Influence of Haier Enterprise Culture on Core Competitiveness of Chinese Enterprises

Zhenyu Li, Amran Rasli and Yifan Sun

Abstract—As a leading enterprise of Chinese home appliance manufacturing industry, Haier corporate and his corporate culture are more and more well-known by the world. By leaning from Haier corporate’s experience, many Chinese enterprises begin to build their own corporate culture. This study attempts to indentify the influence of Haier Enterprise Culture on Core Competitiveness of Chinese Enterprises. The main research method is from Ling Zhang (2009). The questionnaire of 16 questions was designed to verify influence of Haier humanism and the spirit of innovation on Chinese companies.

Keywords—Core Competitiveness, Haier Enterprise Culture, Innovation, Humanistic Spirit

I. INTRODUCTION

After Ruimin Zhang took over the Haier group, Haier was transformed into a Chinese leading enterprise from an enterprise with 1.47 million deficits to an enterprise with more than 150.9 billion sales turnover in 2001. The success of Haier did not rely on one or two management secrets, but a management system established by the close combination of managerial system and enterprise culture. This was the reason why Haier enterprise culture was learned and even copied by many Chinese enterprises. It can be said that Haier enterprise culture deeply influenced the development of more and more Chinese enterprises.

A. Haier enterprise culture

Enterprise culture was a common faith gradually formed during long run development, which was manifested as enterprise style and enterprise spirit [1]. The two most important elements of Haier enterprise culture are humanistic spirit and innovative spirit.

1. Humanistic spirit

Ruimin Zhang put forward a series of humanized management proposals after taking over Haier, simulating market in the enterprise for example. In the enterprise, Haier adopted a dynamic incentive mechanism to encourage the employees to bring their specialties into full play. The external competitive effect was internalized; the income of each employee was not determined by his superior but by the market; the developers’ reward was decided by the market effect which created by their products [2]. Simulating market in the enterprise referred to: the next working procedure was the user of the last working procedure, and the last working procedure was the market of the next working procedure; if the next working procedure found out that the last working procedure had quality problem, then his salary would be paid by the person on last working procedure; if he found nothing, while his next working procedure person found out a quality problem, then the salary of the person on the next working procedure would be paid by him without mercy.

For the clients of Haier products, Haier highlights the quality at the first place all the time. During the period of implementing the brand strategy from 1984 to 1991, other enterprises paid attentions on production, while Haier concentrated on ensuring the quality. This strategy was declared to unveil due to the dramatic action of Ruimin Zhang smashing the refrigerator at the beginning of Haier establishment [3]. Ruimin Zhang pointed out that the products with defects were wastes. Simultaneously, Haier tightly clung to the market and required the employees remember that the money of the clients is the vote of the enterprise, and the praise from the clients is the grail of the enterprise.

2. Innovative spirit

In 1984, Haier was a collective enterprise with the deficit of RMB1,470,000, however, at present the development speed of the enterprise is irresistible, and the momentum comes from the consistent innovation. The concept of Haier Group is that invention is not necessarily the innovation. Only the invention can be converted into social economic activities and produces economic benefits, the invention can be called as innovation. Ruimin Zhang thought that the first requirement for innovation is to be combined with the market, and the knot of the market is the task of the innovation [4]. Meanwhile, he also pointed out that the target of innovation is to create valuable orders. The essence of the innovation is the creative destruction to destruct all the barriers of blocking the creation of the valuable orders. The innovation approach is the creative imitation and making reference, namely the strength-borrowing.

B. Core competitiveness

The definition for core competitiveness is the integrated
knowledge and skills from the interior of an organization, in particular the knowledge and skills upon how to coordinate various production skills and integrate variable technologies. The core competitiveness is the essential advantage in enterprise competition, which is able to cooperate and integrate various technologies and to provide a fundamental system with richness, consistency and stability for the organization [5], [6]. Ruimin Zhang thought that the core competitiveness had the capability of winning the loyalty of the clients in the market.

C. The relationship between enterprise culture and core competitiveness

Edgar H. Schein and Warren G. Bennis used large numbers of cases to illustrate the development and change process of the enterprise culture at different enterprise development stages. They pointed out that large numbers of cases proved that at different enterprise development stages, it is the enterprise culture recreation that is the source power to promote an enterprise to go forward, and it is the enterprise culture that is the core competitiveness [7].

Guangming Liu proposed that the most fundamental and kernel layers of competitiveness elements are all the content contained in the enterprise culture. And he also analyzed how to enhance the core competitiveness of an enterprise via improving the qualities of managers and common employees in a client economy age [8].

Weiping Yu, Weizheng Chen, and Peiyu Ren thought that the enterprise culture is productivity, advanced cultures and concepts are motivational factors to promote the growth of enterprise competitiveness, and played a decisive role in the formation and development of the enterprise competitiveness [9].

Zeren Liu, and Chunyue Pan thought that the enterprise culture was the most critical factor to form enterprise core competitiveness, and it was the enterprise culture that form the basic content to evaluate the enterprise core competitiveness [10].

II. METHODS

This paper employed the quantitative analysis method and adopted the questionnaire designed by Ling Zhang (2009) in the Study on the effect of enterprise culture on enterprise core competitiveness—in the case of Haier as a test mold. The research range of Ling Zhang (2009) was the insiders and product consumers of Haier, while the research range in this paper was the insiders and product consumers of Chinese enterprises except Haier. Total 200 questionnaires were collected by senior or middle manager in Chinese companies, and total 200 questionnaires by their products customers.

III. RESULTS

The results of the study are based on questionnaire “Senior and middle management survey” and “Customer survey”. Table 1 and Table 2 showed the results of “Senior and middle management survey” and “Customer survey”.

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>A1</th>
<th>A2</th>
<th>A3</th>
<th>A4</th>
<th>A5</th>
<th>A6</th>
<th>A7</th>
<th>A8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4%</td>
<td>2%</td>
<td>3%</td>
<td>5%</td>
<td>6%</td>
<td>2%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2</td>
<td>2%</td>
<td>5%</td>
<td>8%</td>
<td>10%</td>
<td>6%</td>
<td>0%</td>
<td>0.5%</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>22%</td>
<td>27%</td>
<td>11%</td>
<td>12%</td>
<td>12%</td>
<td>36.5%</td>
<td>15.5%</td>
<td>7%</td>
</tr>
<tr>
<td>4</td>
<td>60%</td>
<td>36%</td>
<td>33%</td>
<td>40%</td>
<td>50%</td>
<td>31.5%</td>
<td>32.5%</td>
<td>27.5%</td>
</tr>
<tr>
<td>5</td>
<td>10%</td>
<td>30%</td>
<td>45%</td>
<td>35%</td>
<td>22%</td>
<td>30%</td>
<td>52%</td>
<td>65%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>A9</th>
<th>A10</th>
<th>A11</th>
<th>A12</th>
<th>A13</th>
<th>A14</th>
<th>A15</th>
<th>A16</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8%</td>
<td>5%</td>
<td>7%</td>
<td>2%</td>
<td>2%</td>
<td>5.5%</td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td>2</td>
<td>8%</td>
<td>11%</td>
<td>7%</td>
<td>11%</td>
<td>5%</td>
<td>4.5%</td>
<td>5%</td>
<td>12%</td>
</tr>
<tr>
<td>3</td>
<td>11%</td>
<td>22%</td>
<td>5%</td>
<td>11%</td>
<td>16%</td>
<td>15%</td>
<td>11%</td>
<td>5%</td>
</tr>
<tr>
<td>4</td>
<td>40%</td>
<td>30%</td>
<td>42%</td>
<td>33%</td>
<td>22%</td>
<td>50.5%</td>
<td>44%</td>
<td>38%</td>
</tr>
<tr>
<td>5</td>
<td>33%</td>
<td>32%</td>
<td>39%</td>
<td>43%</td>
<td>55%</td>
<td>24.5%</td>
<td>40%</td>
<td>43%</td>
</tr>
</tbody>
</table>

Table 1 shows the results of survey on Senior and middle management and Table 2 shows the results of survey on customer.

In the questionnaire “Senior and middle management survey”, the answer about the issue of "your corporate culture includes the values of people-oriented", people who selected "4 (agree)" and "5 (strongly agree)" is accounted for 70%.

The answers about the issue of “people-oriented values promote enterprise core technology innovation”, “people-oriented values promote business management skills improve”, “people-oriented values promote the development and management of human resources", “people-oriented values promote corporate marketing capabilities improve” and "people-oriented values promote the core competitiveness improve" are accounted 78%, 75%, 72% ,84.5% and 73% respectively.

In the questionnaire “Product Users survey”, the answer about the issue of "your corporate culture includes the values of people-oriented", people who selected "4 (agree)" and "5 (strongly agree)" is accounted for 68%.

The answers about the issue of “people-oriented values...
promote enterprise core technology innovation”, “people-oriented values promote business management skills improve”, “people-oriented values promote corporate marketing capabilities improve”, “people-oriented values promote the development and management of human resources” and "people-oriented values promote the core competitiveness improve”, responders who selected "4 (agree)" and "5 (strongly agree)" are accounted 65.5%,79%,72%,90% and 76% respectively.

Both “Senior and middle management survey” and “Product Users survey”, the answer about the issue of " the innovative spirit is an important part of the corporate culture", people who selected "4 (agree)" and "5 (strongly agree)" is more over 66%.

the answers to “what are Haier's innovative spirits include”, select the "concept of innovation", "technological innovation, management innovation", "organizational innovation", "ability to learn innovative" and "marketing and service innovation", people who selected "4 (agree)" and "5 (strongly agree)" are all more than 70%.

IV. DISCUSSION

A. People-oriented and Management thoughts of “Benevolence”

As an important historical and cultural heritage, Confucian culture deeply affected Chinese people. The Confucians believe that human being is most important and each commoner has independent personality and will, based on this, the benevolent thoughts are advocated by the Confucians. Confucius also emphasized the subjective spirit of people. “It is the human who propagate the truth, but not the contrary”. This is the annotation to humanism by the Confucians. Human, as a subject of the society, have independent personalities and dignity. The society shall be human-oriented, respect the values and rights of each person, and respect the personal development and interest demand of each person, so that each person has the right in the society to develop himself comprehensively and freely and realize his personal values.

Modern enterprises People-oriented thoughts should be divided into both sides of the internal (Employees) and external (customers). Enterprises also need to effectively coordinate the long-term interests of the enterprise, the personal interests of the employees and the fundamental interests of society.

The company must be people-oriented employment mechanism and a fair and reasonable allocation. At meantime, enterprise needs to grasp the latest information of the user. The products according to the user's needs change. So that enterprises can fully mobilize the enthusiasm and creativity of employees which can provide a strong impetus for the sustainable development of enterprises.

B. Customer and innovation

The implementation of innovative strategies on enterprise not only puts pressure on employees, but also provides opportunities and momentum to employees. The employee innovation activities consistent with the innovative strategic requirements in order to get the support of the organization, including the innovative resources support, attention and participation of the boss. Customers are important headstreams for innovation. Enterprise must get closing to the market for acquiring the newest information from customers, and provide employees innovative source to promote employee innovation. Therefore, in order to obtain market, enterprises must innovate based on customer-oriented.

V. SUMMARY

Into the 21st century, the era of the knowledge economy wave has swept the globe. The focus of consumer demand has changed to the spiritual and cultural products hidden. The corporate culture and social culture is widely used in the process of management, marketing, service and economic life every corner. It becomes a new mode of existence and metrics. The actual data validation, Haier corporate culture brings the following beneficial effects to the Chinese enterprises:

1. Human-oriented values promote the improvement of enterprise strategic management ability;
2. Human-oriented values promote the development and management of human resources;
3. Human-oriented values promote the innovation of enterprise core technologies;
4. Human-oriented values promote the improvement of enterprise management ability;
5. Human-oriented values promote the improvement of marketing ability;
6. Innovative spirit promotes the innovation of enterprise core technologies;
7. Innovative spirit promotes the improvement of enterprise learning ability.

References


