

Corporate Social Responsibility Analysis of Midea Group

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Abstract: The paper analyzes the corporate social responsibility of Midea group based on ISO 26000 international standard. First discuss the CSR performance of Midea group in 7 core areas. Then analyze these performance applying ISO 26000 international standard, pointing out areas for improvement. Finally, we give advice to Midea group on how to improve CSR performance.

1. Introduction

Corporate social responsibility (CSR) refers to the fact that companies is not only responsible for shareholders, but also responsible for employees, consumers, communities, and environment. Corporate social responsibility requires companies to go beyond the traditional concept of profit as the sole goal, emphasizes the need to pay attention to the value of people in the production process, and the contribution to the environment, consumers and society. Companies must take social responsibility. There are various opinions on the definition and connotation of CSR in international organizations, this article uses the ISO 26000 international standard to analyze Midea Group's corporate social responsibility performance from seven core aspects.

Midea group is a technology group integrating consumer appliances, hvac, robotics, automation systems and intelligent supply chain. It offers a wide range of products and services, including consumer appliances for kitchen appliances, refrigerators, washing machines and various types of small household appliances, and hvac for household air-conditioning, central air-conditioning, heating and ventilation systems. It takes "technology is good, life is beautiful" as its corporate vision, and takes "connecting people and all things, enlightening the beautiful world" as its mission to create a better life. Midea group has established a global business platform and has about 200 subsidiaries, more than 60 overseas branches and 10 strategic business units worldwide. It is also the main shareholder of Kuka group.

On July 20, 2016, Midea group entered the Fortune Global 500 list for the first time with an operating revenue of US \$22.173 billion, ranking 481. On May 25, 2017, the 2017 Forbes Global 2000 list was officially released, with Midea group ranking 335. On January 5, 2017, Tencent QQ and Midea group officially signed a strategic cooperation agreement in Shenzhen, under which the two sides will jointly build in-depth cooperation based on IP authorization and IoT cloud technology to realize connection, dialogue and remote control of household appliances. On July 19, 2018, Fortune released a list of the world's top 500 enterprises, and the Midea group ranked 323. On July 22, 2019, Fortune magazine released the list of the world's top 500 enterprises, and Midea group ranked 312th.

This paper discusses the corporate social responsibility performance of Midea group in China according to ISO 26000 international standard. The seven core subjects of social responsibility are organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues and community involvement and development.

2. Methodology

This paper adopts the method of combining qualitative analysis and quantitative analysis, but mainly adopts the qualitative analysis method to analyze the performance of corporate social responsibility of Midea group in accordance with the seven aspects of ISO 26000 criterion. The data and related information of Midea group comes from company annual report and corporate social responsibility reporting and company news on the internet.

3. Results and discussion

This part analyzes the CSR performance of Midea group from seven aspects according to ISO26000 international standard, pointing out its advantages and areas for improvement.

3.1 Organizational governance

Organizational governance refers to the way an enterprise operates. Midea group comply with the current laws, regulations and rules, establish a perfect corporate governance structure, set up a general meeting of shareholders, the board of directors and its subordinate special committees, the board of supervisors and business management decision-making, and formulate the corresponding rules of procedure and work management system.

There are 8 directors in the board of directors, including 3 independent directors. There is one employee representative supervisor. More than half of the directors of the professional committee are independent directors. The chairmen of the audit committee, the remuneration and appraisal committee and the nomination committee are all independent directors. Revise and perfect company system, promote management level.

As for organizational governance, Midea group has a very good corporate culture. it adhere to the integrity, responsibility, health and scientific development, create customer value and effectively meet customer needs, pursue shareholder value maximization and meet the interests of other stakeholders, provide platforms and resources to encourage employees to create value, self-achievement, common development with the enterprise, encourage professional managers to create value for shareholders in the long term. However it hasn't given his employees enough opportunity in practicing CSR.

3.2 Human rights

Midea group is committed to becoming the "best employer" of employees, building an open employment mechanism, and building a competitive advantage in attracting and retaining talents. In the recruitment aspects, it break the "geopolitical, blood, kinship, recruitment of personnel, according to the abilities of employees, through public competition, carrying out performance appraisal system with objective responsibility system as the core, to create a "open, just and fair" environment of choosing and employing persons, to find the talents. The company employs employees of different ages and from different countries in the world, providing equal opportunities for personal development, promotion and fair and competitive remuneration.

In recent years, Midea group has boldly accelerated the cultivation and use of international talents, and actively promoted the localization operation, constantly introduced senior talents from all over the world, and constantly innovative practices, positive guidance, to introduce a series of policies and measures for the introduction of international talents. In addition to "invite in", a large number of "send out" to improve the international quality of local talents. Good development platform, favorable treatment and comfortable living and working environment are the main factors to attract international talents. The entry of foreign talents brings advanced technology, operation and management experience to the Midea group .Midea group has establish fair mechanisms for dealing with human rights, break the "geopolitical, blood, kinship, recruitment of personnel.

3.3 Labor practices

All new employees of Midea group receive induction training for them, and there are special post skills training or coaching before they start to work. On-the-job employees have irregular training opportunities for internal and external post skills improvement, so as to improve their professional and general abilities and provide better development opportunities. The company has also establish its a multi-level management and leadership development and training system, forming a mature shipping system ,that is submersible - departure - far - pilot training mode, respectively reserve talents for supervisors, managers, directors and general managers.

As for employee compensation policy, the salary of employees are paid on time according to the company's salary system, and the company determines the fixed salary of employees according to the post value and individual performance. According to the company and individual performance of the staff to determine the variable salary, salary distribution to strategic talent, to ensure the market competitiveness of the income level of core talents. Employee compensation policies will be adjusted dynamically according to regional differences, talent supply, employee turnover, changes in industry environment and the enterprise's ability to pay. The company provides uniform pay policies and standards for employees, without making gender distinctions.

Midea group give all new and old employees equal training opportunities, fulfill all legal obligations to workers, eliminate discrimination in hiring and dismissals. When it operate internationally, it also give priority to the employment and advancement of nationals of the host country, including sourcing and distributing through local enterprises where practical.

3.4 Environment

In 2018, Midea group strictly complied with laws and regulations related to environmental protection, and there were no major environmental pollution incidents. Each subsidiary has built a reliable waste water and waste gas processing system, and through regular monitoring, supervision and inspection mechanism and employ the third party inspection agency for testing, ensure the production operation process of waste water, waste gas, solid waste discharge and treatment of comply with national laws and regulations and operations, the subsidiary no excess emissions, conform to the requirements of the environmental protection departments related.

Midea group do well in looking for cleaner and more energy-efficient production techniques and try her best to use environmentally sound technologies and practices, practice environmental procurement, and evaluate suppliers of goods and services on whether they also are environmentally friendly. But it doesn't practice life-cycle management that is considering all the steps of a manufacturing process, and all the links in the supply chain and value chain right to the end of a product's life and how it is disposed of.

3.5 Fair operating practices

In 2018, Midea group issued the business code of conduct of the company, which clearly stipulated the requirements for anti-corruption. Starting from the three aspects of "no commercial bribery", "no bribery to government officials" and "political donation, charitable donation and sponsorship". This paper emphasizes the importance of abiding by the laws of the host country and resisting unfair competition. After the introduction of the standards, different departments of the company are seriously implemented, implemented into the daily business activities.

Deepen in order to further implement the whole value chain system application, data collection, the clouds establish a transparent system of global suppliers, through the IT technology for data sharing and collaboration, build a unified, open, efficient, transparent, intelligent collaborative platform of the supplier, provide support for business decision-making, support supplier. By the end of 2018, the platform was officially put into use in the kitchen and hot water division, and will continue to be extended to other divisions of the company in the future. Through the Midea supplier cloud platform, the company can directly understand the supply chain quantity, geographical location distribution and other relevant information. The company evaluates the supplier's cost, delivery cycle and quality on a monthly basis, and implements it on the supplier cloud platform to ensure the transparency of information.

Midea group do well in procurement and purchasing decisions, use criteria that select socially responsible products and companies. But it has not been able to stamp out corporate corruption entirely. For example, in 2017, a sales representative of Midea group accepting a bribe of 100,000 yuan.

3.6 Consumer issues

Midea Group insists on providing energy saving, environmental protection, human nature and healthy products and services for users to create a more comfortable living environment and a high-quality life.

Midea group adheres to the user-centered concept, promotes the implementation of the innovative model focusing on the actual needs of users, and promotes product sales and enterprise development through the demonstration of user experience. From the previous designer's main product design, to the integration of market research opinions, to the establishment of an interactive platform with users, to listen to users' opinions and collaborative innovation. Midea group gradually feedback user needs into the product development and intelligent manufacturing process. Not only that, Midea group has also set up a special user lab to create an environment that simulates the real use of consumers. At the same time, through in-depth visits and surveys and big data analysis, Midea group incorporated the research results into every link of product planning, product development, product testing, and provided guidance for product development and improvement.

At the same time, Midea group has also made breakthroughs and innovations in manufacturing, logistics, marketing and other aspects, laying a solid foundation for better service to users. With the help of digital transformation, Midea group successfully realized the operation of the whole value chain driven by software and data, connected the R&D end, the production equipment end, the supply chain end, the business end, the logistics end and the user end, and continuously explored the flexible customization of CRM. In terms of product sales, Midea group adopts the channel layout of "online users and orders + offline flagship stores + logistics and warehousing", and then relies on channel big data to commit to digital precision marketing and improve user experience.

However, in terms of Consumer issues, Midea group also made some mistakes, such as advertising cheats. Since 2012 Midea group had use 'One kilowatt hour a night' as publicity, it was validated that this belongs to the propaganda, this kind of behavior has received the punishment of the Ministry of Commerce and industry, thus to compensate consumers, but Midea group still don't change, just change some kinds, using 'as low as one degree a night for publicity', 'as little as one yuan a night' to replace, which is also false advertising.

3.7 Community involvement and development

Midea group undertake social responsibilities actively, participate in social public welfare undertakings, actively play their role in education, medical care, disaster relief, charity and other social undertakings. Midea group comply with the laws, historical and cultural practices of other parts of the world, and support the environmental, economic and cultural development of the community.

Midea group joins associations and work with groups and individuals for the common good, and maintaining transparent and honest relations with government officials. It also focus philanthropic activities. In the past 20 years, the founder of Midea group, Mr. He Xingjian, and Midea group have invested more than 7 billion yuan in poverty alleviation, disaster relief, elderly care, education and other charitable fields, sowing new seeds for the future of the society by virtue of the temperature and strength of the enterprise. For a long time, Midea group has been adhering to its own philosophy -- in pursuit of products and services to a higher level, at the same time, by assuming social responsibility, to do its best to help more groups and regions to improve their lives.

4. Conclusion

Midea group is a company with good social responsibility on the whole, it do well in the aspects such as human rights, labor practice, environment, community involvement and development. Sometimes the company also made some mistakes, for example, the company's false advertising, the company's employees to accept bribes. These things are just a individual phenomenon, but it also reflects some problems. If an enterprise pursues profit excessively, that

things such as exaggerating the advantages of its products for good publicity and good sales may be happen.If people focus too much on money,he may easy to make mistakes,such as take bribes in order to get more money. Besides Midea group doesn't give its employees enough opportunity in practicing CSR and hasn't practice life-cycle management.

5. Recommendation

First,Midea group should strengthen the ideological and moral education of employees, and set a more strict punishment mechanism, so as to increase the cost of illegal behavior and reduce the occurrence of illegal behavior of employees.

Second, Midea group should encourage greater participation by employees in decision making on social responsibility issues.

Thirdly, Midea group should practice life-cycle management,that is considering all the steps of a manufacturing process, and all the links in the supply chain and value chain right to the end of a product's life and how it is disposed of,looking for ways to make these steps as environmentally friendly as possible.

Fourth,Midea group should pay special attention to the advertising campaign. Advertising fraud should not be allowed. Although false publicity and exaggerating the benefits of commodities may attract more consumers to buy their products in the short term, once the fraud is discovered, it will have a very negative impact on the reputation of the enterprise.

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