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## **A study on the corporate culture of BYD**

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### **Abstract**

*The main battlefield of 'made in China 2025' proposed by the Chinese government is the deep integration of industrialization and informatization, among which intelligent manufacturing and new energy vehicles are the key links. New energy vehicle refers to the use of unconventional automotive fuel as a power source (or use conventional automotive fuel, the use of new vehicle-mounted power plant), integrated vehicle power control and driving aspects of advanced technology, the formation of advanced technical principles, with new technology and the structure of the vehicle.*

*BYD's success in the battery, I T and automobile industries has attracted the attention of the industry, making it a shining new star in the Chinese business community. BYD 's innovation, diversification and corporate culture construction have certain enlightenment to the development of China's small and medium-sized enterprises. Therefore, by looking at the Chinese network literature, about BYD's research mainly focused on the development strategy, corporate finance, corporate performance, and corporate marketing, etc.*

*This paper will take BYD as the research object and focus on corporate culture. Through literature analysis and qualitative analysis, it will summarize and further analyze the unique corporate culture of BYD, its important role, and provide relevant theoretical references for the construction and development of corporate culture in other industries.*

**Keyword :** *BYD, Corporate culture, Corporate development process, Human resources*

## **1. Introduction**

With the rapid development of China's economy, people's demand for automobiles is more vigorous, which makes the competition among various automobile manufacturers fiercer. In addition, due to the increasing number of cars, the environmental pollution problem is becoming more serious. Due to the serious air pollution caused by the exhaust emission of traditional energy vehicles, many automobile enterprises choose to develop clean energy vehicles. According to the data released by the ministry of industry and information technology, and the statistics of the ex-factory certificates of all vehicles, the output of new energy vehicles in China was 16,100 in January 2016, an increase of 144% over the previous period. In April 2018, data showed that China's new-energy vehicle sales ranked first in the world for three consecutive years [1]. In 2014, premier Li KeQiang also pointed out that new energy industry should be vigorously developed. Since then, new energy vehicles

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have ushered in unprecedented development opportunities. Moreover, the new energy automobile industry development plan (2021-2035) (draft for comments) issued by the Chinese government (hereinafter referred to as the plan) indicates the direction for the development of China's automobile industry in the next 15 years. "The plan" put forward "strive after 15 years of continuous efforts, China's new energy vehicle core technology to reach the international leading level, the quality of the brand has a strong international competitiveness, China into the ranks of the world's automotive power" development intention. By then, pure electric vehicles will become the mainstream, fuel cell commercial vehicles will be commercialized, vehicles in the public sector will be fully electrified, and highly autonomous intelligent networked vehicles will be popularized, effectively promoting energy conservation, emission reduction and social operation efficiency.

According to the data of EV Sales Blog, BYD ranked first in the world in terms of Sales volume in 2016, and it is the only Chinese company that sells electric vehicles to the high-end markets of the United States, Europe and Japan. In terms of the sales list of China's new energy vehicles in 2017, BYD ranked first in the number of domestic new energy vehicles. In the same year, BYD was named the fifth most admired Chinese company by fortune, ranking first in the automotive industry. The leading core technology and outstanding performance have established BYD as the industry leader. BYD automobile is not only the most innovative Chinese national brand, but also the industry leader in electric vehicles and new energy vehicles [2].

Rapid development based on the new energy vehicles as the background, the BYD group as the research case, first read lots of related literature, with BYD new energy automobile enterprise development process as the breakthrough point. Thus the BYD's corporate culture combining theoretical and empirical research put forward some rationalization proposal, hope for other new energy automobile enterprises within the industry to build their own enterprise culture for reference.

## **2. BYD enterprise development process**

China's national brand -- BYD (full name Build Your Dreams) is a Chinese automobile brand, founded in 1995, started in the battery business, master the battery, IGBT, electric motor, electronic control and other electric vehicle core technology, has become able to provide electric vehicles and power batteries and other new energy solutions. By the scale of the more than 20 people, grow up to be the world's second largest rechargeable battery manufacturer in 2003, the same year form BYD auto, BYD auto follow the independent R&D, production and brand development route, using "independent intellectual property rights" illustrious name and acquisitions of Qinchuan motors, makes the BYD has the first mover advantage on other competitors. The design of the product not only absorbs the advanced concept of international trend, but also conforms to the aesthetic concept of Chinese culture.

In 2008, BYD launched the world's first mass-produced plug-in hybrid electric vehicle (PHEV). Since 2015, BYD has achieved the world's No.1 sales volume of new energy vehicles (PHEV and EV) for four consecutive years. Besides, in January 2016, all BYD new energy models have reduced CO2 emissions by nearly 23,800 tons, equal to planting 15.6 million trees. In October of the same year, BYD launched a new product with completely independent technology -- "cloud rail". Through monorail support, stability and guidance, the vehicle body rides the straddle monorail on the rail beam, combining with new energy vehicles, creating innovative transportation solutions "from pollution control to congestion control" for cities around the world.

BYD's corporate brand is rising rapidly and is recognized worldwide. For example, on November 8, 2017, BYD was selected as one of the TOP30 business cases of times influence and China and on December 2019, it was selected as one of the model 100 brands in the 2019 China brand power grand ceremony. Also, by the end of 2018, BYD had 220,000 employees, including more than 20,000 engineers, working around the clock to find the technologies and solutions people needed. On December 18, 2019, the People's Daily published a list of 100 Chinese brand development index, and BYD ranked 24th. Founded in February 1995, BYD is a high-tech enterprise committed to "satisfying people's yearning for a better life with technological innovation". BYD has set up more than 30 industrial parks around the world, realizing the strategic layout

of six continents. The business layout covers the fields of automobile, rail transit, new energy and electronics, etc [3].

Since the emergence of corporate culture in the 1980s, with the development of the economy and the improvement of the market mechanism, more and more entrepreneurs pay attention to the importance of corporate culture is obvious. On the whole, BYD Company Limited, founded in 1995, is a listed Company with a background of private enterprises, and is currently the world's second largest manufacturer of rechargeable batteries. One of the strong driving forces for this rapid development should be the characteristic enterprise culture that BYD has established by continuously improving the humanized management mode and taking "equality, pragmatism, passion and innovation" as the core.

### **3. Analysis of BYD corporate culture**

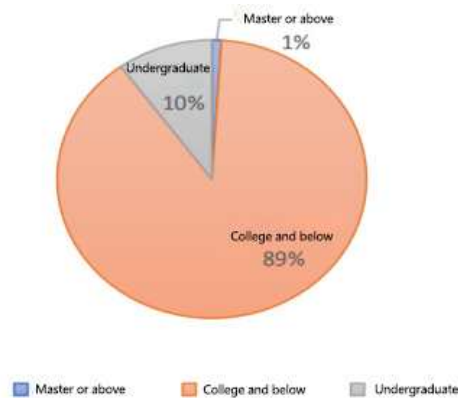
#### **3.1. Human resources**

The corporate culture is an organization's unique cultural image composed of its values, beliefs, rituals, symbols and ways of doing things. It is the soul of an enterprise and an inexhaustible motive force for its development. And it contains a very rich content, its core is the spirit and values of the enterprise. That is the various cultural phenomena in the enterprise management, but the enterprise or the employees in the enterprise engaged in the production and management of the value [4].

In different development periods, BYD adopts different human resource strategies. In the early stage of the enterprise's development, a large number of employees were recruited and encouraged to carry out independent innovation based on the advantage of low cost of human resources in China. As China's domestic automobile production technology lags behind that of developed countries, at the early stage of its development, BYD replaced machine production with human labor and encouraged employees to imitate and innovate the technologies of other excellent automobile manufacturers. At the same time, in order to make up for the weakness of the enterprise's lack of technology, in the early development of the company to reserve a lot of technical talents. After the development of the company, it pays attention to the optimization of the internal structure of the company. Only three layers of organizations are set up, from senior managers to grassroots employees, to significantly improve the operation and management efficiency of the company [5].

Other companies in China emphasize the development of the company and its mission. However, BYD always adheres to the "employee-oriented" human resources policy, respects employees' rights, attaches importance to talent training, encourages employees to carry out technological innovation, and strives to establish a fair, just and open working and development environment for employees. BYD advocates the concept of "making tasks first, making employee first", pays attention to the training of employees, improves their quality and skills through training, and trains employees' professional quality and ability through projects and tasks in practical work.

BYD is growing rapidly, and the number of employees has also increased. However, there are disadvantages that the level of employees is not very high and there is a lack of excellent employees. According to the 2017 annual report of BYD, there were 193,842 employees in the company in 2017, and the company's personnel were divided according to their education background. As shown in the figure below, it can be seen that the majority of BYD's employees had college degree or less, accounting for 89%, 10% had bachelor's degree, and only 1% had master's degree or above. Because such educational level and knowledge structure will restrict the development of enterprises to a great extent, so only by vigorously introducing talents need to develop the enterprises [6].

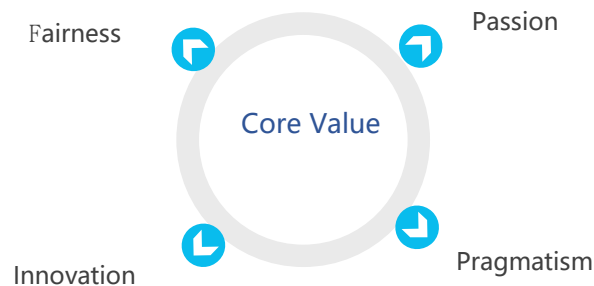


**Figure 1. 2017 Education Composition of BYD Company**

By the end of 2018, BYD had 220,000 employees, including more than 20,000 engineers, according to the 2018 BYD social responsibility report. In the future, BYD needs to attract excellent employees and develop the skills of existing employees. Thus it can be seen that different human resource strategies adopted by BYD in different development periods are of great benefit to the long-term development of the company [7].

### 3.2. Enterprise Core Values of BYD

The corporate culture of BYD is the common belief and value orientation of company, which is the crystallization of BYD company after many years of ups and downs. Wang ChuanFu, chairman of the company, pointed out that the corporate spirit of BYD company and the core value of BYD company are mutually integrated to support the realization of the goals of BYD company. The core value is the heart of enterprise culture, and the construction of core value is the key to the overall construction of enterprise culture. The core values of BYD are shown in the following figure:



**Figure 2. Schematic diagram of core values of BYD enterprise**

BYD wants to achieve "fairness", the enterprise lies in. It is the guarantee of the system. When we have a system, standards, and a yardstick by which to measure what is wrong, we have a basis for fairness. The personnel department and other departments of BYD company have developed systematic systems for the company, and these systems are the yardstick. To ensure the authority of the system, fairness can be rooted. According to the system, based on the facts to make an objective and fair judgment, to ensure fairness. Its equitable coverage includes the company's employees, customers, and all suppliers. For example, the promotion assessment system implemented by personnel department of BYD company provides a fair stage for the promotion of employees.

The so-called pragmatic is the ability to act quickly, its core is the ability to execute. The market is

changing all the time. The ability to act quickly and work efficiently can better adapt to the social laws that change faster than plans. BYD's ability to grow at breakneck speed is tied to the ability of its policymakers to move quickly. Corporate managers can grasp the market in a timely manner and act faster and adapt to changes faster than competitors, so that BYD again and again to seize the development opportunity, rapid development leap.

Specifically, from the perspective of the enterprise, passion is an autonomous commitment to organizational goals and a high degree of professionalism. Wang ChuanFu, chairman of the board, used to say that passion is a kind of faith while faith is a kind of power. The power generated by passion is the source of promoting the rapid development of enterprises. BYD gives employees material rewards such as progress award, best employee award, service seniority award, work rewards such as promotion, post rotation, etc., logistics support, Biyadi company school, technical school training, etc., all these measures will stimulate the passion of employees.

Corporate culture as a strategic management thought, a "soft" management means, although intangible, but can create tangible value in a certain time. In general, corporate culture plays an important role in the development of BYD.

#### **4. Analysis on the function of BYD's corporate culture**

First, corporate culture plays a guiding role for managers and employees of BYD. The common values of BYD define the value orientation of the company, so that employees can reach a consensus in judging things and share the same value goal, which enables leaders and employees of BYD to act for the value goal they have identified. In this way, employees' identification with the enterprise is enhanced, and they work hard for the enterprise autonomously, taking work as a kind of fun.

Second, corporate culture plays a leading part in BYD's corporate goals. The good corporate culture will proceed from the vision and set the development goal of the company with a future-oriented attitude. The goal of BYD company represents the development direction of BYD company. BYD's corporate goals are: the development of automobiles; the achievement of battery industry group, LCD, precision injection molding first; Achieve the car industry group including electric vehicles and traditional vehicles in the country first. So BYD employees are under the guidance of this goal to engage in production and business activities.

Third, corporate culture has a binding effect on managers and employees of BYD. The binding force of corporate culture should be embodied in corporate system and ethics. The enterprise system of BYD company is one of the contents of the enterprise culture. The enterprise system is the internal laws and regulations of the enterprise, which must be observed and implemented by the leaders and employees of the enterprise, thus forming a binding force. The code of ethics constrains the behavior of enterprise leaders and employees from the perspective of ethical relations.

#### **5. Conclusion**

At present, BYD has become one of the most successful companies in the Chinese market. Therefore, the research object of this paper is representative. Through the study of the development process of this enterprise, BYD is developing rapidly, not only has a large market and recognition in China, but also has a place in the international market.

Combining literature research analysis of BYD's enterprise culture is not hard to find the enterprise by the labor cost is not high, in the initial period of development of human resources on using Numbers, but with the rising cost of labor, business and leadership to realize the importance of employees in the company's development, the Numbers have not adapted to the current the development of the company, therefore, the company in human resources management adhere to the "employee-oriented" principle, adhere to the "respect for, treat and cultivate employee" home culture atmosphere, become the center of gravity BYD

enterprise culture construction. And it has obtained the remarkable result.

The so-called "corporate culture" of some Chinese enterprises is mostly put on the shelf or written on the wall, unable to mention their own unique corporate culture, even if reluctantly put forward, is some formulations, empty words, not to continuously improve the sense of identity and cohesion of employees to the enterprise. Therefore, the enterprises should learn the importance of corporate culture from the success of BYD, must consider the construction of corporate culture "soft merit", should develop the human resources system suitable for the enterprise development, have the confidence and courage to innovate the enterprise's characteristics, make public the enterprise's personality.

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