

## **Analysis of Gree Electric Appliances Talent Management Model**

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### **Abstract**

*Because of its particular mode of talent management, Gree electric appliances has been praised as a one of the most difficult "corner" to dig. The paper is to explore the Gree electric appliances talent management model, reveal the uniqueness of its talent management model, and finally summarizes the significance and enlightenment function to other enterprises.*

**Keywords:** talent management; brain drain

In today's increasingly competitive era of knowledge economy, the high level talent has become the most shortage and important resource of enterprises. Talent as a resource, is the most active in the various elements of productive force, the most creative and the most valuable factor, is the most important and core resource of the enterprises, which to some extent plays a decisive role on the success or failure of enterprises. However, the gap between supply and demand of talent offers the possibility for the flow of talent, the flow of talent will inevitably lead to the loss of the business talent. How to reduce the loss of the enterprise talent, cut down the risk of the brain drain, strengthening talent management has become a topic of the enterprise managers to be concerned about.

### ***1. The Talent Management***

#### **1.1 Enterprise Talent**

Enterprise talent refers to the people who play an important and irreplaceable role in the key link of the whole corporate operation. They are the essence of enterprise human resources, the core and backbone of business, which play a key role in improving the core competitiveness for an enterprise. Economist Pareto once put forward a famous 'the 80/20 principle'. The principle applied to enterprise is that 20%--- key minority are corporate talents who are the core of enterprise employees. Though they are few, they concentrate about 80% to 90% of the enterprise technology and management, creating 80% of the wealth and profit for enterprises<sup>[1]</sup>. Obviously, the talent is important for enterprises.

#### **1.2 The Harm of Brain Drain**

The so-called brain drain, refers to the phenomenon that in a unit, talents who play an important even the critical role in its development leave the unit without the willingness of the unit, or lose their positive role<sup>[2]</sup>.

First of all, the harm of brain drain to enterprise corresponds to the responsibility that one undertakes before he leaves from the enterprises. For example the departure of management personnel brings the interruption of the operating ideas, unstable teams and even the paralysis of management to enterprises. The departure of sales staff brings the loss of market share to enterprises. The departure of technical personnel is the loss of core technology and interruption or abortion of the projects in research. At the same time, if talents go to peers or rivals, it will bring more fatal harm to enterprises. Market is occupied by opponents because of the whole loss of core technologies and commercial secrets. Therefore, enterprises will lose advantages against opponents in competitions.

The second, the influence of the company staff 's psychology and the whole working atmosphere is also cannot be underestimated. Demonstration effect by the departure of talents can lead to the enterprise staff 's attitude instability, low morale, and descending work efficiency.

If the human resources management has defects at this time, with employee emotions accumulating seriously at ordinary times, it will cause collective departure of employees ,and lead the enterprise in danger.

The last, the economic loss of enterprises is inevitable. Enterprises have to bear the employee recruitment costs, training costs, pay maintenance fees, and the replacement costs etc.. A foreign research shows that after the brain drain, the cost of recruitment and training personnel is over 2.8 times of the amount of maintaining the original talents<sup>[3]</sup>.

Brain drain brings so serious harm to enterprises, therefore, the importance of strengthening the talent management cannot be ignored.

### 1.3 Talent Management

Talent management refers to a series of activities being planned, organized, coordinated and controlled to the internal and external factors which affecting talents play a role<sup>[4]</sup>. Talent management focuses on creating a good environment for the development of talent, not only raising the quality and ability of talents, but also being conducive to the full play of talents. The core of talent management is the guarantee the right people, at the right time, in a suitable, so as to ensure the continuous supply of talent in the process of corporate strategy implementation. Talent management is the key content of human resources management, with the ability model as the core and link, through each module design of the human resources to implement the "selection, using, cultivation, reservation" of key talents to companies, so as to support the sustainable development of companies.

### 1.4 The Current Situation of Talent Management

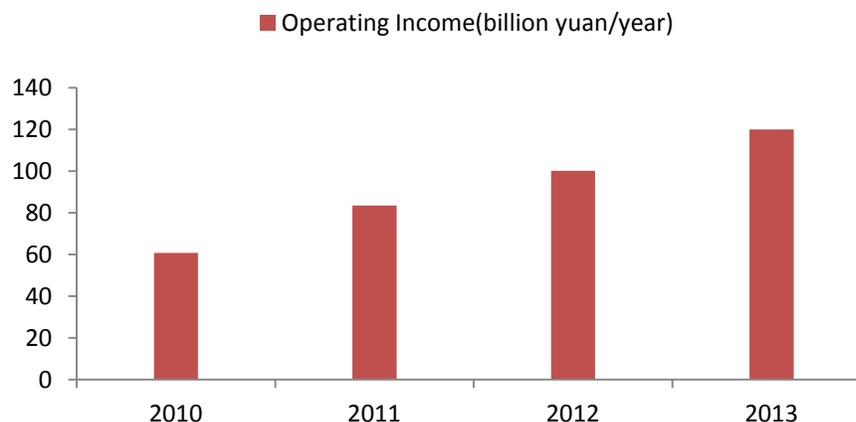
At present, the talent management mode in most Chinese enterprises is either accustomed to strict format forcing employees to do a nine to five job on workdays or attentive to the training of employees' job skill instead of help them to improve the ability of the realization of the target of commerce strategy. In order to improve leading capacity and accelerate the development of employees' profession, leaders of companies rely on long-term training courses which, however, cannot help employees to be equal to jobs in today's hierarchical and flexible organization with stress on innovation.....Especially in private enterprises, the dropout rate is higher. Such talent management modes cannot help enterprises to put decisive and experienced dreamers with global insight into each layers of enterprises. A new management mode is needed in the new era.

## 2. The Talent Management Model of Gree Electric Appliances

### 2.1 Introduction of Gree Electric Appliances

Zhuhai Gree electric appliances co. LTD., founded in 1991, is the state-owned specialized air conditioning enterprise with the integration of research and development, production, sales and service. The operating income of 2012 was 100.11 billion yuan and paid more than 7.4 billion yuan taxes which made it become the Chinese first "billions" household appliances listed company and be in the United States" fortune" magazine "The top 100 listed companies in China" for 12 years in a row. As can be seen from Table 1 Gree still remains healthy development momentum.

**Table 1:2010 - 2013 Gree Operating Income**



Gree air conditioning, is the only "world brand" product in Chinese air-conditioning industry currently, and its business have spread more than 100 countries and regions all over the world. Since 2005, sales of Gree air conditioning has led the world for eight years continuously. It has more than 250 million users. It possesses 9 production bases in Zhuhai, Chongqing, Hefei, Zhengzhou, Shijiazhuang, Wuhan, Wuhu, Brazil, Pakistan, and 80000 employees. It has nearly more than 8000 patents. It also independently research and develop a series of "international leading" product such as super-low temperature digital multigang- unit, multi-function floor heating household central air conditioning, bipolar variable frequency compressor etc., filling the blank of the industry and changing hundreds of years history of air-conditioning industry, breaking the US-Japan refrigeration giant technology monopoly, changing from "made in China" to "created in China" model, and winning a range of visibility and influence in the international arena.

Brain drain is the general phenomenon of enterprises. However, Gree electric appliances as the leading enterprise in household appliances with 80000 employees, employees loyalty is beyond imagination. There used to be a boss who brought a headhunter to Gree headquarters occupied more than a month, trying to dig out excellent talent of Gree electric appliances, but failed. According to people in household appliances industry, Gree electric appliances has an irresistible magic that can make the employees cohesive and guard the Gree electric appliances as their home.

There are a lot enterprises that a few people say good, but 80000 staff all say good: only one enterprise—Gree electric appliances, which has been praised as a one of the most difficult "corner" to dig, because of its particular mode of talent management. How is Gree electric appliances tempered with such a strong cohesion? Next we'll analyze the talent management mode of Gree electric appliances.

## **2.2 Analysis of Gree Electric Appliances Talent Management Model**

In 2012, Gree electric appliances, with persistent industrial dreams, thorough professional line and continuous innovation, realize the business income about 100.11 billion yuan, becoming the Chinese first "billions" household appliances listed company. All this dues to "person". In 2001, Dong Mingzhu served as the President of Gree electric appliances, clearly put forward that for a one-hundred-year enterprise, talent management is the foundation. Therefore, Gree electric appliances established a whole set of "selection, raise, use, cultivation, reservation" talent cultivation system, including having candidate mechanism as considering ability and political integrity and character preferred mechanism; internal promotion mechanism of "talents over mediocrity" and evolution mechanism of competition, providing a display platform for all kinds of talents. Gree electric appliances enters to high-speed development for thirteen years because of this.

### **2.2.1 Favorable Treatment, Attractive Working Environment and Harmonious Labor Relations**

According to a survey report of the pearl river delta enterprise salary, the annual salary of Gree electric appliances' front-line workers has been far above the average salary of industry, and annual bonus distribution standard also increase year by year with the company development<sup>[5]</sup>. Besides, Gree electric appliances also provide a wide range of benefits, in addition to pension, medical, unemployment, work injury, and maternity insurance; Welfare such as meal allowance, housing allowance, holiday condolatory money, shift allowance, seniority subsidies, health care allowance, high temperature allowance, special type of work allowance, education expenses etc. are numerous. This kind of preferential treatment is to attract a large number of high-quality staff. To reassure that employees can work comfortably, Gree electric appliances also has spent 600 million yuan building dormitory for employees, providing employees "one man, one bedroom". The married can enjoy a set of 50m<sup>2</sup> "transitive houses" with two rooms, solving the trouble of employees' life, enhancing their sense of security and belonging. "Soul project" including telling the truth, doing practical work; principle, doing good; devotion and achieving, is to improve the staff's happiness, and meet the value demand of employees.

### **2.2.2 Attaching great importance to the talent training and incentive system construction**

Excellent talent team is the driving force of enterprise endeavor. Gree electric appliances holds the management policy of "the fair and just, open and transparent, public separating from private", and pay attention to the management of the thought and behavior of cadres.

- Gree electric appliances has been establishing the "education project" of technology engineering institute, which keep employees have the opportunity to learn.

- The company has set up progress prize in science and technology since 1995 in order to reward the contribution of the company's technical staff, and the highest reward up to 1 million yuan.
- Gree has reached a cooperation agreement with Tsinghua university, Maryland university and other famous universities at home and abroad; opened the machinery, automation, refrigeration, master of MBA and other major, specifically providing a relevant professional lesson guidance for its staff .
- Gree electric appliances fully absorbs the scientific research resources of colleges and universities and carries out comprehensive strategic cooperation.
- In order to build a learning team, the company invested about 30 million to build a Gree employee training center building, equipped with a large number of modern multimedia training facilities, providing a good learning environment and atmosphere for the employees.
- Skilled talents has become the strong engine to drive the rapid growth of Gree performance. It establishes thorough labor skills competition and assess system, holds "labor skills elite match of Gree electric appliances" annually, and springs up all kinds of elites.

Gree electric appliances provides professional rise development channels for every enterprise staff. In Gree electric appliances, as long as you are a swift horse, there will be enough running space for you. People with the ability will never be buried and every employee has the opportunity of fair competition. The staff in Gree electric appliances said that as long as you work hard enough, you can see the hope. No matter you are in a high position or not, you own the same chance to get high salaries and respect.

### **2.2.3 Giving Full Scope to the Talents**

Gree electric appliances is a place full of "positive energy". It provides staff with career planning, internal training, establishing the "talents over mediocre" promotion mechanism, trying to build a career development platform for employees, and making people express their whole ability. It also builds technology engineering colleges to let the frontline employees have the opportunity to continue their education in the enterprise, which makes more than 90% of frontline employees have a college degree and becomes a skilled talents. Guaranteeing the right people, at the right time, in a suitable, so as to ensure the continuous supply of talent in the process of corporate strategy implementation.

### **2.2.4 Actively Building Employee Well-Being Platform, not Hesitate to Retain Talent**

With "honest, faith, inexpensive, new, ritual" as its core values, "loyal, friendly, diligent and enterprising" as its spirit, with "less blank words, more practical work" as its pragmatic working attitude, every employee has the same beliefs and goals in the big family of Gree electric appliances, always unswervingly considering oneself as a striver, carrying forward the spirit of enterprise cautiously and conscientiously, advancing bravely with the Gree electric appliances, and making the enterprise be a one-hundred-year business.

As the director of Gree electric appliances, Dong Mingzhu stressed that the talent is the first impetus in the development of Gree electric appliances, and even more important than money and equipments. As we can see that the enterprise executives pay attention to talents and respect for them. Therefore, Gree will retain talents without hesitation. It will build a platform to make staff have a sense of dignity, pride ,belonging and happiness.

## **3. The Enlightenment of Gree Electric Appliances Talent Management Model**

With the continuous development of the socialist modernization construction, the progress of science and technology, the increasingly fierce market competition, enterprises have higher and higher requirements of talent quality and the competition of market economy eventually embodies in the talent contest. Who has a higher quality talent team, who will have the foundation of success. Therefore, strengthening talent management is the core of enterprise management innovation which should be given priority.

The character "企" (business) is made of characters "人"(talents) which is on the top and "止"(stop) which is under the characters "人". An enterprise, will be in standstill even stop if without the supports of excellent talents , in return, the excellent talents will be shackles if without a platform for them to express. The insiders say that Gree electric appliances provide a growth platform for talents, and this group of people feedback enterprise constantly to make the Gree electric appliances can go farther and farther away.

The achievements of Gree electric appliances fully illustrate that the competition among enterprises is the competition of talent. In the aspect of talent management, first of all, enterprises should have the courage to introduce talents and have a clear standard for each position.

As long as talents can conform to the standards, we should actively introduce them and give them an equal and fair platform. Enterprises should also give managers full rights and everyone has an appraisal system, with assessment linking with earnings, rewards and punishment clear. At the same time, conducting a competent audit on management personnel regularly<sup>[6]</sup>. Talent is the precious wealth of the enterprise, so managers at all levels must cherish talents and must not be jealous of real talents. Even if managers themselves are remarkable geniuses, without a few excellent talents and all kinds of elites, it is difficult to get great achievements.

Nowadays, with the constant development of the social, the continuous progress of science and technology, the intensified competition of market, the increasing frequency of employee turnover, the increasing contradiction between demand for talents and brain drain, Gree electric appliances can outshine others, becoming the Chinese first "billions" household appliance listed company, Its unique talent management mode is worth our using for reference, but not only this kind of mode can reach the height of the talent management success. Each enterprise has its different conditions, so each enterprise should combine their own specific situation to establish their own talent management system to seek continuous development .

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