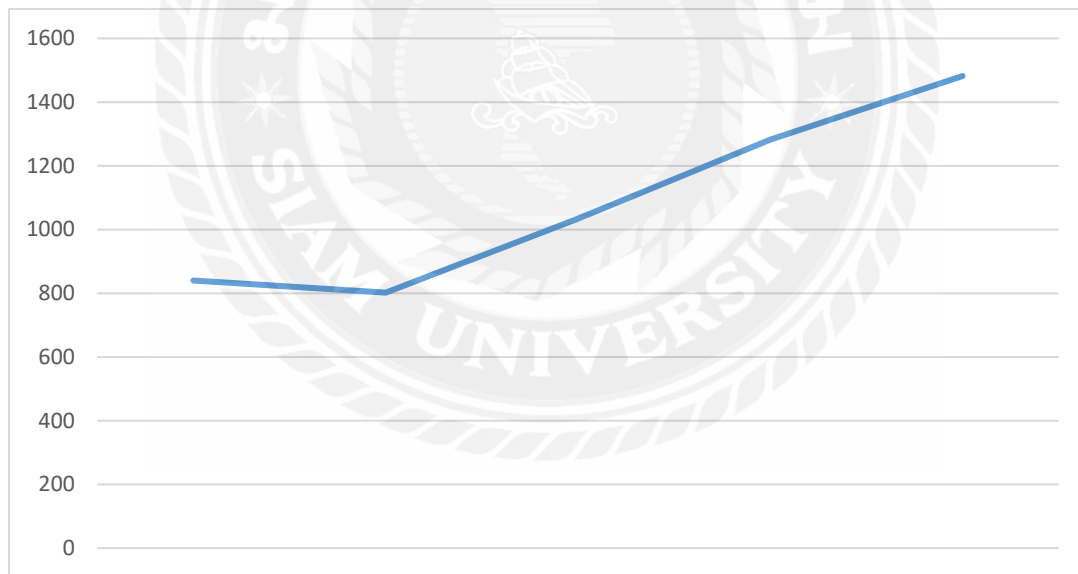


Figure 4.2 working capital of Gree Electric appliances in 2014-2018 unit: 100 million yuan

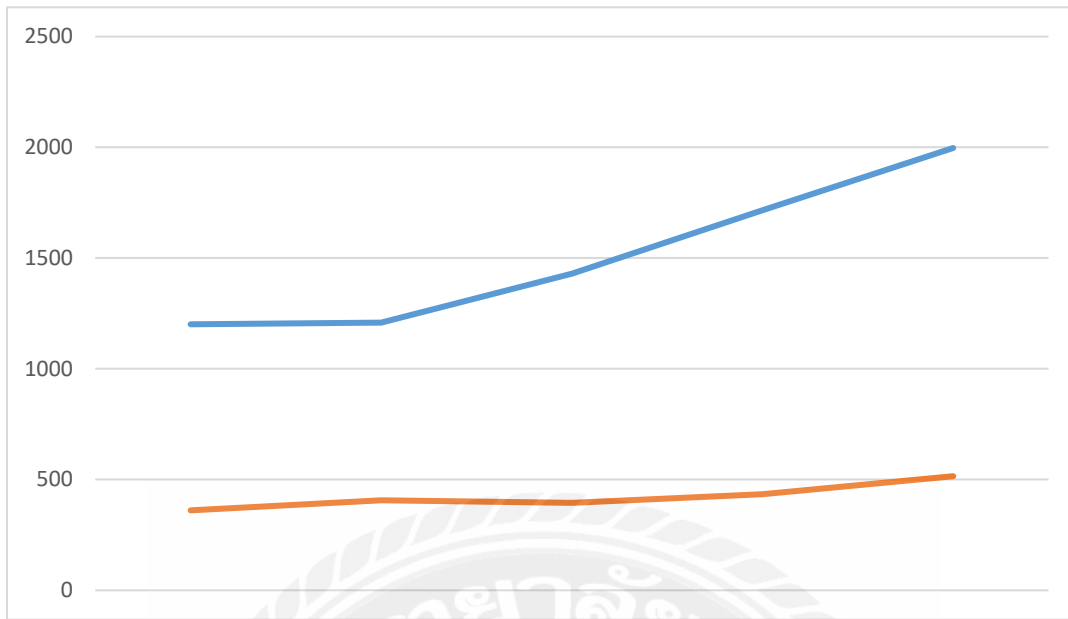


Figure 4.3 current assets and current liabilities of Gree Electric appliances in 2014-2018 unit: 100 million yuan(blue line:current assets Orange line:current liabilities)

As can be seen from Figure 4.2, the working capital in 2014-2018 showed an overall upward trend, and decreased in 2015. Working capital is on the rise as a whole, which proves that Gree's position in the market has been improved, the company's own expansion and the operating income has increased year by year. Therefore, it can be roughly judged from the trend of the line chart that Gree Electric appliance is in a stable development trend.

As can be seen from figure 4.3, the change range of current assets is larger than that of current liabilities, so this paper will focus on the analysis of the items in current assets. A large part of the cause is caused by the power of the power of the unit, and the plot of this place is a combination of the above. The third party is the total number of cases. More than a minute ago, there was an analysis of the ability of the system to measure the rate of speed, and the quality of life was not so good. We have the capacity to express the capacity of the system in the calculation of the support system.

4.2.1 Based on element analysis

(1) Turnover period of accounts receivable

The turnover period of accounts receivable can reflect the flow of accounts receivable. Generally speaking, the shorter the turnover period is, the faster the enterprise can obtain accounts from the outside world, and the less bad debt losses occur.

The calculation formula of turnover period of accounts receivable is as follows:

$$\text{Turnover period of accounts receivable} = 360 / \text{Turnover rate of accounts receivable} = \text{Average balance of accounts receivable} \times (360 / \text{turnover})$$

(4.1)

Enterprises usually have special credit policies in the management of accounts receivable. If the enterprise loses the policy in order to increase the sales volume, the credit of the debtor may decline, and the actual days of accounts receivable may be greater than the specified days, which increases the risk of bad debts of enterprises. But if the enterprise adopts too tight credit policy, it will limit the level of enterprise sales, thus losing some potential customers.

Table 4.3 turnover period of accounts receivable of Gree Electric appliances in 2014-2018

Year	2014	2015	2016	2017	2018
Turnover rate of accounts receivable (Times)	61.07	35.28	37.09	33.79	29.32
Turnover period of accounts receivable (days)	5.89	10.20	9.71	10.65	12.28

Data source: according to the annual report on the official website of Zhuhai Gree Electric Appliance Co., Ltd. and the data of sina finance and economics

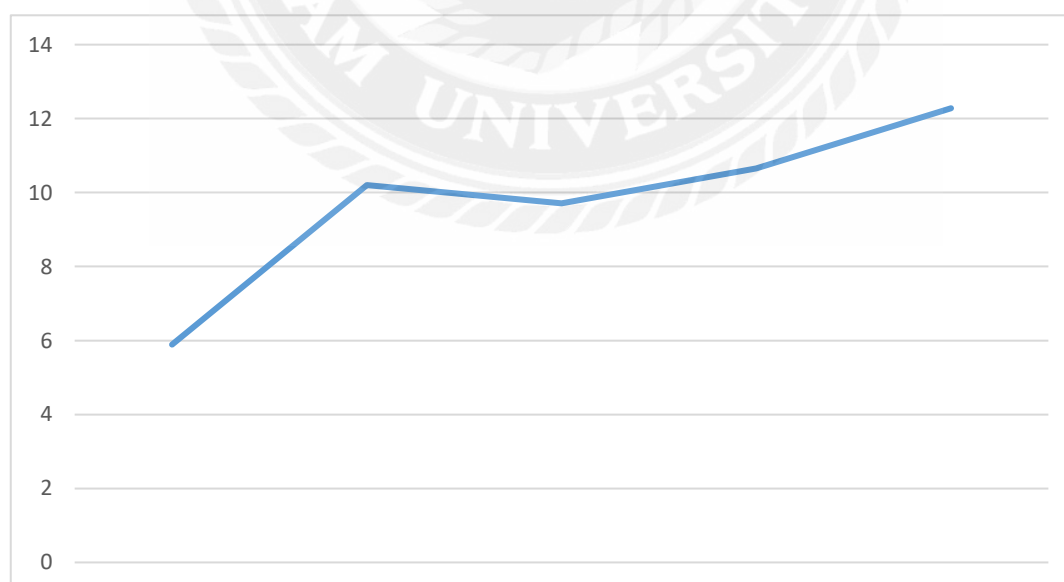


Figure 4.4 turnover period of accounts receivable of Gree Electric appliances in 2014-2018 unit: days

According to table 4.4, due to the overall decline of turnover rate, the turnover period of

Gree Electric Appliances showed an overall upward trend, which continued to increase in 2014-2015, nearly doubled in 2015, decreased in 2016, but gradually increased in the following years. According to this trend of Gree, it shows that Gree Electric Appliance's collection speed is slower and the liquidity of accounts receivable is worse, which may increase the sales on credit. Although the operating income increases, the possibility of bad debts also increases with the increase of operating income.

(2) Inventory turnover period

In fact, inventory is very important in the survival and development of enterprises. If an enterprise wants to produce products, it needs to put in materials, produce finished products need to consider sales, and deal with the orders that come immediately, it needs to have sufficient inventory of goods to deliver within the specified time, otherwise it will affect the reputation of the enterprise. The cost of the enterprise will increase one day for each additional day of inventory retention in the enterprise. If the inventory remains unchanged for a certain period of time, the inventory may lose when it is sold. Inventory turnover period can reflect the inventory turnover situation. Enterprises can reduce the inventory cost by reducing the turnover period to achieve the purpose of enterprise management.

The calculation formula of inventory turnover period is as follows:

$$\text{Inventory turnover period} = 360 / \text{Inventory turnover} = \text{Average inventory balance} \times (360 / \text{Operating costs})$$

(4.2)

The following is the inventory turnover period of Gree from 2014 to 2018:

Table 4.4 inventory turnover period of Gree Electric appliances in 2014-2018

Year project	2014	2015	2016	2017	2018
Inventory turnover rate (Times)	8.10	7.31	7.88	7.78	7.55
Inventory turnover period (days)	44.42	49.28	45.69	46.27	47.63

Data source: according to the annual report data of Zhuhai Gree Electric Appliance Co., Ltd

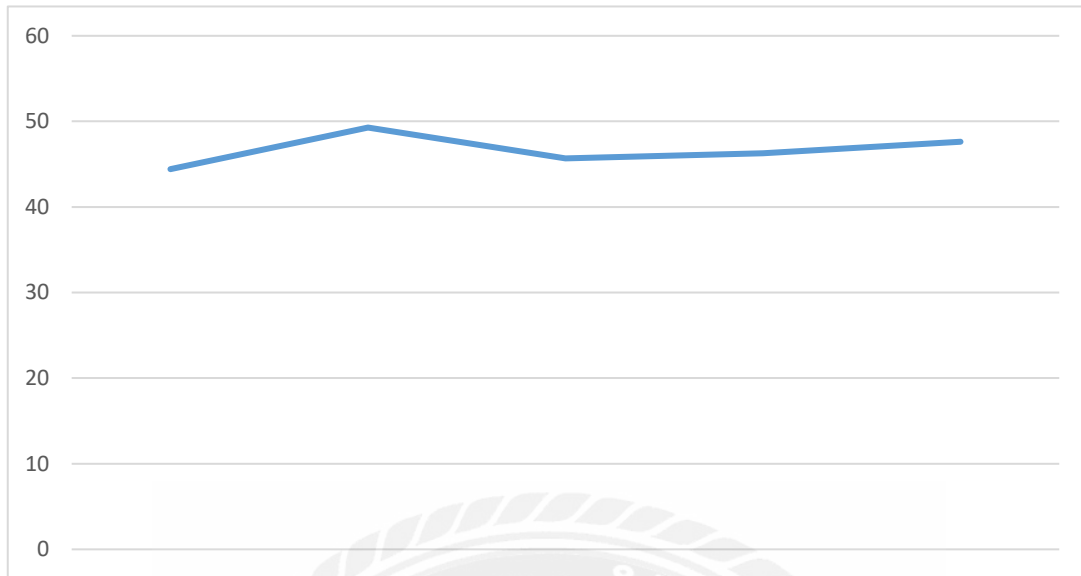


Figure 4.5 inventory turnover period of Gree Electric appliances in 2014-2018 unit: days

According to table 2-3, the turnover time increased in 2015 compared with 2014, indicating that the inventory turnover rate decreased, and how to improve the management level. In 2016, the turnover period decreased, indicating that Gree company was improving the inventory management mode, improving the management level and increasing the operating capacity. Overall, the inventory turnover period from 2014 to 2018 is basically maintained at 40-50 days.

(3) Cash turnover period

Cash turnover period refers to the period from paying cash to recovering cash in the process of purchasing inventory.

According to the turnover period of inventory, accounts receivable and accounts payable, the calculation formula of working capital turnover period is obtained as follows:

$$\begin{aligned} \text{Working capital turnover period} = & \\ & \text{Inventory turnover period} + \text{Turnover period of accounts receivable} \quad (4.3) \\ & - \text{Turnover period of accounts payable} \end{aligned}$$

The above four indicators constitute the performance index system of operating activities working capital management based on factors, as shown in Figure 4.5

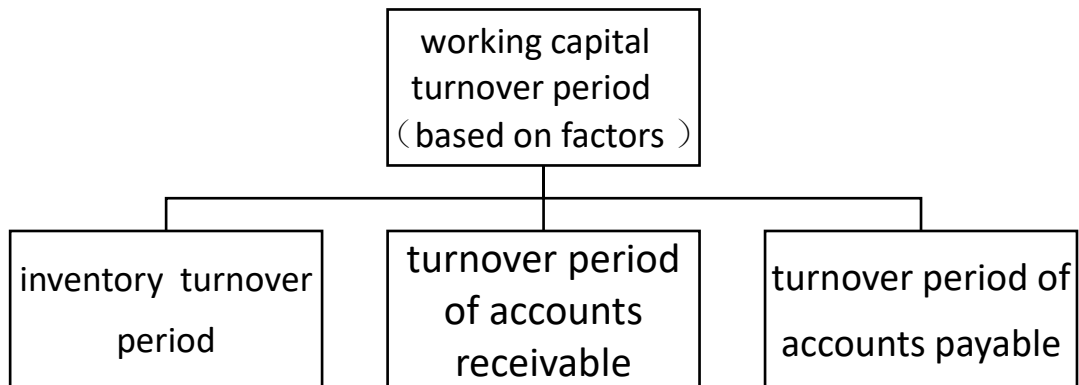


Figure 4.6 performance index system of operating activities working capital management based on elements

Because the cash turnover period is related to the accounts payable turnover period, it is necessary to analyze the accounts payable turnover period first.

The turnover status of enterprise accounts payable can be reflected by the turnover period of accounts payable. Under normal circumstances, if other conditions remain unchanged, the longer the turnover period of accounts payable is, the longer the period of payment will be, and the less pressure on debt repayment will be.

Calculation formula of turnover period of accounts payable:

$$\text{Turnover period of accounts payable} = 360 / \text{Turnover rate of accounts payable} = \text{Average balance of accounts payable} \times (360 / \text{Operating costs})$$

(4.4)

Table 4.5 turnover period of accounts payable of Gree Electric appliances in 2014-2018

Year	2014year	2015year	2016year	2017year	2018year
Project					
Turnover period of accounts payable (days)	110.88	140.63	134.19	115.88	97.06

Data source: according to the annual report data of Zhuhai Gree Electric Appliance Co., Ltd

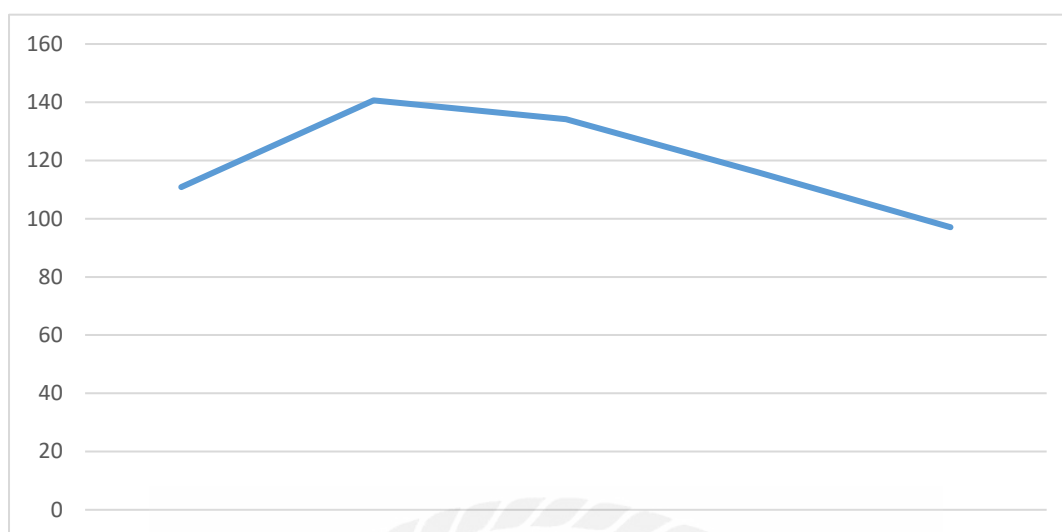


Figure 4.7 turnover period of accounts payable of Gree Electric appliances in 2014-2018 unit: days

According to table 4-4, the turnover period of accounts payable increased from 2014 to 2015, and decreased from 2015 to 2018. On the whole, the turnover period of accounts payable is still very long. Generally speaking, the longer the turnover period of accounts payable is, the better, which indicates that enterprises can obtain more loans from suppliers to supplement working capital, without short-term borrowing from banks. In the same industry, the enterprises with high data should have a strong position in the market, purchase large quantities and have good reputation in the same industry, so they can take the initiative in the payment of goods. However, in the actual situation, it often occurs that one party occupies the supplier's payment for goods, while the other party's customer takes up the payment for goods sold by the company itself, which not only forms a triangle debt, but also may lead to the shortage of working capital of Gree Electric appliance. In this case, it is necessary to use cash turnover period to comprehensively consider the cash generating capacity of the company's sales.

Table 4.6 cash turnover period of Gree Electric appliances in 2014-2018

Year Project	2014year	2015year	2016year	2017year	2018year
Cash turnover period (days)	-60.57	-81.15	-78.79	-58.96	-37.15

Data source: according to the annual report data of Zhuhai Gree Electric Appliance Co., Ltd

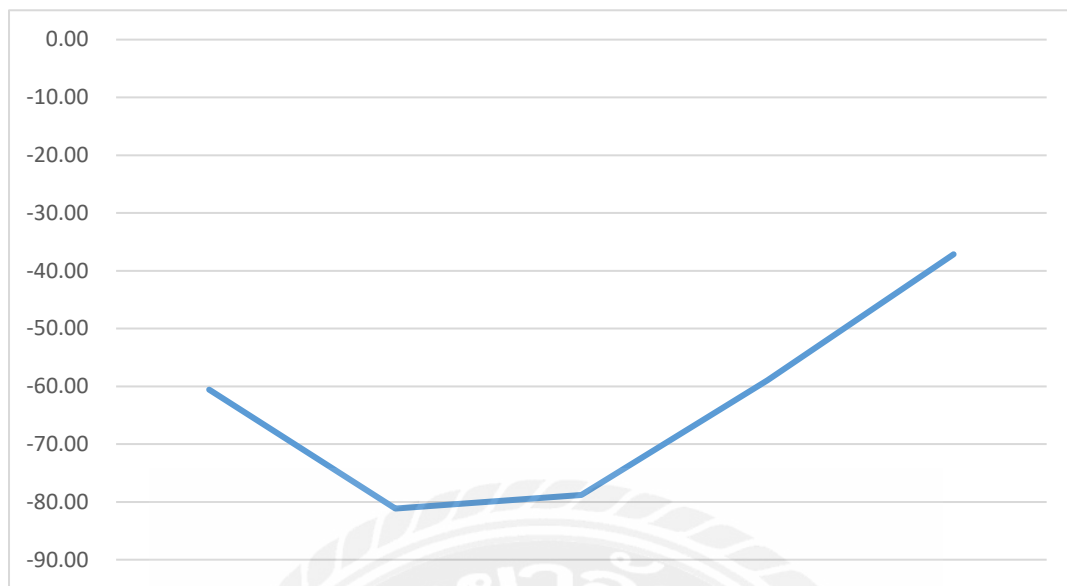


Figure 4.8 cash turnover period of Gree Electric appliances in 2014-2018 unit: days

As can be seen from table 4.8, the cash turnover period decreased first and then increased during 2014-2018. From the formula of cash turnover period, it can be concluded that the less the turnover period of accounts receivable and inventory is, the shorter the cash turnover period is; while the relationship between accounts payable and the former two and cash turnover period is opposite. In most cases, when the cash turnover period is very small or negative, it means that the enterprise has a long turnover days of accounts payable, strong ability to occupy the funds of suppliers, strong ability of accounts receivable and inventory management, and customers can adopt cash transactions and other easy to cash methods, which makes the enterprise's cash flow more efficient.

4.2.2 Based on channel analysis

(1) Analysis of working capital management in purchasing channels

The working capital of procurement channel consists of raw material capital and working capital payable. The higher the value of accounts payable, the less capital occupied by raw materials and the shorter working capital turnover period of purchasing channels.

The formula of fund turnover period of purchasing channel is as follows:

$$\begin{aligned}
 & \text{Working capital turnover period of purchasing channel} \\
 &= \text{Working capital of purchasing channel} \times 360 / \text{operating income} \\
 &= (\text{raw materials inventory} + \text{Prepayment} - \text{Notes payable} - \text{Accounts payable}) \\
 & \times 360 / \text{operating income}
 \end{aligned}$$

(4.5)

Table 4.7 turnover period of purchasing channels of Gree Electric appliances in 2014-2018

year project	2014year	2015year	2016year	2017year	2018year
Raw material inventory (100 million yuan)	42.76	34.70	34.37	37.04	63.69
Prepayment (100 million yuan)	15.45	12.20	13.31	27.66	29.40
Notes payable (100 million yuan)	75.56	71.54	82.77	94.47	103.01
Accounts payable (100 million yuan)	271.10	257.90	271.68	320.47	367.70
Operating revenue (100 million yuan)	1377.50	977.45	1083.03	1482.86	1981.23
Working capital of purchasing channels (100 million yuan)	-288.44	-282.55	-306.76	-350.24	-377.62
Turnover period of purchasing channels (days)	-75.38	-104.06	-101.97	-85.03	-68.62

Data source: according to the annual report data of Zhuhai Gree Electric Appliance Co., Ltd

According to table 4.7, the working capital turnover period trend of gree in 2014-2018 is shown in Figure 4.7

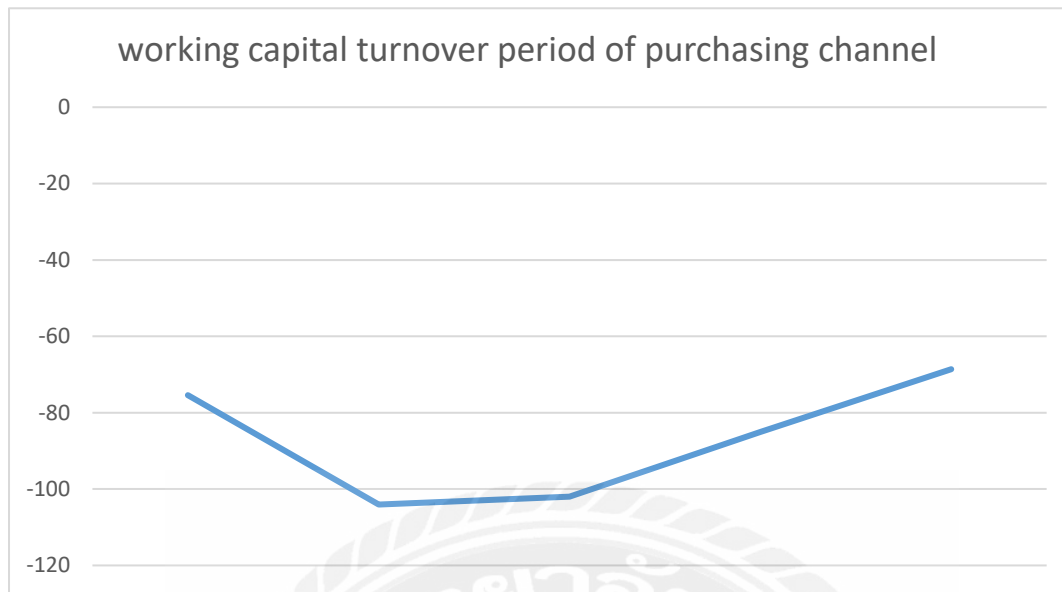


Figure 4.9 trend chart of working capital turnover period of purchasing channels of Gree Electric appliances in 2014-2018 unit: days

As can be seen from figure 4.9, the working capital of procurement channels decreased from 2014 to 2015, and began to increase from 2015 to 2018. When the turnover period of purchasing channel is negative, the working capital occupied by accounts payable and bills payable is greater than that occupied by raw materials, inventory and prepayment, that is, the enterprise occupies the funds of raw material suppliers. The shorter the working capital turnover period of the purchasing channel indicates that the faster the capital turnover is, the longer the enterprise can occupy the supplier's funds.

(1) Analysis of working capital management in production channel

The formula of capital turnover period of production channel is as follows:

$$\begin{aligned}
 & \text{Working capital turnover period of production channel} \\
 &= \text{Working capital of production channel} \times 360 / \text{operating income} \\
 &= \left(\text{Work in process inventory} + \text{Other receivables} - \right. \\
 & \quad \left. \text{Employee compensation payable} - \text{Other accounts payable} \right) \\
 & \times 360 / \text{operating income}
 \end{aligned}$$

(4.6)

Table 4.8 turnover period of production channels of Gree Electric appliances in 2014-2018

year project	2014year	2015year	2016	2017 年	2018 年
Inventory of products in process (100 million yuan)	17.02	13.08	11.31	19.05	23.37
Other receivables (100 million yuan)	3.64	3.17	2.50	2.49	2.84
Employee compensation payable (100 million yuan)	15.95	16.24	17.00	17.90	21.75
Other accounts payable (100 million yuan)	36.70	25.77	24.15	24.14	37.74
Operating revenue (100 million yuan)	1377.50	977.45	1083.03	1482.86	1981.23
Working capital of production channels (100 million yuan)	-32.00	-25.75	-27.34	-20.51	-33.28
Turnover period of production channel (days)	-8.36	-9.49	-9.09	-4.98	-6.05

Data source: according to the annual report data of Zhuhai Gree Electric Appliance Co., Ltd

According to table 4.8, the working capital turnover period trend of Gree's production channel from 2014 to 2018 is shown in Figure 4.8.

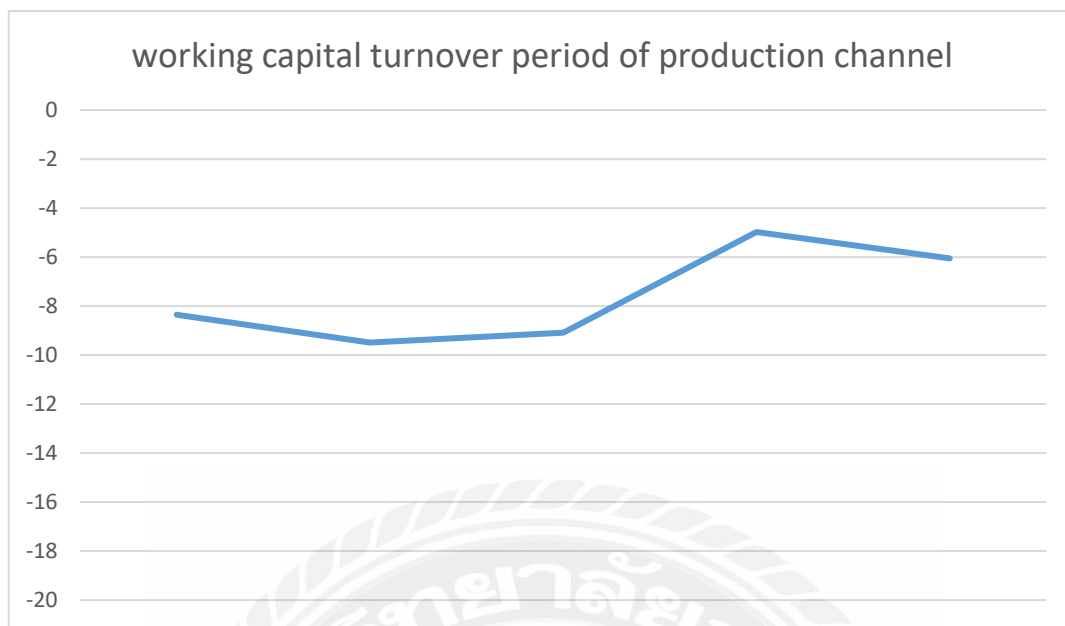


Figure 4.10 trend chart of working capital turnover period of production channel of Gree Electric appliances in 2014-2018 unit: day

As can be seen from figure 4.10, the turnover period of working capital of production channels changed steadily from 2014 to 2018, basically maintained at - 5 ~ - 10. It can be seen that in recent years, although the working capital of the production channel has fluctuated, the use efficiency of the production channel fund has not changed much, and the turnover period has been negative and stable, indicating that the working capital turnover period of the production channel is short, the operation efficiency is high, and the working capital is basically not occupied. This is related to the production and operation mode of Gree Electric appliance. Gree Electric has cash production machines and technology, strictly control product quality, use innovative technology and production technology to continuously improve product productivity, reduce the cost of human and material resources and the occupation of production channel funds.

(1) Analysis of working capital management in marketing channels

The fund turnover period formula of marketing channel is as follows:

$$\begin{aligned}
 & \text{Working capital turnover period of marketing channel} \\
 &= \text{Marketing channel working capital} \times 360 / \text{operating income} \\
 &= \left(\begin{array}{l} \text{finished goods inventory} + \text{Accounts receivable} + \text{Notes receivable} \\ - \text{Accounts received in advance} - \text{Tax payable} \end{array} \right) \\
 & \times 360 / \text{operating income}
 \end{aligned}$$

(4.7)

Table 4.9 turnover period of marketing channels of Gree Electric appliances in 2014-2018

year project	2014year	2015year	2016year	2017year	2018year
Finished goods inventory (100 million yuan)	48.82	42.59	46.81	71.88	95.84
Accounts receivable (100 million yuan)	22.55	27.70	29.20	43.19	67.57
Notes receivable (100 million yuan)	483.89	326.80	224.22	311.10	340.84
Accounts received in advance (100 million yuan)	92.07	70.24	88.21	120.82	119.67
Tax payable (100 million yuan)	72.42	56.43	30.52	35.18	43.79
Operating revenue (100 million yuan)	1377.50	977.45	1083.03	1482.86	1981.23
Marketing channel working capital (100 million yuan)	390.77	270.42	181.49	270.18	340.79
Turnover period of marketing channels (days)	102.13	99.60	60.33	65.59	61.92

Data source: according to the annual report data of Zhuhai Gree Electric Appliance Co., Ltd

According to table 4.9, the working capital turnover period trend of Gree's production channel from 2014 to 2018 is shown in Figure 4-9.

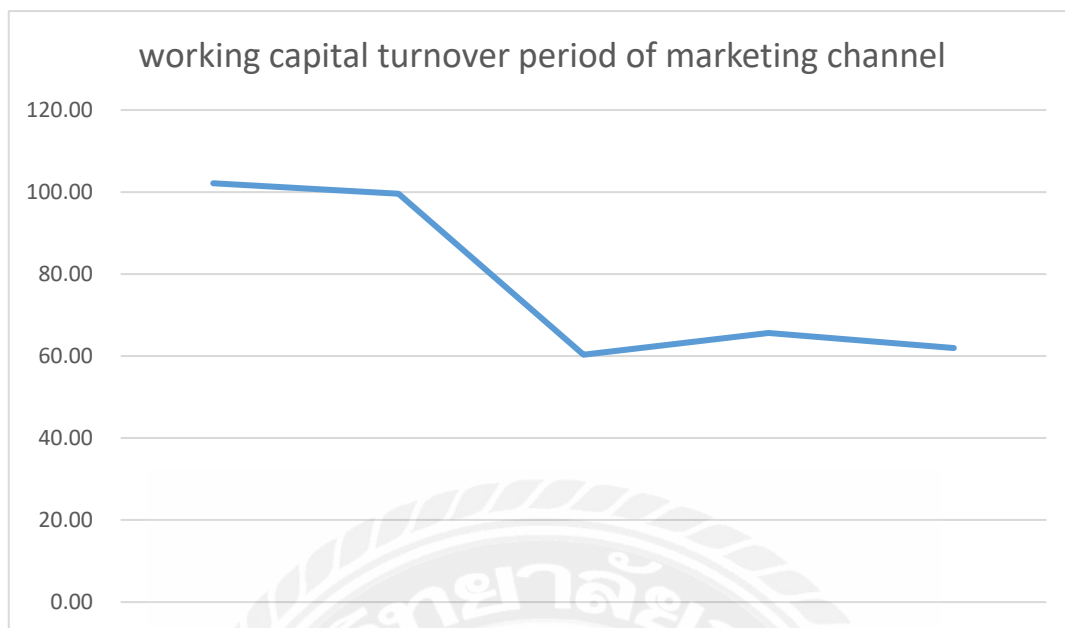


Figure 4.11 trend chart of working capital turnover period of marketing channel of Gree Electric Appliance from 2014 to 2018 unit: day

As can be seen from figure4.11, the turnover period decreased from 2014 to 2016, and decreased significantly in 2016. The turnover period showed a stable trend in 2016-2018, but overall, the turnover period showed a downward trend in 2014-2018. Although on the whole, the turnover period of working capital of marketing channels is the longest among the three channels, which indicates that Gree still needs to consider strengthening the management of sales channels.

4.3 Problems and causes of working capital management of Zhuhai Gree

4.3.1 The turnover period of working capital is low

As shown in table 2-6, the working capital turnover period of Geli procurement channel in the past five years is -75.38, -104.06, -101.97, -85.03, -68.62, with negative values and large amount. This indicates that the working capital used by daily purchasing activities of Gree Electric appliances is slow, which indicates that the working capital occupied by the accounts payable and bills payable is larger than that of raw materials, inventory and prepayment. The working capital of the company can be inferred that Gli electric occupies the cash of upstream suppliers.

With the rapid development of upstream manufacturing and free competition in retail industry, Gree Electric has established a strong position in the market. With its strong position, it has a huge supply chain system, which can occupy more supplier funds. On the surface, the

more money suppliers have, the more benefits the enterprise gets. But in fact, the enterprise may reduce the requirements for business and financial management, and the overall management level is difficult to improve. When the side effects of the upstream manufacturing industry such as accounts receivable, bills receivable and bad debts increase, suppliers often have no power. Some retailers' capital flow is interrupted, which leads to many suppliers unable to pay their debts due, and the bad debts of banks rise, and the consequences are serious. If this goes on, it will lead to the loss of control over the industry, weaken the core competitiveness of the enterprise, and finally have a negative impact on the long-term development of the enterprise.

4.3.2 Marketing channel takes up a lot of funds

According to table 4.2, the turnover rate of accounts receivable of Gree Electric appliances from 2014 to 2018 were 61.07, 35.28, 37.09, 33.79 and 29.32, respectively, which showed that the average collection period increased, the recovery of accounts receivable slowed down, the number of funds remaining on the long accounts receivable increased, and the utilization efficiency of funds decreased. It shows that the difficulty in the recovery of enterprise accounts leads to the increase of collection expenses and the possibility of bad debts. If the number of days for the enterprise to urge the collection of accounts exceeds the number of days for the accounts receivable stipulated by the enterprise, it indicates that the debtor has a long time in default and the credit status is poor, which increases the possibility of bad debt loss. At the same time, it also shows that the accounting recovery of enterprises is invalid, which leads to the formation of bad debts and the non flow of current assets, which is very unfavorable to the daily production and operation of enterprises. But on the other hand, if the turnover period of accounts receivable is too short, it indicates that the company pursues tight credit policy or payment terms are too harsh, which will affect the increase of sales volume of enterprises, and then affect the profitability of enterprises.

4.3.3 Inventory accounts for a large amount of working capital

As shown in table 4.3, the inventory turnover rates from 2014 to 2018 are 8.10, 7.31, 7.88, 7.78 and 7.55 respectively. The decrease of inventory turnover rate causes the increase of inventory turnover period, which is more intuitively reflected in Figure 2-4. The value of inventory turnover period is 44.42, 49.28, 45.69, 46.27 and 47.63, respectively. The increase of turnover period indicates the time growth of inventory occupying working capital. Moreover, the turnover period of the three channels all involve inventory, and the marketing channel is more obvious. The value of finished product inventory in recent five years is 48.82, 42.59,

46.81, 71.88, 95.84, respectively. It can be seen that the finished product inventory has increased significantly, and the working capital occupied by inventory has also increased year by year. There are two advantages and disadvantages of inventory to enterprises. Enterprise capital appreciation can be realized through the process of inventory processing. At the same time, too high inventory level will drag down the capital turnover of the enterprise, which is mainly manifested in the excessive inventory, such as the oversupply of raw materials and the extrusion of finished products, which makes the capital turnover efficiency lower and hinders the solvency of the enterprise

4.4 problems and causes of working capital management in China

4.4.1 Problems in working capital management in China

(1) Inefficient operation of working capital

At present, there are two problems in the management of working capital: one is the lack of working capital, which leads to the failure of normal operation of production and business activities. Second, there is no change in the scale of the enterprise.

① If the capital turnover is not smooth, the turnover cycle of inventory will be affected by a large amount of overstocking, and the return on capital reinvestment will also be affected, resulting in a substantial increase in capital consumption of finished products

② It is difficult to maintain the daily expenses. Some enterprises can not guarantee the daily travel expenses and employees' wages.

(2) Enterprise managers lack awareness of working capital management

The improvement of enterprise management level and core competitiveness comes from the reasonable working capital management theory and method. At present, the backward management methods and weak management ideas are the basic situation of enterprise managers in China. Therefore, there are opportunities for managers to learn in China, that is, MBA system. Then they realized that practice and theory are equally important. As a professional organization, China enterprise operating fund management research center was born in 2009. Its role is to provide consulting services and theoretical guidance for enterprise capital management. However, due to the short construction time and lack of employees, the service objects are limited

(3) The research on working capital management structure is not enough

Paying attention to the safety of funds, ensuring that the funds are sufficient in the process of production and operation, and reducing the cost of occupying funds are the important concerns of enterprises in fund management. If there is no research on how to manage the capital structure, reasonably distribute working capital and how to coordinate the relationship

between working capital and other funds, the phenomenon of capital flow is not smooth.

4.4.2 Causes of problems in working capital management in China

(1) The management pay little attention to working capital management

Some listed companies are only concerned about the growth of scale economy and profits, which not only lack the management of working capital of enterprises themselves, but also do not set up special working capital management organizations, which seriously neglect the importance of working capital management. Even the company's internal management only measures the efficiency of capital management based on one-way indicators such as inventory turnover rate, accounts receivable turnover rate and accounts payable turnover rate. This method is difficult to detect the problems in capital management, which is not conducive to the continuous improvement of enterprise working capital management.

(2) The information system is not perfect

In order to ensure the effective operation of working capital management, the establishment of a sound information system is the basis. However, many companies are eager to create information systems. They buy computers one after another when they don't fully understand the data and design of the system. They don't consider the methods and theories of system development in the process of establishing. As a result, the final result is not satisfactory. The listed companies can not establish a data network to cover a branch of the whole system. As a result, it is impossible for enterprises to acquire, store and distribute raw materials and materials in a timely manner, which can not meet the requirements of raw materials, production and distribution in the company's head office. The increase of materials, thus increasing the amount of funds.

(3) The channel structure of business activities is unreasonable

① Purchasing channels

One is that they do not attach importance to the relationship between guarantee and improvement of suppliers. In the purchasing channel, the relationship between the company and the supplier is the most important. If we pay attention to the relationship between the two, we can not only reduce the delivery time, enhance the production quality, reduce the cost, and improve the adaptability and competitiveness of the company to the changes in the market environment. However, some listed companies do not pay attention to this problem, which eventually leads to the awkward situation of tense relationship with suppliers.

Second, the procurement channel is single. A single procurement channel will make the risk concentration, lead to the increase of enterprise inventory, and enhance the working capital turnover of the procurement channel.

Third, we do not pay attention to the selection of suppliers. Some listed companies do not

have a purchasing department. Instead, the purchasing department will be responsible for the work of the production department. As a result, listed companies despise the selection of suppliers, and there are problems in product quality, raw material price and delivery capacity. In addition, the quality of raw materials has an impact on working capital in three channels of business activities.

② Production channels

First, backward production management. Although some enterprises in our country use cash management, most of them are still backward, unable to adapt to the change of economic environment, resulting in the loss of raw materials and overstock of funds.

Second, the flow control of production funds is weak. Some enterprises which take profit as the management goal ignore the importance of capital use. On the basis of achieving the profit target, a large amount of funds are lost, and the funds are not controlled and saved in the process, which leads to wrong decision-making, which has a negative impact on the whole business activities.

The third is that the unreasonable plan can not adapt to the changes of the market, resulting in overstocking of inventory. At present, the market environment is changeable, and consumption habits are also various. As a result, the production plan made in advance once a year may not adapt to the changeable market, which may cause waste of resources and affect the speed of capital flow.

③ Sales channels

The marketing methods of listed companies are traditional marketing channels, which are not innovative and inefficient. Some listed companies still use traditional sales channels, which are pyramid shaped, inefficient, lengthy structure and weak control ability. In terms of channel structure, producers pass on to the second and third level wholesalers through general distribution, and then transfer from the second and third level wholesalers to retailers until the products are finally delivered to consumers; in terms of channel efficiency, the structure is too long, which leads to the increase of transaction costs, hinders the transmission of information and reduces the channel efficiency. In terms of channel control, the company's channel control ability is weak, because there are many channel members, channel policy, product quality and other issues change repeatedly, resulting in frequent distrust among channel members.

5. CONCLUSION

5.1 Suggestions on the optimization working capital management policy

Gree's working capital mainly relies on current liabilities, and its financing policy is extreme. Enterprises need to raise long-term assets for development through larger long-term borrowing rather than short-term borrowing. In the capital market, we should actively look for various financing channels to enrich our own financing forms. We should make full use of financial leverage in our daily production and operation activities. Through the amplification effect of financial leverage, we can help enterprises seize high market share and effectively improve the profitability of their own business activities.

Gree Electric is too conservative in its investment strategy, and a considerable part of its total assets are current assets, which indicates that Gree holds a considerable number of monetary assets and financial assets in its daily operation and production activities, and the surviving quantity also accounts for a considerable proportion. On the one hand, Gree focuses on the traditional retail thinking mode, actively promotes the construction of stores, attaches importance to the construction of logistics base, and strengthens the construction of various service resource platforms. The construction of these projects can make full use of the funds in the hands of enterprises, and the construction of logistics base will effectively improve the management and sales ability of their own commodities. On the other hand, these projects will also greatly improve the shopping experience of consumers, and this strategic layout will help Gree Electric to compete and occupy a more favorable market position in the future fierce market.

The proportion of current assets often affects the proportion of various elements in current liabilities, especially under different financing strategies, the emphasis of investment in current assets will be different. The proportion of current assets in the total assets and the corresponding financing methods, Gree Electric needs to consider its own actual situation and choose its own financing and investment strategy based on this. The low-risk strategy is often accompanied by a lower rate of return, while the high-risk strategy often leads to a higher rate of return. Gree needs to consider the market environment The changes and dynamics of the environment, the combination of high-risk investment strategy and low-risk investment strategy, to build a platform suitable for the development of enterprises, which is conducive to the level of risk management and control of enterprises, and has important global significance for the future development of enterprises.

5.2 Suggestions on the optimization of purchasing channel

(1) Strengthen information sharing with suppliers and speed up capital turnover in purchasing channels

Strengthening the information exchange between suppliers and enterprises will effectively reduce the procurement time of enterprises, and then affect the turnover efficiency of working capital in the procurement process. According to the data provided in the previous article, it can be seen that before 2013, Qingdao Haier's share of supplier's funds was significantly lower than Gree's, and Gree's turnover period of raw materials was twice higher than that of Qingdao Haier in the four years from 2010 to 2013. Therefore, it can be inferred that delaying the payment of funds to suppliers can not solve the problem of improving the performance of working capital management of enterprises, and this kind of operation mode often leads to bad results. Due to the shortage of funds, suppliers can not solve the problems in production in time, so they have to reduce the quality of raw materials and postpone the supply as much as possible to obtain their own supply. The profits in the chain may eventually lead to the cooperation of Gree's competitors in the market.

In the process of production and operation, different departments of the enterprise will produce different information. Through the information sharing and cooperation of various departments, various production and operation activities will be completed. If the enterprise and the supplier share the internal information, the cooperation efficiency between the supplier and the internal department of the enterprise can be greatly improved, thus shortening the procurement cycle and speeding up the transfer of working capital. Therefore, it is suggested to strengthen the information sharing between Gree and its suppliers. First of all, it can improve the speed of production and sales by providing more personalized information to suppliers, which can improve the speed of production and sales. Secondly, strengthen the sharing of inventory information with suppliers, suppliers can make real-time automatic replenishment according to the level of inventory, even the level of enterprise management inventory, so as to shorten the procurement cycle planning and delivery cycle, and reduce the safety inventory level of enterprises. Third, by establishing a supplier elimination mechanism, screening several high-quality suppliers, sharing information with them, training stable cooperative relationship, evaluating suppliers regularly, and finding unqualified suppliers in time, we can save the market research that must be carried out in each purchase, which not only shortens the procurement time, but also stabilizes the supply. Fourth, strengthen the sharing of purchase order information with suppliers, in addition to urging suppliers to understand the needs of enterprises for commodities, promote familiarity with enterprise purchasing habits, cultivate tacit understanding of cooperation, shorten the supply cycle and speed up capital turnover. Fifthly, strengthen the settlement information of financial departments and goods suppliers, and reduce the error rate of accounts of the other party, shorten the workload, avoid financial

disputes and improve the settlement efficiency by establishing an efficient settlement process information system for both parties. In short, a small number of enterprises can effectively shorten the procurement cycle and improve the working capital efficiency by concentrating on the internal information of suppliers. At the same time, enterprises need to strengthen the awareness of risk prevention, avoid leaking trade secrets to the main competitors of enterprises, reduce the cost of information sharing, strengthen the security of computer information system, and establish appropriate information sharing Mechanism.

(2) Strengthen supplier management and establish good strategic cooperation relationship

A sustainable and stable supplier management strategy will have a long-term impact on the performance of working capital management from many aspects. Therefore, Gree can strengthen the supplier management from the following aspects: firstly, increase the purchasing quantity of single supplier, establish the supplier evaluation system, select high-quality suppliers, and actively cultivate long-term cooperative relationship with suppliers. In this way, we can not only obtain stable supply of goods, put an end to the inventory risk, reduce the level of safety stock, but also obtain the purchase price regulation Model effect, the resulting commercial credit can give priority to the payment of loan funds, thus saving the level of interest. Secondly, the supplier of Gree Electric Appliance should use the unified design standard as far as possible, and provide large-scale production for the enterprise as far as possible, which can effectively reduce the storage type of enterprise material inventory, facilitate the inventory management, thus saving resources and greatly reducing the inventory occupation level of purchasing channels. Finally, the enterprise will support the development of potential suppliers for a long time, provide financial and technical support for their continuous growth, continuously improve the quality of purchased parts, and systematically improve the inventory turnover rate of enterprises.

(3) Make reasonable purchasing strategy and shorten purchasing cycle

Supplier management strategy has a decisive impact on the continuity and stability of supplier relationship. It will shorten the procurement cycle, optimize the business process, and improve the performance of working capital management. The management strategy of enterprise supplier serves the realization of enterprise purchasing target. The nature of procurement will determine the management strategy for suppliers. In particular, Gree electrical equipment should be classified according to the nature of the products provided by the supplier when developing the procurement strategy. According to the key raw materials, the enterprises that produce and operate establish strategic partners with multiple suppliers, which can effectively ensure the quality of goods, no longer rely on one supplier, and avoid high-risk business. The relationship between enterprises and suppliers is stable and continuous; in terms of winning the support of monopoly suppliers, through advance payment or increasing the purchase price. On the other hand, we can actively seek substitutes to reduce the

procurement risk, instead of relying more on the asking price of suppliers, and the enterprise will strive to maintain a stable supplier relationship. For general raw materials, although the importance is not high, the procurement frequency may be very high, It can bargain with multiple suppliers and implement elimination system to save procurement cost and ensure the continuous stability of supplier relationship; For the sporadic and non essential raw materials, the importance of commodities is not very high because of purchasing, low frequency and low value. Enterprises generally choose a convenient and low-cost buyer to purchase directly from the fully competitive market, without wasting too much capital. For general goods, the more important it is, the more important Gree should establish a unified and stable cooperative relationship with suppliers in order to obtain stable high-quality product sources: the higher the purchase frequency of purchased goods, the more necessary to strengthen the cooperation relationship with suppliers, so as to reduce procurement costs and save procurement resources. Therefore, it is necessary to establish a sustainable and stable supplier relationship, optimize the procurement business process, improve the information sharing mechanism, shorten the procurement cycle, and improve the business performance of enterprises.

5.3 Suggestions on the optimization of production channel

(1) Carrying out scientific production mode and improving production efficiency

The main production channel is a group of purchasing and selling channels, and it is also an important link that can not be ignored. The difference of working capital management performance between Gree and Qingdao Haier may be due to Gree's use of computer integrated manufacturing system and

Enterprise resource planning system reduces production cost through mass production. However, Qingdao Haier is "single T, batch determined"

The mode of "combining production mode with pulling production mode" is adopted. In the Internet era of increasingly diversified and personalized customer demand, the uncertainty of product demand is increasing, and the labor cost is taking up more and more. Therefore, the combination of production, lean production and customer-oriented agile production may have more advantages. Therefore, Gree Electric appliances is based on customer order scheduling. First of all, it orders in batches. After scheduling, through accurate prediction and planning, the products can be completed in the predetermined time and reach the hands of consumers. Customers continue to fully meet the diversified and personalized needs and reduce the possibility of selling products; At the same time, according to customer classification scheduling order integration, make full use of the benefits of mass production, reduce production costs. In addition, improve the assessment mechanism, mobilize the enthusiasm of

employees, improve production efficiency, reduce and eliminate waste, reduce the use of working capital, and improve the production performance of channel working capital management. In addition, we can also invite long-term suppliers who participate in product design and development to improve the production process of final products by using the help resources and advantages of suppliers. The system can reduce the occupation of production channels of inventory level, accelerate the speed of inventory into cash sales, improve the management of technical support, assist in continuous growth, continuously improve the quality of purchased parts, and improve the inventory turnover rate of enterprises, Improve resource utilization

(2) Jointly manage inventory with suppliers

Suppliers and retailers sign agreements through the inventory management level of suppliers and retailers, and need to continuously track and improve the agreements, so as to improve the efficiency of inventory management of suppliers and retailers, and promote suppliers to arrange production

Ensure the overall economic benefits of the upstream and downstream of the supply chain. VM breaks the traditional information asymmetry phenomenon, aiming at the lack of coordination

In order to achieve a win-win situation, the corresponding countermeasures are put forward. Joint inventory management is a management idea gradually formed on this basis. Through the joint analysis of suppliers and retailers, on the basis of market demand, the inventory plan and procurement plan are formulated, and the focus is on the cooperation and participation of both parties, so as to carry out inventory management more reasonably according to the information they have. This makes the actual inventory of the supply chain the same as expected, maintaining the stability and synchronization of the supply chain.

5.4 Suggestions on optimization of marketing channel

(1) Improve the efficiency of fund recovery and develop e-commerce marketing mode

Gree has been implementing the marketing concept of "collection before delivery", using a large number of bills receivable and accounts receivable for settlement and settlement. The proportion of accounts receivable in current assets is very small, and the turnover speed is very fast. However, as 95% of Gree's receivables are in the form of notes receivable, although the risk of recovery of accounts receivable is very small, due to the relatively long payback period (usually 6 months), the turnover rate of accounts receivable of Gree Electric appliance is far less than that of Qingdao Haier, which means that a large amount of funds of downstream dealers are occupied for a long time. In order to improve the performance of marketing channel

management, Gree should take effective measures to speed up product sales and loan recovery. First of all, we should make full use of its brand and network resource advantages, innovate marketing mode, lay virtual stores and physical stores together, actively expand new marketing network, shorten marketing chain, improve product sales, reduce inventory occupation funds, and create greater value for enterprises. Secondly, the implementation of customer category management, the transaction volume of customers can extend the recovery time of accounts receivable, and companies with small transaction amount or small transaction amount can shorten the recovery time of measures with cash or currency. The third is to take measures to reduce the proportion of settlement of bills receivable or shorten the collection and payment of bills receivable. Fourth, help suppliers to continuously improve the quality of raw materials and spare parts, reduce the number of consumables and spare parts, and reduce the inventory reserve of purchasing channels. In this way, it can effectively reduce the scrap ratio in production, improve the production efficiency, accelerate the inventory turnover rate of production channels, improve the competitiveness of their own products in the final product market, speed up the sales speed, reduce the product rework rate, and reduce the product rework rate Inventory occupancy level of sales channels

(2) Set up the correct management target of working capital in marketing channel

The performance of working capital management is affected by working capital management. From the perspective of turnover cycle of marketing channel working capital, Qingdao Haier's marketing channel working capital management performance is better than Gree Electric Appliance, which is mainly attributed to the concept of "zero working capital" put forward by Qingdao Haier, which fully meets the basic needs of enterprises under the premise of rich liquidity conditions, and strives to achieve the minimum working capital management mode. On this basis, the concept of "negative working capital" is put forward, that is, the cash flow is less than zero. Since the cash flow turnover is equal to the accounts receivable turnover rate plus the inventory turnover rate minus the accounts payable turnover rate, its target "negative working capital" can be further decomposed into zero accounts receivable turnover rate target, zero inventory turnover rate target, and accounts payable turnover period according to the contract target.

Qingdao Haier's goal of "negative working capital" is worth learning and using by other companies in the industry, but it is proposed for the whole working capital management. Although it also puts forward the goal of zero turnover rate of accounts receivable and zero turnover rate of inventory, it is still determined according to the needs, and there is no clear working capital management objective of marketing channels. We believe that Gree should pursue the goal of negative marketing channel working capital management, that is, to pursue the goal of less than zero finished product inventory plus accounts receivable, bills receivable minus accounts receivable minus accounts receivable. Under the guidance of this goal, we can

further explore how to manage the working capital of marketing channels. Therefore, in order to improve the working capital management performance of Gree marketing channel, it is necessary to establish the correct working capital management objectives of marketing channels.

5.5 Research conclusion

Through the above analysis of the performance of Gree's working capital management based on factor channel, the following conclusions can be drawn:

(1) In terms of the impact of factors on the performance of working capital management, Qingdao Haier's inventory turnover period from 2010 to 2014 was lower than that of Gree Electric Appliance, indicating that Qingdao Haier's performance in inventory management is better than Gree Electric appliance. However, if further analysis, we can understand that this problem is solved by replacing the old with the new. In this way, we can make the cash flow faster and stimulate the increase of sales revenue. If it is from a short-term perspective, this is a method that can be used, but if viewed from a long-term perspective, it may lead to insufficient profitability and lack of follow-up development ability. Therefore, Gree needs to come up with new ways to fundamentally solve this high inventory risk problem.

By comparing the turnover period of accounts receivable, it can be found that the turnover speed of accounts receivable of Qingdao Haier is faster than that of Gree Electric appliances. Therefore, there is an obvious gap in the efficiency of receivables management between the two enterprises. For Gree, although the accounts receivable are recovered quickly, most of them are bills receivable, which results in excessive funds being occupied for a long time. As a result, in the overall turnover of Gree Electric appliances, the turnover speed of accounts receivable is much less than that of Qingdao Haier in this respect. This enlightens Gree Electric appliances should rethink the cash settlement method and shorten the payback period of accounts receivable and notes receivable, so as to help improve the circulation speed of accounts receivable on the whole; the turnover period of accounts payable of Gree Electric Appliance from 2010 to 2014 is higher than that of Qingdao Haier, but if this point is overused, it is possible that a good thing will become a bad thing. Because in the era of emphasizing the competition between the whole supply chain of the industry, it is particularly important to establish and maintain a good supplier relationship. If excessive benefits are obtained from suppliers and their income level is maintained by occupying their funds, then competitors can take advantage of it. However, Gree Electric clearly began to realize this problem and began to gradually improve the timeliness of payment. As a result, the turnover speed of accounts payable was faster than that of Qingdao Haier in 2015. Qingdao Haier's working capital

management level for daily business activities is better than Gree. Moreover, Qingdao Haier's capital turnover level in its up and down supply chain is much higher than Gree. This fully confirms that the turnover period of accounts payable can not be pursued as long as possible. Enterprises should find the appropriate payment time and deal with the relationship with suppliers harmoniously. They should also actively find out the problems existing in the management of accounts receivable and inventory, so as to make the capital flow better and faster, and improve the management level of cash in business activities.

(2) From the two enterprises' emphasis on the channel, the working capital management level in this respect can be clearly seen that the working capital turnover rate of Gree Electric appliances and Qingdao Haier is smaller than zero, which implies that the amount of working capital occupied by Gree Electric appliances and Qingdao Haier is less than that of accounts payable and bills payable in terms of raw materials, inventory, accounts receivable and prepaid funds. According to the amount occupied in this item, that is, Gree Electric and Qingdao Haier used the cash assets of upstream suppliers. From 2010 to 2015, Gree Electric's production cash flow occupied the total cash flow performance, which lagged behind Qingdao Haier's performance in production cash flow. Except in 2013, the working capital turnover period of Gree Electric Appliance sales channel exceeded. From this perspective, we can see that Gree's overall working capital management level is worse than that of Qingdao Haier.

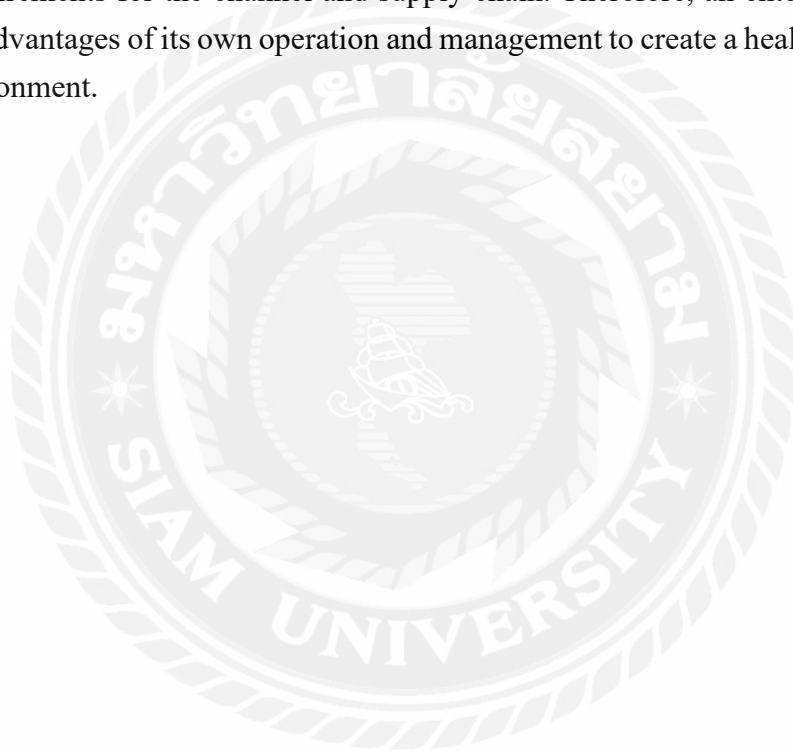
5.6 Research implications, deficiencies and Prospects

Through the research on the working capital management of Gree, we can get the following enlightenment:

Channel relationship plays a very important role in the daily operation of enterprises, so we should pay attention to the cultivation and development of channel relationship. Good channel relationship plays an extremely positive role in working capital management. If manufacturing enterprises want to have a long-term development, they should change the traditional trade relationship, strengthen the information exchange between suppliers and enterprises, and establish a good strategic cooperation relationship. This can also speed up the capital turnover of procurement channels and production channels, improve the utilization of resources, and optimize the common interests of channel members to the greatest extent, and realize the value of all channel members. Maximize the goal. Among them, the most basic principle is to think for users, which can create a win-win situation.

The e-commerce trading mode has had a significant impact on the operation of China's home appliance manufacturing enterprises. There are differences between the e-commerce trading mode and the traditional business model, and of course, they also have their advantages.

Therefore, many traditional home appliance manufacturing enterprises are facing the impact of e-commerce, and they have transformed to seize the opportunity of e-commerce market. The expansion of the practical application of e-commerce in traditional enterprises is the general trend of the development of China's market economy. Therefore, the home appliance manufacturing industry should integrate the advantages of network resources and innovate the marketing mode. As high efficiency is the biggest characteristic of e-commerce, it can greatly optimize the resource allocation of economic activities, effectively reduce the social transaction costs, promote social division of labor and cooperation, improve the allocation efficiency of social resources, and deepen the contact with customers, timely meet the diversified needs of customers. Due to these characteristics, enterprises want to develop e-commerce mode There are higher requirements for the channel and supply chain. Therefore, an enterprise can make full use of the advantages of its own operation and management to create a healthy and efficient operation environment.



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