

Haier Is the Sea: Speech by Chairman Zhang Ruimin to Haier People 1994

Haier should be like the sea, only the sea can have such a broad mind to hold so much water and does not abandon the trickle; the sea can hold all the dirty water and can purify it. Only in this way can we have an ever-flowing Yangtze River, a turbid Yellow River and the trickle; all of them gather here after thousands of turns and twists, being the first at a mad rush. They become the vast ocean with an eternally inexhaustible and incomparable spectacular!

Once they flow into the sea family, each member will be tightly together, and form a united whole. They will be persistent with the goal without any hesitation as the order of the sea comes out and they will not retreat under any circumstances even if they will be smashed to pieces. Therefore, only the sea has the devastating magic.

The sea silently makes the most well-known endless dedication to human beings year after year with a selfless heart. Because of its spirit of “having things and not taking forcible possession and not relying on their own to others and achieving the self-serving purpose”, it also has achieved the eternal existence. The existence also provides the sea with endless survival environment and conditions.

Haier should be like the sea, once Haier sets up an ambitious goal, it should open its broad mind. It should not only attract all talents from all corners of the country, but also should have the sea-like self-purification capacity, making each person in this atmosphere have been improved and sublimated. Haier employees should be capable, and they should not be redundant, common people. Because the development of Haier needs a variety of talents’ support and guarantee.

It is needed to have all the Haier employees work together to burst out its magic; it is the entrepreneurial spirit of “dedication of patriotism, the pursuit of excellence” advocated by people. They work for the same goal, making no distinction between you and me; they make the greater contribution, not taking the diploma as the only standard; they turn so many incredible and impossible

things into reality and potential through their effort. So Haier can overcome all obstacles, rolling forward!

We should also be like the sea, making due contribution for the society and the human beings. As long as we love the society and the human beings with “a good faith”, the society will accept us forever; Haier will eternally exist like the sea. In the meanwhile, everyone who lives in it will get rich rewards in making the-first -class efficiency for the enterprise and making outstanding contributions to the society. Haier will be integrated with the whole society.

海尔是海
张瑞敏

海尔应像海,唯有海能以博大的胸怀纳百川而不嫌其细流;容污浊且能净化为碧水。正如此,才有滚滚长江、浊浊黄河、涓涓细流,不惜百折千回,争先恐后,投奔而来。汇成碧波浩淼、万世不竭、无与伦比的壮观!

一旦汇入海的大家庭中,每一分子便紧紧地凝聚在一起,不分彼此形成一个团结的整体,随着海的号令执着而又坚定不移地冲向同一个目标,即使粉身碎骨也在所不辞。因此,才有了大海摧枯拉朽的神奇。

而大海最被人类称道的是年复一年默默地做着无尽的奉献,袒露无私的胸怀。正因其“生而不有,为而不恃”不求索取,其自身也得到了永恒的存在。这种存在又为海中的一切提供了生生不息赖以生存的环境和条件。

海尔应像海,因为海尔确立了海一样宏伟的目标,就应敞开海一样的胸怀。不仅要广揽五湖四海有用之才,而且应具备海那样的自净能力,使这种氛围里的每一个人的素质都得到提高和升华。海尔人都应是能者,而不应有冗者、庸者。因为,海尔的发展需要各种各样的人才来支撑和保证。

要把所有的海尔人凝聚在一起,才能迸发出海一样的力量,这就是靠一种精神,一种我们一贯倡导的“敬业报国,追求卓越”的企业精神。同心干,不论你我,比贡献,不唯文凭。把许许多多的不可思议和不可能都在我们手中变为现实和可能,那么海尔巨浪就能冲过一切障碍,滚滚向前!

我们还应像大海为社会、为人类做出应有的奉献。只要我们对社会和人类的爱“真诚到永远”,社会也会承认我们到永远,海尔将像海一样得到永恒的存在,而生活于其间的每一个人都将在为企业创一流效益、为社会做卓越贡献的同时得到丰厚的回报。海尔将和整个社会融为一个整体。

海尔是海。

Haier Is a Sea (Zhang Ruimin's letter in 1994)

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INTRODUCTION

In his letter, Zhang Ruimin symbolized Haier as a sea to signify the firm's openness and boundlessness. Using the metaphor of 'Haier Is a Sea', Zhang illustrated a number of cohesive, collaborative relationships between Haier employees and nature and the environment as well as the importance of an evolving corporate culture in a rapidly changing world. This letter was addressed to Haier employees, but it was also framed as a 'communiqué to the public' to explain who Haier was and what the company represented. This letter has been, and will likely continue to be, a model for inspiring Haier employees to believe that anything is possible.

By likening Haier to a sea [*hai* 海], Zhang encouraged the company to embody the same characteristics as the sea. Zhang stressed that Haier employees should be tolerant of differences, be open to new things, and collaborate with others. He believed that embodying the spirit of the sea meant creating, connecting, and nurturing all beings and dedicating oneself to contributing to the community. In a subtle but consistent tone, Zhang directed Haier employees to base their individual behavior and consciousness on a belief in and engagement in altruism – giving, rather than taking. Given Haier's internal environment at the time and the external environment, in which China was engaged in economic reform while facing a 'social-economic norm dilemma' over allowing privatization (entrepreneurship), Zhang's letter was a guide on how to think, what to believe, and how to behave.

The early 1990s was a critical period in China's transition from a factor-driven economy to an efficiency-driven economy. First, entrepreneurship was central to economic reform, and, at the time, Zhang was one of only a few Chinese entrepreneurs advocating economic development via entrepreneurship while still holding corporate social responsibility in high esteem. In this poetic letter, Zhang emphasizes the value of individual contribution as a priority, advocating that people be evaluated based on their contribution to the collaborative process, rather than status or background. This ideology remains a guiding principle for Chinese

entrepreneurial behavior. Second, in the early 1990s, Chinese companies were overwhelmed by the concept of 'becoming rich' and the consequences of rapid economic growth (above 10 percent) in terms of seeking economies of scale and high-quantity production. Companies from that period are all clearly recalled for 'enjoying but suffering', in other words, enjoying short-term financial gains from economies of scale, while suffering from 'long-term financial harm' because of insufficient capacity to create products that met international standards. Zhang's letter envisions Haier as 'providing sincerely excellent performance and products', and no doubt this vision has been realized.

Zhang called on Haier employees to take personal responsibility for their colleagues' well-being with love, honesty, and sincerity. The sea-like culture he envisioned would enable each Haier employee to develop as a capable person, rather than as a superfluous one who is a philistine. Only by doing so, Zhang insisted, could the company and its employees gain recognition and respect from the greater community and integrate into Chinese society.

DEVELOPING THROUGH COLLECTIVE COOPERATION

As a pioneering entrepreneur, Zhang Ruimin made an enormous contribution to Chinese firms' catching up. This is not only echoed by Haier's successful catch-up and its process in building a socially responsible reputation in the past thirty years, domestically and globally, but also illustrated by Zhang's effort in applying Daoist philosophy in his strategic decision-making and daily management. The letter 'Haier Is a Sea' shows his goal of building a down-to-earth organizational culture at Haier, with consideration of the firm's internal and external environment. After 1993, mergers and acquisitions (M&As) were advocated by the Chinese government and Chinese firms. Haier, responding to this call, was the first company to propose the strategy called 'hunting shocked fish' via M&As and 'activating shocked fish' in the post-acquisition stage. This strategy evolved from Zhang's belief in developing through collective cooperation, derived from a Daoist principle, and Haier's dynamic culture in terms of a cohesive community norm of accepting, learning from, giving, and contributing through sincere efforts and excellent performance. As a representative of first generation of Chinese entrepreneurs born in the 1950s (he was born in 1949, the year of the New China established by CCP. However, he is considered belonging to the 1950s cohort.). Zhang had an ambition to expand a Chinese firm into a world-class company, and his awareness and determination in making collective efforts for the good of society are exhibited in this letter. Not only was he an energetic young entrepreneur who aimed for success, but he had a firm belief in Daoism as well as unique education and experience. The pattern is replicated across his generation, which possesses a strong spirit of dedication to serving the country's well-being '敬业报国' (revealed in this letter) and to applying this spirit daily at the personal, corporate, and national level.

Notions Derived from the *Dao De Jing* (Daoism)

It is well known that Zhang believes deeply in Daoism. His notion that 'Haier Is a Sea' is exemplified by a quotation from chapter 10 of the *Dao De Jing*: '生而不有, 为而不持' [quote from the chapter, stated as '生而畜之, 生而不有, 为而不持, 长而不宰, 是谓玄德'] (in English: The mysterious nature creates and nurtures all things without the desire to possess them. It performs with all efforts without claiming credit for them (giving rather than taking, or altruism). It propagates all beings without the intention of controlling them (the spirit of being the parent of all beings). Such is the 'mystic virtue'. The quotation indicates that Haier was a respected enterprise as a result of the company's internal culture.

According to Lao Zi's explanation of chapter 10 of the *Dao De Jing*, saints are consistently able to integrate body and spirit. Based on this description, Zhang underlined that Haier could do well in response to China's economic reform only if it contributed to society by taking this sea-like approach to integrating corporate behavior (body) with a corporate vision (spirit/culture). Lao Zi stressed that the body and spirit of such holy men cannot be separated; in particular, the spirit cannot exist if a person's body or behavior is not well controlled through self-consciousness. This interpretation is consistent with Zhang's sentiment that Haier and its community should collaborate and refrain from claiming credit and behave like a sea that can make all beings flourish without the intention to control them.

Prescriptions in this Letter

This letter has a prescriptive function as follows.

First, this letter calls on Haier employees to cultivate a dynamic culture with great acceptance of differences and capabilities to encourage input from one another and from outside the firm. These cultural expectations mean that Haier's employees should be tolerant and open to others (ideas, differences, etc.) and show modesty and humility, with a high degree of open-mindedness and an ability to integrate differences and adapt to internal and external changes. Such a culture should be fundamental – that is, organic. To put it another way: Daoism teaches that such a culture is the basis of how things are created and nurtured.

Second, this letter stresses the important role of people in the system. A system should rate individuals based on their contribution, rather than discriminating based on status. The letter encourages willingness to believe that 'Haier is part of society and aims to contribute to both society and people's well-being'. This comes from Zhang's understanding of Daoism and reflects his strong desire to build Haier based on the notion of community prosperity; he emphasizes the attitude of respecting natural order and encourages giving, a responsibility to give back to society, acting within and across organizations and firms with an attitude of openness, tolerance, collectivism, and collaboration, and constant dedication to self-reflection, self-revision, and self-improvement.

Third, this letter stresses that the essence of life is found through developing a mind-set of giving. It emphasizes an entrepreneurial spirit and its role in the greater Haier community, and the value of each person within the organization and others from outside the firm. The letter calls for people to foster strength through tolerance, self-consciousness, self-reflection, a mentality of sharing, and collaborative and contributory behavior, so as to help the organization and community transform the impossible into the possible.

Finally, this letter in general portrays what in 1994 Haier was expected to develop in terms of its vision, culture, systems, behavior, performance, and respect achieved from linking the greater community together. Haier is a corporation that has effectively discovered the magic of how to motivate people, by following Daoist philosophy and the theories derived from it.