

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
V.N. KARAZIN KHARKIV NATIONAL UNIVERSITY

Faculty **EDUCATION AND RESEARCH INSTITUTE**
 “KARAZIN BANKING INSTITUTE”

Department **Management, Business and Professional Communications**

Specialty: **073 Management**

Group: **AM-25M full-time mode of study**

QUALIFYING MASTER’S THESIS

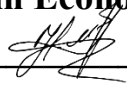
on the topic:

MANAGEMENT OF CORPORATE CULTURE DEVELOPMENT
submitted by the applicant of higher education **Li Weixin**

The thesis is accepted for defense in the EC

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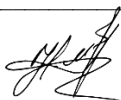
Kharkiv 2024

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V.N. KARAZIN KHARKIV NATIONAL UNIVERSITY

Faculty	EDUCATION AND RESEARCH INSTITUTE “KARAZIN BANKING INSTITUTE”
Department	Management, Business and Professional Communications
Level of higher education	Master’s degree
Specialty	073 Management
Educational program	Management of Organizations and Administration

APPROVED

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Management, Business and
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« 25 » September 2024

**ASSIGNMENT
FOR A QUALIFYING MASTER’S THESIS**

assigned to
Li Weixin

1. The topic of the thesis: "MANAGEMENT OF CORPORATE CULTURE
DEVELOPMENT"

Scientific advisor – Inna Cherniavska, senior lecturer.

(last name, first name, patronymic, academic degree, academic title)

approved by the order of the University dated "17" September 2024. No. 4601-5/1025

2. Deadline for submission of thesis by the student 18.11.2024

3. List of questions to be researched:

In chapter 1: to establish the theoretical foundations of corporate culture,
drawing upon key concepts and frameworks from relevant literature; to define

corporate culture, analyze its importance for organizational success, and explore its influence on factors like employee motivation, innovation, and competitive advantage; to delve into the historical context of FAW-Volkswagen (FAW-VW)'s development, outlining the company's origins, its joint venture structure, and the unique cultural influences stemming from both its Chinese and German parent companies; to identify key milestones and events that have shaped the evolution of FAW-VW's corporate culture.

In chapter 2: to provide a comprehensive analysis of the specific components of FAW-VW's corporate culture framework; to define and examine the company's mission, vision, core values, corporate spirit, and business policies, exploring their interrelationships and their impact on organizational practices; to investigate how FAW-VW promotes and reinforces its culture through leadership practices, communication strategies, human resource management initiatives, and employee engagement program; to explore how the company's culture manifests itself in both internal operations and external interactions with stakeholders.

In chapter 3: to evaluate the effectiveness of FAW-VW's corporate culture in driving organizational performance, to analyze the impact of the company's culture on key performance indicators, such as growth, profitability, market share, employee satisfaction, and innovation; to identify best practices from FAW-VW's experience in building and managing its corporate culture; to provide recommendations for strengthening and enhancing FAW-VW's corporate culture to support its long-term sustainability and competitive advantage. This might involve suggesting strategies for adapting to changing market conditions, fostering greater cultural alignment between the Chinese and German sides of the joint venture, and leveraging corporate culture to enhance brand image and customer loyalty.

4. Plan of qualifying Master's thesis

No	Names of thesis chapters
1	THEORETICAL ASPECTS OF CORPORATE CULTURE DEVELOPMENT
2	THE ANALYSIS OF CORPORATE CULTURE DEVELOPMENT SYSTEM AT FAW-VOLKSWAGEN (FAW-VW)
3	THE IMPROVEMENT OF THE SYSTEM OF MANAGING THE DEVELOPMENT OF CORPORATE CULTURE AT FAW-VW

5. Date of assignment issuance 25.09.2024

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	Signature	full name

ABSTRACT

The qualifying Master's thesis contains 77 pages, 6 tables, 3 figures and a list of 51 references.

This thesis examines the critical role of corporate culture in fostering long-term enterprise success, using FAW-Volkswagen (FAW-VW) as a case study. It analyzes the evolution of FAW-VW's corporate culture from its establishment to its current state, highlighting the dynamic interplay between cultural values, leadership, and strategic goals.

Object of the research: the development and impact of FAW-VW's corporate culture on its growth and sustainability in the Chinese automotive industry. is the corporate culture of FAW-Volkswagen, focusing on its development course from inception to its current state, examining how this culture has influenced the company's management practices, employee behavior, and market performance.

Subject of the research: the in-depth analysis of FAW-VW's corporate culture framework, including its mission, vision, core values, corporate spirit, and business policies, and their influence on employee behavior, management practices, and overall performance. is the analysis of the establishment, evolution, and impact of FAW-Volkswagen's corporate culture. It involves understanding the internal mechanisms that shaped the culture, external influences from both Chinese and German corporate practices, and how the corporate culture aligns with FAW-Volkswagen's strategic goals.

Research Methods: This thesis employs a research methods that combine data collection and summarization of FAW-VW's evolution from corporate culture construction to its current state of corporate culture management. By studying the modern corporate culture management and operation models of other enterprises, it summarizes a path suitable for FAW-VW's transition from corporate culture construction to corporate culture management.

The purpose of the research: To provide a comprehensive understanding of how FAW-VW has cultivated a corporate culture conducive to long-term success

and to offer insights for other organizations seeking to build and maintain a thriving organizational culture.

Tasks of the research:

- Trace the historical development of FAW-VW's corporate culture, examining the key factors and events that have shaped its evolution.

- Analyze the core components of FAW-VW's corporate culture framework, exploring their interrelationships and their practical implications for the company's operations. Investigate the methods and strategies employed by FAW-VW to promote and implement its corporate culture among its employees.

- Evaluate the impact of FAW-VW's corporate culture on its performance, including its growth, profitability, and market share.

- Identify key lessons and best practices from FAW-VW's experience in building and managing its corporate culture.

Key Findings: The research reveals a strong correlation between FAW-VW's robust corporate culture and its sustained success in the Chinese automotive market. The company's emphasis on learning, innovation, cooperation, and customer-centricity has enabled it to overcome challenges, adapt to market changes, and achieve continuous growth.

Practical implications: FAW-VW's experience provides valuable guidance for other organizations, particularly those operating in dynamic and competitive environments, on how to cultivate a strong corporate culture that fosters employee engagement, drives innovation, and supports long-term sustainability.

Key words: company culture management, performance, corporate culture development

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INTRODUCTION

The term “culture” originates from the Latin word “cultura,” which originally meant “cultivation of land, cultivation of crops.” The Romans expanded the meaning of this word to include the cultivation and care of the spirit and morality, bringing culture closer to the realm of ethics and the soul. The Chinese term for “culture” stems from the I Ching (Book of Changes): “(The interplay of yin and yang) is the essence of the universe. When civilization comes to a standstill, it is humanity. By observing the universe, we understand the changes of the seasons; by observing humanity, we can transform the world.” This implies that observing the progress of human civilization allows us to educate the world with humanistic spirit. Evidently, from its earliest combined usage, “culture” has carried the distinct connotation of civilized enlightenment.

Corporate culture primarily refers to the sum of spiritual wealth and material forms that an enterprise creates with its unique characteristics during long-term production, operation, and management activities. It encompasses values, moral norms, codes of conduct, historical traditions, process systems, and the physical environment. Corporate culture is the soil, air, sunlight, and water necessary for the growth of enterprise management, with management being the crop. It is a powerful productive force, a key element in forming an enterprise’s core competitiveness, the heart of modern humanistic management, and the cornerstone for a century-old enterprise.

FAW-Volkswagen (FAW-VW) has maintained a stable growth trend in its market share in recent years, with its technological and brand advantages becoming increasingly prominent. However, as the market share and sales volume of Volkswagen’s models in China continue to increase, and production capacity keeps rising, bottlenecks have emerged in enterprise management, hindering FAW-VW’s rapid development. To achieve breakthroughs in enterprise management, an excellent corporate culture must serve as the foundation. Corporate culture provides the soil, air,

sunlight, and water necessary for the growth of enterprise management, with management being the crop. It is a powerful productive force, a key element in forming an enterprise's core competitiveness, and the heart of modern humanistic management. Accelerating the construction of corporate culture, enabling it to transition from construction to management, from quantitative to qualitative change, and allowing it to support the company's future development is a requirement from both shareholders, a necessity for long-term strategic goals, and an expectation of the employees.

During their growth and development, Chinese enterprises exhibit two fundamental cultural phenomena. First, their corporate philosophies may be fashionable and advanced, seemingly floating in the sky, while the actions of entrepreneurs and employees remain grounded, creating a severe disconnect between cultural ideals and behavior, resulting in a "cultural emptiness." Second, there's a natural lack of psychological contracts among employees, leading to high institutional costs and complex yet ineffective management and control within the enterprise. The root cause lies in the failure of corporate culture to truly take root, remaining merely at the level of trendy slogans and vocabulary. Corporate culture lacks an internal driving mechanism and an execution system. Moreover, due to the absence of a long-term immersion in industrial civilization, Chinese enterprises often have employees with low levels of professionalism, and both corporate and employee behavior lack self-discipline mechanisms. The natural absence of psychological contracts results in high internal transaction costs within the enterprise.

It is essential to integrate corporate culture into the enterprise's system building, process building, and employee code of conduct, and to establish systems based on psychological contracts. This will guide employee behavior from external regulation to self-discipline, ensuring that corporate culture not only takes root but also becomes deeply ingrained in the hearts and actions of employees, leading the enterprise to the highest realm of organizational management - cultural management.

This thesis employs a research method that combines data collection and summarization of FAW-VW's evolution from corporate culture construction to its

current state of corporate culture management. By studying the modern corporate culture management and operation models of other enterprises, it summarizes a path suitable for FAW-VW's transition from corporate culture construction to corporate culture management.

Through illustrative examples and a chronological model, it demonstrates the changes in each stage of FAW-VW's evolution from corporate culture construction to its present state of corporate culture management. It uses concrete data for comparison, illustrating that once culture is integrated into the daily management of an enterprise, culture itself becomes a rational management tool, a rational choice for enterprises to achieve their utilitarian goals.

CHAPTER 1

THEORETICAL ASPECTS OF CORPORATE CULTURE DEVELOPMENT

1.1 The essence of corporate culture, its types, elements and functions

The term “culture” originates from the Latin word “cultura,” which originally meant “cultivation of land, cultivation of crops.” The Romans expanded the meaning of this word to include the cultivation and care of the spirit and morality, bringing culture closer to the realm of ethics and the soul. The Chinese term for “culture” stems from the I Ching (Book of Changes): “(The interplay of yin and yang) is the essence of the universe[1]. When civilization comes to a standstill, it is humanity. By observing the universe, we understand the changes of the seasons; by observing humanity, we can transform the world.” This implies that observing the progress of human civilization allows us to educate the world with humanistic spirit. Evidently, from its earliest combined usage, “culture” has carried the distinct connotation of civilized enlightenment[2].

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The 2005 survey by the China Entrepreneur Survey System, revealing that a significant portion of business operators believed corporate culture emerges only after a certain stage of enterprise development, highlights a common misconception. Corporate culture, in reality, exists inherently within any enterprise from its inception. However, much like an untamed force, a culture left unrefined and unguided can impede an enterprise's progress, failing to harness the collective energy necessary for driving growth. Therefore, establishing a corporate culture is merely the first step; the ongoing process of refining and optimizing it is what truly unlocks its potential.

Industry giants such as Haier and Lenovo stand as testaments to the power of a well-cultivated corporate culture. These organizations owe much of their success to influential figures like Zhang Ruimin and Liu Chuanzhi, whose strong leadership and personal charisma played a pivotal role in shaping their respective corporate cultures. Their influence permeated the organizations, driving the refinement and implementation of a set of shared values and beliefs that propelled these companies from their humble beginnings – Haier from a loss of 1.47 million yuan, Lenovo from 200,000 yuan, and TCL from a mere 5,000 yuan – to become industry leaders in a fiercely competitive market.

Haier, in particular, is known for its assertive approach to cultivating and promoting its corporate culture. Zhang Ruimin, viewing himself as a “preacher” within the company, established a dedicated “Corporate Culture Center” and developed a comprehensive manual outlining Haier's cultural principles, reinforced by real-world

case studies. New employees are immersed in training programs designed to instill these principles, fostering a sense of shared identity and ensuring that any deviation from the established norms is perceived as “alien.” This meticulous approach to cultural integration has become a hallmark of Haier’s success, demonstrating the transformative power of a strong and pervasive culture.

It’s crucial to understand that corporate culture is not an abstract concept detached from the practical realities of business. It serves as both the engine driving enterprise development and a vital tool for effective management. A culture that fails to align with the enterprise’s strategic objectives and adapt to the evolving competitive landscape becomes stagnant and loses its value[6]. Corporate leaders must recognize the symbiotic relationship between culture and strategy, utilizing cultural shifts to complement and even drive strategic transformations. This dynamic interplay should be as fluid and coordinated as the movements of one’s own hands.

Ultimately, corporate culture reflects an enterprise’s management philosophy and its level of sophistication. Building a robust corporate culture is, in essence, an endeavor to elevate the overall management level. This requires a conscious effort to establish clear cultural guidelines, design a corporate philosophy that resonates with the enterprise’s long-term goals, and effectively communicate these principles in a way that is relevant and engaging for employees at all levels. This is the foundational path towards sustained corporate development.

1.2 The importance of corporate culture development for the competitiveness of a company

Cultivating a strong corporate culture has become a strategic imperative for companies striving to achieve a competitive edge in the global marketplace. Leading management consulting firms like McKinsey, through extensive research on high-performing organizations, have identified a strong corporate culture as a key

differentiation between Fortune 500 companies and their less successful counterparts. These top-tier companies share a common thread: they prioritize injecting vitality into their corporate cultures, fostering an environment characterized by teamwork, customer-centricity, respect for employees, and a commitment to motivation and innovation.

Professor John Kotter's seminal work, "Corporate Culture and Performance," further underscores the profound impact of culture on an enterprise's long-term success^[18]. His research demonstrates that a strong corporate culture not only promotes but directly enhances organizational performance. As enterprises expand in scale, the pervasive influence of a well-defined culture becomes critical in shaping employee consciousness and behavior, aligning individual actions with the overall strategic direction. Achieving ambitious goals, such as reaching a production milestone of one million vehicles or realizing a "Two Mosts" vision, requires not only a high-performing team but also the core competitiveness fostered by an exceptional corporate culture.

An enterprise's ability to thrive and evolve is not solely dependent on advanced technology, sophisticated equipment, or streamlined management processes. The human element – the collective talent and dedication of its workforce – plays a far more significant role. Emphasizing corporate culture is, inherently, emphasizing the importance of people. In a modern industrial setting like FAW-VW, where individuals function as integral parts of a complex production system, recognizing and nurturing their subjective initiative becomes paramount. Aligning individual values with the values championed by the corporate culture unlocks the potential for creativity and innovation, ultimately leading to greater value creation for the enterprise. The Audi brand culture, with its emphasis on "people create the brand," exemplifies this understanding of the individual's crucial role. Similarly, FAW-VW's core values of "integrity creates value, respect achieves win-win" underscore the importance of fostering a mutually beneficial relationship between the enterprise and its employees.

The power of role models and shared values in shaping organizational culture

cannot be overstated. In the subsequent chapters, a systematic exploration of FAW-VW's corporate culture will be undertaken, encompassing an analysis of its current state, its philosophical underpinnings, and strategies for enhancing its effectiveness. This in-depth examination aims to foster a genuine integration of "knowledge, belief, and action" regarding corporate culture within the company, ensuring that its principles are not merely understood but internalized and actively practiced by leaders, managers, and employees alike. This, in turn, will facilitate the development of robust management systems that reflect and reinforce the desired culture, permeating every facet of the enterprise, from research and development to production and sales.

In 2006, to adapt to the needs of competition, the company initiated its largest reform ever, comprehensively implementing an incentive mechanism reform and establishing a performance-oriented position management system, salary management system, and performance management system. It achieved significant breakthroughs in position alignment, salary optimization, and performance management. 9,146 employees were reassigned or retained their positions through competition and assessments, with their job responsibilities clearly redefined. It truly achieved position-based staffing and salary determination, linking salaries to performance evaluation results. 38% of employees saw their salaries increase, while 38% saw their salaries decrease. The significance of this reform lies not simply in salary adjustments but in thoroughly stimulating employees' enthusiasm and dedication to the company's development by paying for positions, capabilities, and performance. It marked the beginning of the company's all-around reform, laying the groundwork for changing mindsets and adapting to organizational structures and process reforms suitable for a million-vehicle scale.

FAW-VW has continuously grown, with rapid increases in personnel and business. The original organizational structure designed for 150,000 vehicles could no longer accommodate the company's rapid development. We needed to break free from old ways of thinking, grasp the development trends of the Chinese automotive market,

and, from the strategic perspective of one million vehicles, carry out future-oriented system and process reengineering. The company launched the “Future-Oriented Project,” conducting comprehensive reforms in organizational structure, systems, and processes. The first phase optimized 8 first-level departments and 21 second-level departments. After completing the organizational adjustments and staffing, work began under the new model, enabling the company to establish an organizational structure capable of scientifically managing a production capacity of 660,000 vehicles and truly achieving flat management and full authorization. Currently, the organizational structure adjustments for the million-vehicle scale have also been completed. The number of second-level manager departments in the company has increased from 78 to over 170 in 2010.

During the company’s development phase, with the introduction of each new model, due to imperfect processes and inadequate management capabilities and unclear processes, the entire company would be busy with one major project, often resulting in project delays. To address this, the company learned from and adopted Audi’s advanced and efficient platform-based matrix product development and management model, establishing a product management department to achieve standardized and systematic product management. Platform managers were appointed to be responsible for cross-departmental coordination and management of models from R&D to mass production and eventual market withdrawal, enabling the company to launch two new models and carry out multiple major projects annually. Before 2006, the entire company would work on one project. After system improvements and organizational adjustments, now an average of 2-3 major product development projects are carried out simultaneously each year, with up to 9 projects running concurrently, all proceeding in an orderly manner.

With customer satisfaction and expectations as the unwavering pursuit of quality, let FAW-VW become synonymous with high-quality automobiles. With advanced technology, scientific management, and high-quality service as the guarantee for continuous quality improvement[19]. With product safety and environmental

protection as the responsibility to society. Ensuring product quality is the prerequisite for doing any other work well. Reliable quality is the best care for users. Quality is the guarantee for the company to achieve economies of scale.

If you open the production inspection records of most companies, you will see an item that deducts points or money for quality problems and defects. However, this is not the case at FAW-VW. There are no penalties or bonuses linked to quality assessments, and employees take pride in solving quality problems. When talking about quality, every employee will first say that we inspect our product quality with the discerning eyes of experts and the pickiness of users[20]. When quality problems arise, no one shirks responsibility; instead, they work together to quickly solve the problem and reflect on which process went wrong and how to prevent similar problems from recurring.

In fact, FAW-VW also used to be troubled by quality issues. It was only after changing its cultural awareness that it formed today's good reputation in the public eye.

In 1996, FAW-VW, still in its construction phase, encountered difficulties in market competition. The main problem was that quality could not be effectively guaranteed and was inferior to competitors. Chinese employees were emotionally fluctuating, and the German side even considered how to bankrupt the company. In FAW-VW's employee assessments, quality problems resulted in penalties for everyone. This assessment had some effect for a certain period, but over time, it created pressure among employees, leading to occasional instances of avoiding problems and shifting blame. It failed to arouse employees' conscious awareness of quality, and some, dissatisfied with being penalized for quality issues, would go to extremes and deliberately damage vehicles.

In the face of adversity, the company's management committee and the Party committee, on the one hand, continuously boosted morale and, on the other hand, actively sought countermeasures. After careful analysis, they believed that the root cause lay in the need for a change in management thinking and quality concepts. Only

then could the advanced quality system of Audi, a subsidiary of Volkswagen Germany, be effectively implemented in China. The company's leadership further believed that the main contradiction at the time was the gap between the planned economy mindset of state-owned enterprise employees and the practices of century-old companies in developed capitalist countries. After thorough deliberation, to bridge this gap, the company proposed the "Sixteen-Character Policy" - "Quality First, Technology Leadership, Management Innovation, Market Orientation," which is the business policy in today's corporate culture philosophy. Then, it abolished fines for quality issues and announced that for Audit assessments, employees should take the initiative to assume responsibility and accept tasks, unrelated to bonuses. It encouraged all employees to find the root causes of quality problems, defend their quality standards, and respect the products they produce. The company's management committee leaders took the lead in forming quality teams, starting from stamping to final assembly, going through each process to identify where problems were likely to occur and determine how to solve them. Initially, people were worried that this might affect quality, but it turned out that the employees' enthusiasm was touching. They proactively created many fixtures to protect parts from bumps and collisions. Various workshops assigned people to wrap the doors for incoming and outgoing vehicles with soft materials to prevent scratches. Employees started removing watches and rings during work, stopped hanging keys randomly, and covered their belts. This kind of atmosphere gradually formed unconsciously. It was during this time that the Jetta achieved the miracle of 600,000 kilometers without major repairs, establishing FAW-VW's image of producing high-quality products, and its products gradually became a model of automotive value.

In addition to adhering to Audit standards, the company also implemented a series of unique quality systems and activities. The continuous implementation of these quality systems and activities has led to an increasingly corporate quality system. Over 20 years, quality awareness has been ingrained in the employees. Adhering to the concept of "Quality First" and continuously improving and upholding the company's

quality system and standards has formed a quality culture of standard recognition and execution.

Gao Dapeng, a section chief at Car Plant No. 2, has tackled many tough challenges in product quality improvement over the years with his rich work experience and capabilities[22]. He dedicates himself to his work, giving up rest for over 340 days a year. People who know him say he's a workaholic. "Fiber fuzz and dirt spots" were a persistent problem on car bodies after intermediate coating. The number of these defects directly affected the first-pass inspection rate and the achievement of production targets. To reduce fiber fuzz content on car bodies after intermediate coating, Gao Dapeng took the lead in establishing a quality improvement team^[21]. Through repeated experiments and over 40 improvements, big and small, and over 1,000 trials, they reduced dirt spots on car bodies after intermediate coating from 120 to 60 and fiber fuzz from 25 to around 10, increasing the first-pass inspection rate by 5%. Based on this, he also summarized various methods for quickly analyzing and resolving defects, such as quick solutions for yellow runs, paint residue analysis, shrinkage analysis and solutions, fiber fuzz analysis and identification, base coat exposure analysis, and quick solutions for intermediate coat wet spots, enabling employees to quickly learn and master these techniques. Sometimes, to verify the quality and effectiveness of improvements, he would often lie under the car body or crawl into the drying oven to personally conduct inspections and tests, working overtime and tirelessly on the front lines. He would track two shifts every day, working for 16 hours straight, guiding team leaders and training new employees. After months of arduous effort, he eliminated 80% of electrophoresis run defects in the mixed-flow production of four models. Even during his rare one-day break every two weeks, he wouldn't rest, personally tracking and inspecting the cleaning and transformation of the drying oven. Through on-site inspections and multiple rounds of experimental analysis, he thoroughly solved the shrinkage problem in three months. In his spare time, he also compiled two sets of teaching materials, "Drying Oven Cleaning Standard Operating Procedures" and "Shrinkage Quick Analysis Method," for new

employee training. The concept of “Quality First” is passed down through the dedication of ordinary employees and attention to detail.

1.3 Methods of assessment of corporate culture development in a company

Assessing the effectiveness of corporate culture development in FAW-VW necessitates a multi-faceted approach, drawing upon a range of methods to gather comprehensive insights from diverse perspectives within the organization. Employee surveys can provide a valuable snapshot of the prevailing culture, gauging employee perceptions, identifying areas of strength and weakness, and tracking changes over time^[7]. Focus groups, on the other hand, offer a more nuanced understanding of the lived experience of the culture, facilitating open dialogue and allowing employees from different departments and levels to share their perspectives in a collaborative setting^[9].

In-depth interviews with key stakeholders, including leaders, managers, and employees across various functions, can provide valuable insights into the nuances of the culture and its impact on different aspects of the organization^[10]. Direct observation of employee behavior in the workplace offers another avenue for understanding how the espoused values and norms of the organization translate into daily interactions and practices. Finally, reviewing internal documents, such as policies, procedures, and communication materials, can reveal the explicitly stated values and principles that guide the organization, providing a framework for understanding the intended culture.

By employing a combination of these methods, FAW-VW can gain a holistic and nuanced understanding of its corporate culture. This comprehensive assessment will lay the foundation for identifying areas where the culture can be strengthened, developing targeted strategies for fostering a more effective and aligned culture, and ultimately ensuring that the culture serves as a powerful driver of the organization’s strategic goals and long-term success.

CHAPTER 2

THE ANALYSIS OF CORPORATE CULTURE DEVELOPMENT SYSTEM AT FAW-VW

2.1 Organizational and economic characteristics of the company FAW-VW

Corporate culture has always existed. However, before being refined and guided, a chaotic and disordered culture can become a hindrance to an enterprise's development or fail to generate the synergy needed to provide a powerful driving force for growth. Therefore, it's not just about establishing a corporate culture but also about continuously refining and optimizing it.

Organizational Structure and Management for Success FAW-VW, established in 1991, stands as a pioneering force in China's burgeoning automotive industry, a testament to the successful collaboration between China FAW Group Corporation, a cornerstone of China's state-owned automotive sector, and Volkswagen AG, a global automotive giant renowned for its engineering prowess and brand recognition. This joint venture, conceived during a period of significant economic reform and opening up in China, represented a bold step towards integrating China into the global automotive landscape, leveraging the strengths of both partners to establish a formidable presence in the rapidly expanding Chinese passenger car market.

From its inception, FAW-VW has been guided by a strategic vision of becoming the most outstanding automotive joint venture in China, a vision that resonated deeply with the aspirations of both its Chinese and German shareholders. This shared ambition to achieve market leadership fueled FAW-VW's remarkable growth trajectory, transforming it from a relatively modest operation into a major player in the industry, boasting a production capacity exceeding one million vehicles annually, a testament to its operational efficiency and strategic foresight.

The evolution of FAW-VW's organizational structure mirrors the company's impressive growth and adaptation to the dynamic Chinese market. Initially, the company adopted a more centralized, top-down management approach, a reflection of Volkswagen's established corporate structure and the prevailing management practices in China at the time. This hierarchical structure provided a clear chain of command and facilitated the transfer of knowledge and technology from Volkswagen to FAW-VW during its early stages.

However, as the company expanded and the market landscape evolved, FAW-VW recognized that a more agile and decentralized organizational structure was essential to enhance responsiveness to local market demands and foster greater innovation. The increasingly competitive Chinese automotive market demanded a faster pace of product development, localized adaptation of vehicle features, and a more nuanced understanding of consumer preferences across different regions of China.

This realization led to a gradual shift towards empowering local managers, granting them greater autonomy in decision-making and fostering a culture of collaboration and knowledge sharing across different departments and functional areas. This move towards decentralization aimed to create a more flexible and responsive organization capable of adapting swiftly to the ever-changing needs of the Chinese consumer. Local managers, with their deeper understanding of regional market dynamics and consumer preferences, were better positioned to make timely decisions and tailor products and marketing strategies to specific local needs.

Furthermore, FAW-VW embarked on a series of organizational reforms aimed at streamlining management layers and improving communication channels throughout the organization. This streamlining process sought to reduce bureaucratic bottlenecks, enhance operational efficiency, and foster a more collaborative and entrepreneurial work environment. By flattening the organizational hierarchy, FAW-VW aimed to improve communication flow, reduce decision-making time, and empower employees at all levels to contribute their ideas and expertise.

FAW-VW's management philosophy has always been characterized by a delicate balance between upholding Volkswagen's global standards of quality and engineering excellence while adapting to the unique characteristics of the Chinese market and leveraging the expertise of its local workforce. This approach has been crucial to the company's success in navigating the complexities of operating in a rapidly developing market with distinct cultural and consumer preferences.

The company has placed a strong emphasis on knowledge transfer and training, ensuring that its Chinese employees have access to the latest technologies and best practices from Volkswagen. This has involved sending Chinese engineers and managers to Germany for training, establishing joint research and development centers in China, and implementing comprehensive training programs within FAW-VW's facilities. At the same time, FAW-VW has recognized the importance of fostering a sense of ownership and empowerment among its Chinese employees, creating opportunities for them to take on leadership roles, encouraging them to contribute their ideas and perspectives, and fostering a culture of innovation and continuous improvement.

Economic Performance and Market Position: A Story of Growth and Leadership. FAW-VW's economic performance presents a compelling narrative of sustained growth and market leadership, fueled by its strong brand reputation, diverse product portfolio catering to a wide range of consumer preferences, and an extensive sales and service network spanning the vast expanse of the Chinese market. This impressive track record has not only generated substantial returns for its shareholders but has also played a significant role in driving the development of China's automotive industry and the overall economy.

FAW-VW has consistently maintained a leading market share in China's passenger car market, a testament to the strength of its brands, the appeal of its products, and the effectiveness of its marketing and sales strategies. The company's two main brands, Volkswagen and Audi, have established strong brand recognition and loyalty among Chinese consumers, associated with quality, reliability, and

technological innovation.

This strong market position has been achieved through a multifaceted approach. The company offers a wide range of vehicles across different segments, catering to diverse consumer needs and preferences. It has successfully adapted its products to the specific requirements of the Chinese market, offering features and designs that resonate with Chinese consumers. FAW-VW has built an extensive sales and service network across China, providing convenient access to its products and services for customers throughout the country. And the company has implemented effective marketing and branding campaigns that have successfully built strong brand awareness and positive brand associations.

FAW-VW's financial performance consistently reflects its strong market position and operational efficiency. The company has consistently generated robust revenue growth, driven by its strong sales volumes and pricing power in the Chinese market. Its profitability has also been impressive, reflecting its ability to manage costs effectively and maintain healthy profit margins. This strong financial performance has enabled FAW-VW to invest heavily in its future growth, expanding its production capacity, developing new models, and strengthening its sales and service network. It has also allowed the company to return significant value to its shareholders through dividends and share buybacks.

Recognizing the importance of technological innovation in maintaining its competitive edge in the rapidly evolving Chinese automotive market, FAW-VW actively invests in research and development, continuously introducing new technologies and features to enhance the appeal and performance of its vehicles. This commitment to technological advancement has enabled FAW-VW to stay at the forefront of the industry, offering innovative and desirable products that resonate with the evolving preferences of the Chinese consumer.

FAW-VW's focus on technological innovation is evident in several key areas. The company has introduced advanced engine technologies, such as turbocharging and direct injection, to improve fuel efficiency and reduce emissions. It has been a leader in

introducing advanced safety features, such as airbags, electronic stability control, and advanced driver assistance systems, to enhance the safety of its vehicles. The company has incorporated advanced infotainment systems into its vehicles, offering features such as touchscreen displays, navigation systems, and smartphone integration. And FAW-VW is actively investing in the development and production of new energy vehicles, including electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs), to meet the growing demand for environmentally friendly vehicles in China.

2.2 Evaluation of factors that influence on corporate culture development at FAW-VW

When an enterprise grows to a large scale, it relies on the penetration and influence of corporate culture to bring about changes in the consciousness and behavior of all employees. Achieving one million vehicles and realizing the 'Two Mosts' vision requires an excellent team and the core competitiveness brought about by an outstanding corporate culture." This was a statement made by An Tiecheng, the General Manager of FAW-VW, at the corporate culture promotion conference in 2009. Accelerating the construction of corporate culture at FAW-VW is a requirement from both shareholders. It can facilitate the extension of shareholders' excellent cultures, accelerate the deepening of cooperation between China and Germany, meet the needs of long-term strategic goals, enhance core competitiveness, maintain sustainable development, achieve the goal of one million vehicles, alleviate market competition pressure, and fulfill employees' expectations. It can also unify the values of managers, better guide employees, and meet their need for self-actualization. The urgent need for corporate culture from all sides requires us to accelerate its construction, strengthen its management, and use it to support the company's future development.

Table 2.1

Leadership & Management Style		
Period	Leadership Style	Key Characteristics
1991-2000	Top-down, German-influenced	Strong emphasis on engineering and quality, centralized decision-making
2001-2010	Transitional, increasing localization	More collaborative, empowering local managers, balancing German standards with Chinese market needs
2011-Present	Decentralized, agile	Focus on innovation, employee empowerment, fostering a learning culture

Source: author's own

Enterprises need corporate culture because employee cohesion is crucial for development. But how is cohesion formed? It's not solely through salaries and benefits. The following story of "two houses" illustrates this point more vividly. In the "house" of an enterprise, people complain despite receiving salaries and benefits. In contrast, in the "house" of a temple, people willingly donate their hard-earned money without any complaints. Comparing the two, we can see that enterprise management lacks something akin to the faith-inspiring elements found in religion. It's often a simple exchange of interests - work for money! This element that can generate faith among employees is values, or rather, an excellent corporate culture centered around values.

FAW-VW's corporate culture is built upon a careful inventory of the company's 16 years of excellent cultural foundation, absorbing the outstanding cultural genes from FAW Group, the Volkswagen brand, and the Audi brand, and undergoing continuous refinement, distillation, and enhancement. The company's corporate culture explains to all employees our standards for judging right and wrong, the nature of our business, our spirit, and the company's future development goals[8]. The extensive participation of employees in the refinement process ensures that this

corporate culture, as a crystallization of collective wisdom, will undoubtedly be recognized and implemented by all.

1. Communication and Internalization of Corporate culture is a form of spiritual influence that an enterprise exerts on its employees[17]. Its essence lies in establishing a commonly recognized set of corporate values, thereby forming a unified way of thinking, behaving, and striving towards goals, ultimately enhancing employee cohesion, execution, and team combat effectiveness[15]. However, the role of corporate culture is not limited to within the enterprise; it can extend externally, such as gaining psychological recognition from consumers. This raises the question of how to transform corporate culture into competitiveness. For FAW-VW, it's about how corporate culture genuinely influences customers' purchasing psychology.

Brand culture has a distinct outward orientation; it's an emotional appeal from the enterprise to consumers[16]. Its essence is to influence and guide consumer preferences to gain their trust and loyalty towards the brand. Its core value lies in bringing products from the emotionless material world into a rich and colorful world of emotions, thereby fostering psychological identification with the brand among consumers. Our company has two major brands: Volkswagen and Audi. For instance, when people think of Volkswagen, they associate it with "reliable quality and technological leadership." When they think of Audi, they think of "progressive, prestigious, and dynamic." When they think of Jetta, they associate it with "sturdy and durable," evoking a sense of companionship. When they think of Audi A4, they picture the image of a young elite or senior white-collar worker like Lu Tao from the TV series "Struggle."

We can utilize media to convey information about various products under the Volkswagen brand, their benefits to users, etc., and conduct product-level promotion. On this basis, we can integrate various products to disseminate Volkswagen's brand culture and proactively promote the corporate culture using both inbound and outbound methods. For example, we can invite media and existing car owners to visit the factory, allowing them to witness firsthand how our products are manufactured and

our quality control system. We can also let them experience the spirit of ordinary FAW-VW employees, deepening their understanding of the company's corporate culture through quality culture and other departmental subcultures, as well as through interactions with real employees. At the same time, we can proactively promote exemplary figures within the company's corporate culture construction to the outside world, as the power of role models is immense. Promoting through concrete examples can also maximize external recognition of the company's corporate culture.

2. Employee Development and Knowledge Sharing In the process of corporate culture formation, the key lies in combining human resource management activities with corporate culture, clearly defining the core content of corporate culture in systems (management regulations), instilling it into employees' minds, and manifesting it in their behavior. The specific approach to integrating human resource management with corporate culture can be based on the following aspects:

First, align corporate values with recruitment standards. This requires rigorous training for recruiters during the hiring process, expert involvement in setting recruitment requirements, and a clear picture of the ideal candidate's overall image, including their personality and values, before recruitment even begins. This is essentially pre-emptive recruitment. During interviews, by analyzing candidates' personalities and values against the interview requirements and standards, those who are not a good fit can be filtered out, ensuring that individuals with a high degree of identification with the corporate culture are selected.

Second, integrate corporate culture requirements into employee training. Formal training activities are the most direct way to promote corporate culture^[14]. However, this can come across as forced "brainwashing." More flexible approaches can also be adopted, such as informal activities, informal groups, management games, and management forums, where corporate values can be subtly conveyed to employees, subtly influencing their behavior.

Third, incorporate corporate culture requirements into employee assessments and evaluations. Employee evaluations should not solely focus on performance

indicators^[13]. The content of corporate values should also be included within the assessment system as part of diversified assessment indicators^[12]. The interpretation of corporate values should be conveyed through various behavioral norms, clearly encouraging or discouraging certain behaviors to achieve the purpose of interpreting corporate values.

3.Strategic Alignment and Cultural Consistency Cultural construction cannot be divorced from history. During the company's initial construction phase, FAW Group clearly stated that FAW-VW's future goal was to become the most outstanding automotive joint venture in China. If the joint venture failed to become the best in the country, it would be a disservice to the trust of FAW's 100,000 employees, a betrayal of the ardent expectations of the Party and the country, and a failure to fulfill the dreams of the older generation of entrepreneurs and realize the dream of FAW's people to produce passenger cars. To this end, FAW-VW aimed to become the best in China in several areas, including product reputation, economic benefits, management level, development capabilities, and team quality, all ranking first in the country. In accordance with these requirements, FAW-VW, from its inception, looked to Volkswagen Germany as a benchmark and began to build its management, organizational structure, and system institutions in line with international standards.

In the mid-1990s, based on the company's development strategy, it was recognized that a clear business philosophy was needed to guide the company's various tasks. Thus, the "Sixteen-Character Business Policy" was proposed: "Quality First, Technology Leadership, Market Orientation, Management Innovation." This marked the beginning of transforming management philosophy into cultural concepts. With the introduction of the "Sixteen-Character Policy," the company continuously improved its quality system, fostering a strong awareness of quality among all employees. In terms of product technology, it consistently adopted international advanced standards, becoming the first to equip Class A cars with ABS and the first to achieve electronic fuel injection across its entire product range. It provided technical and quality benchmarks for aligning China's automotive industry's product

technology, manufacturing technology, marketing, and services with international levels, earning a good market reputation among users and the public. In management, the concept of processes was comprehensively introduced, diluting the concept of functions, breaking down departmental boundaries, and starting to form a system of close interconnect and cooperation^[11]. The continuous implementation of the Sixteen-Character Policy enabled FAW-VW to establish a systemic foundation for managing and controlling a 300,000-vehicle scale enterprise.

To achieve further breakthroughs on this foundation, it was imperative to accelerate cultural construction. In 2007, the company's management committee explicitly stated: "Achieving 300,000 vehicles in production and sales relies on process systems. When production and sales climb to 600,000, 800,000, or 1 million vehicles, what's needed is an excellent team and the core competitiveness brought about by an outstanding corporate culture. This is also the core driving force behind FAW-VW's journey from small to large, and then to becoming solid and strong."

2.3 The analysis of the existing state of corporate culture development system at FAW-VW

Cultural Philosophy and Framework When refining cultural concepts, the first step is to establish a framework for these concepts. With such a framework, we can clearly and visually understand the relationships between the various concepts. Currently, the cultural philosophies of mainstream enterprises worldwide are largely similar, with an overall trend towards convergence, differing only in their emphasis. European companies, particularly those in Germany and France, prefer to use core values to describe their corporate pursuits. American companies, on the other hand, place more emphasis on mission and vision to unite their employees and clarify their development goals and directions. The core concepts of Japanese corporate culture often include "corporate spirit," sometimes referred to as "company founding spirit," which carries a distinct flavor of Eastern culture. Domestic

enterprises tend to have multiple concepts, including, in addition to the aforementioned ones, their own unique business philosophies, safety philosophies, and so on. However, some enterprises' philosophies can become overly complex and lack concise language.

FAW-VW, after carefully considering the situations of various enterprises, determined that its own philosophy should adhere to the following principles: First, the number of elements constituting the core concept should not be excessive; the company-level core concept should be concise and focused. Second, there should be a logical relationship between the elements constituting the core concept. Third, the expressions of each element should not be repetitive. Fourth, clear and explicit definitions should be provided for each element within the core concept framework.

Interestingly, when defining each concept, we discovered that mainstream scholars have proposed no less than 300 definitions of corporate culture, and the descriptions of mission, vision, and other concepts are even more diverse. Therefore, the company decided to create its own interpretations, providing the following clear definitions for corporate culture and its elements, representing the views of FAW-VW employees.

Corporate Culture Definition: Refers to the sum of spiritual wealth and material forms that an enterprise creates with its unique characteristics during long-term production, operation, and management activities. It encompasses values, moral norms, codes of conduct, historical traditions, process systems, and the physical environment. Corporate culture is a key element in forming an enterprise's core competitiveness, the heart of modern humanistic management, and the cornerstone for a century-old enterprise.

1. **Mission Definition:** The enterprise's positioning of its long-term goals for survival and development, its fundamental nature.

2. **Vision Definition:** A description of the scene that emerges after the mission is accomplished.

3. **Core Values Definition:** The basic beliefs and principles advocated and

followed in the enterprise's operation and management. They represent the "personality and quality" of an enterprise and serve as the yardstick for measuring behavior.

4. Corporate Spirit Definition: The spiritual outlook exhibited by the enterprise when facing problems and difficulties in the process of fulfilling its mission and realizing its vision. It showcases what kind of team and people the enterprise comprises.

Business Policy Definition: The long-term strategies and guiding principles adopted by the enterprise in its operations to cope with market competition and achieve its mission and vision.

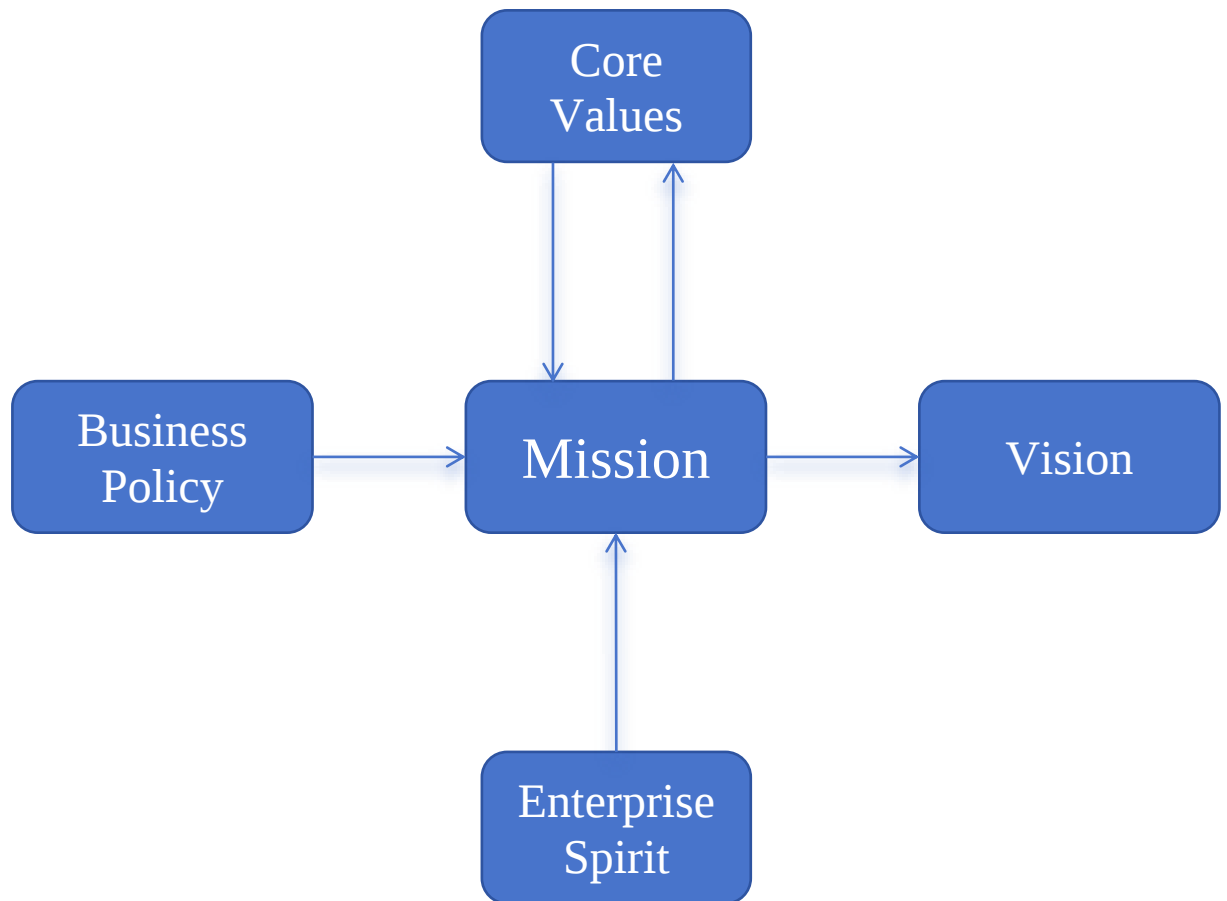


Figure 2.1 FAW-Volkswagen corporate culture concept framework

Sources: author's own drawing

In this diagram, mission and vision determine our direction; core values continuously correct our behavior, ensuring the enterprise stays on course; corporate spirit is the spiritual quality needed on the journey, unafraid of challenges, motivating all employees to move forward; business policy ensures orderly operations, smooth systems, performance creation, and supports progress. These five concepts are interconnected, each with its own focus, together forming the complete framework of the company's core philosophy. The Misconception of "Pursuing Profit Maximization"

The term "mission" itself carries a sense of solemnity. So, when combined with "enterprise," how should we understand it? What should be the essence of a corporate mission? Is it the pursuit of profitability and profit maximization? In fact, this question is simple. Every enterprise, from multinational corporations to small workshops, needs

to be profitable. Therefore, pursuing profit and ensuring profitability is not the purpose of an enterprise and its business activities but rather a constraint, or a bottom line. Failing to meet this bottom line means elimination. Thus, profit is a test of corporate activities. Peter Drucker, the founder of modern management, proposed in his book “The Practice of Management” that enterprises have only two primary functions: marketing, which is creating customers (without customers and the ability to sell products, an enterprise cannot survive), and innovation. Running an enterprise requires continuously meeting customer demands. However, a simple combination of various factors of production cannot create value. Only through continuous innovation can an enterprise create value for its users. Therefore, the mission of an enterprise, its reason for existence, cannot be solely found within itself. More importantly, it needs to be sought externally, from its contributions to society and from its customers.

So, where do FAW-VW’s mission and vision contribute? The mission is to create classic cars of value, promoting harmony between people, cars, and society. The vision is to build the most outstanding automotive joint venture in China and the most attractive company in the eyes of employees. Creating classic cars of value represents our contribution to users; promoting harmony between people, cars, and society is clearly our contribution to society; being the most outstanding automotive joint venture in China is our contribution to shareholders (partners); and being the most attractive company in the eyes of employees is our contribution to our staff. Therefore, our mission and vision evidently consider the contributions and interests of all parties. Driven by our mission and vision, we will move forward resolutely.

Table 2.3

Employee Training & Development		
Program Type	Focus	Objectives
Technical Skills	Automotive engineering, manufacturing processes, quality control	Upskilling workforce, ensuring high-quality production
Management & Leadership	Cross-cultural communication, leadership development, strategic thinking	Developing future leaders, promoting local talent
Digital Skills	Data analysis, software development, AI applications	Preparing for digital transformation, driving innovation

Sources: author's own

There are many examples worldwide of mission and vision inspiring corporate development. Panasonic once had a famous “tap water philosophy.” On May 5, 1932, Konosuke Matsushita delivered his renowned “tap water philosophy” speech. He proposed to the company’s management that their mission and vision (these two terms were more distinctly separated only after the 1980s) were not to produce electrical appliances but to eliminate poverty. “Make the things people need as affordable as tap water, so everyone can use them, and poverty will disappear.” Panasonic started as a small workshop with only three people and has now become one of the world’s largest electrical appliance manufacturing groups. There are many other examples in this regard. Before computers entered people’s lives, Microsoft’s vision and mission were to have a computer in every home, on every desk, running Microsoft software. This vision and mission, which seemed unattainable at the time, have now been realized. In short, the influence of vision and mission is immeasurable.

CHAPTER 3

THE IMPROVEMENT OF THE SYSTEM OF MANAGING THE DEVELOPMENT OF CORPORATE CULTURE AT FAW-VW

3.1 Problems in managing corporate culture development at FAW-VW

During the development of the mission, the company's management committee and the Party committee organized discussions among managers. They pondered the significance for the country, shareholders, users, and employees. After intense discussions, it was difficult to reach a consensus, but the discussions became increasingly clear, eventually converging on a few key phrases: "a model of automotive value," "loving cars, understanding cars, knowing how to build cars, building classic passenger cars of value," "benefiting society and users," and "environmental protection." After several days of continuous discussions, the phrase "Creating classic cars of value, promoting harmony between people, cars, and society" finally gained unanimous acceptance from the leaders of all parties involved.

The mission answers three fundamental questions: What do we do? For whom do we do it? Why do we exist? FAW-VW is an automobile manufacturer and will not venture into other fields. We produce classic cars, creating value for users and enhancing their quality of life and happiness. We are committed to environmental protection, reducing energy consumption, and promoting overall social harmony.

To create a harmonious Earth, balance the relationship between demand and resources, and enhance users' quality of life, FAW-VW people must continuously provide users with classic cars of value through leading technology, lean manufacturing, and rigorous service, shouldering the social responsibility of driving the development of China's automotive industry. We are not looking at the world from a two-dimensional plane; our vision transcends gravity, overlooking the Earth from space, hoping for a more harmonious and beautiful planet. We strive to make energy

more efficient and eventually transition to not consuming non-renewable energy. The implementation of our “Blue Drive” plan and the development of electric vehicles are all continuous efforts towards this goal. Our products are considered classic because they can withstand the test of time. Leading technology, lean manufacturing, and rigorous service are the guarantees for creating classics. Our sense of value comes from our users, allowing them to enjoy happier travels because they own the reliable and classic products we create.

With a heart dedicated to serving the country through industry, shouldering the responsibility of supporting independent development, and contributing to the revitalization of the national automotive industry, FAW-VW is duty-bound.

Many enterprises have their own visions that drive them forward. At FAW-VW, the core concept most familiar to every employee is the “Two Mosts” vision - to build “the most outstanding automotive joint venture in China and the most attractive company in the eyes of employees.” This seed, filled with hope and dreams, was deeply planted in the company’s early days. In 1992, at the company’s first Party member representative conference, the then-chairman Geng Zhaojie emotionally told the Party cadres, “If we fail to build this joint venture into the best in the country, we will be letting down the trust of FAW’s 100,000 employees, failing the ardent expectations of the Party and the country, and being unable to compensate the older generation of entrepreneurs for their dreams, fulfilling the dream of FAW’s people to produce passenger cars.”

FAW people are most qualified to talk about being the first. They have created countless firsts in China’s automotive industry and carry many dreams. As a subsidiary of FAW Group and the first modern passenger car industrial base in China to start with economies of scale, it carries the heavy responsibility of the group to become the best joint venture in the country. In essence, this is an extension of FAW Group’s core value of “striving for the first, innovating, and taking responsibility” at FAW-VW. Based on this concept, the group further proposed that to become the best joint venture in the country, it needs to be the best in China in the following areas: product reputation,

economic benefits, management level, development capabilities, and team quality.

The biggest change from the “One Most” proposed by the group in 1992 - to build the best automotive joint venture in China - to the “Two Mosts” vision we are familiar with today is that the human factor and the role of the team have been extracted and become an important vision parallel to the company’s development. With the continuous growth of the enterprise, we realize that FAW-VW has faced various challenges and pressures over the past 20 years. Yet, it has been able to grow from nothing to something, from small to large, achieving continuous increases in production and performance. This is because the company has a group of outstanding employees and an exceptional team who can firmly implement the decisions and will of the board of directors and the management committee. They can continue to forge ahead and create brilliance, whether the market is booming or experiencing setbacks.

Employees are the most valuable asset of an enterprise. The company grows relying on its employees, and its development benefits them. Over the past 20 years, from the continuous improvement of the working environment to the increasingly comprehensive safety measures; from the doubling of employee income to the establishment of a critical illness assistance fund to alleviate the worries of employees and their families; from organizing family open days, Olympic Games viewing, and World Expo tours to collective weddings and trips across the country; from opening expert channels to promoting contract workers to regular employees; from organizing cultural and sports activities to enrich employees’ spare time to encouraging them to actively contribute ideas and suggestions for the company; from holiday greetings to Chinese and German employees to frontline services provided by logistics departments; from setting up a general manager hotline to building communication and dialogue platforms between company leaders and employees - all of these demonstrate the company’s comprehensive care for its employees under the guidance of its vision and the influence of its culture. Employee satisfaction has continuously improved, fostering a harmonious and motivated team, allowing employees to share in the company’s development achievements and leading to a more prosperous life for them.

The grand and magnificent vision we have set forth is not a castle in the air. It originates from practice and describes the future, with concrete goals and directions in corporate operations. So, how do we become the most outstanding automotive joint venture in China?

Table 3.1

Corporate Social Responsibility (CSR)		
Area	Initiatives	Impact
Environmental Protection	Reducing emissions, promoting energy efficiency, supporting green suppliers	Minimizing environmental footprint, contributing to sustainable development
Community Engagement	Supporting education, disaster relief, local communities	Building strong relationships with stakeholders, enhancing brand reputation
Employee Well-being	Promoting work-life balance, providing health and wellness programs	Improving employee satisfaction and retention

Source: author's own

(1) FAW-VW should become synonymous with high-quality cars in China. This means establishing an image in the public mind that any car produced by FAW-VW is trustworthy. Just like few people can pinpoint where Moutai liquor is produced, only knowing it's in Guizhou. We may not know its origin, but everyone praises Moutai because it's used for state banquets and was used by Premier Zhou Enlai to entertain foreign guests. Even those who haven't tasted it would say Moutai is good. This is the significance of branding, the essence of high-quality cars. In the automotive industry, when people mention Hongqi, they think of China's national car, a symbol of the country and the nation. When they mention Audi, they think of a model of technological breakthroughs. When they mention Volkswagen, they think of a model of reliable quality. When they mention Mercedes-Benz, they think of a model of ride comfort, and when they mention BMW, they think of a model of driving pleasure. With such a positive corporate brand image, the business goals outlined in the vision are closer to being realized, not solely dependent on achieving a certain production volume.

Table 3.2

Brand Building & Marketing key strategies

Period	Brand Image	Key Strategies
1991-2000	German engineering, quality, reliability	Technology transfer, localized production, joint ventures
2001-2010	Premium, family-oriented, aspirational	Expanding model range, targeting growing middle class, emphasizing safety and comfort
2011-Present	Innovative, customer-centric, digitally connected	Focus on new energy vehicles, personalized experiences, online engagement

Source :author's own calculating

(2) Integrating advanced technological resources from home and abroad to continuously provide the most popular products for the Chinese market. To better adapt products to the needs of the Chinese market, the company has not only introduced Volkswagen Germany's original series of products over the past 20 years but has also continuously made localized improvements based on the characteristics of the Chinese market and user demands. The all-new Bora, as the first product primarily developed by FAW-VW, has been widely recognized by users and has become an important product for the company. To better integrate domestic and international technological resources, the company continues to increase investment in enhancing its research and development capabilities. It has built a pre-production center and a virtual/styling center, achieving upgrades and replacements for its entire product range, continuously enriching its product line, increasing the number of products, and expanding and strengthening its R&D team and capabilities. It has not only completed secondary development for a series of models like Jetta, Bora, and Audi A6L, but the successful development of the "Kaili" electric car also marks a crucial step in the independent brand R&D of the joint venture.

(3) Ensuring a continuously leading market share and industry-leading social and economic benefits. For mass-production car companies, market share reflects the degree of user recognition for their products. FAW-VW's market share target is a direct response to the strategic needs of both shareholders. FAW Group's fourth

venture and Volkswagen Germany's 2018 strategy require the company to maintain a continuously leading market share to meet and even exceed shareholders' strategic demands. Only by leading the market can it be called the most outstanding automotive joint venture in China.

We are willing to prioritize social benefits over economic benefits, demonstrating the broad-mindedness of FAW-VW people. An enterprise can only achieve sustainable profitability in economic terms if it contributes positively to the development of society. We need to maintain good economic benefits, continuously promote energy conservation and emission reduction within the enterprise, pursue technological innovation, calmly enhance quality, and give back to society, users, employees, and shareholders.

(4) Building a corporate culture that attracts national attention, makes employees proud, and supports and drives the company's strategic development. Strengthening the country through culture has become a national strategy for China. With the development of the national economy, we have come to realize that culture determines the height of a country and a nation. Similarly, cultural heritage also determines the development potential and height of an enterprise. The most outstanding automotive joint venture in China not only needs culture to support its own strategic development but also needs the ability to contribute to the revitalization of social culture. Internally, we need to ensure that employees not only understand our culture but also come to appreciate and love it, taking pride in it.

(5) Creating an energetic, creative, and first-striving employee team. We need to establish systems and mechanisms that stimulate employee vitality, build platforms that allow employees to unleash their potential, and foster a culture that encourages employee creativity. Only then can we empower employees with the ambition and courage to always strive for the first place.

(6) Becoming the most respected corporate citizen in the country. Corporate citizenship differs from social responsibility; it's a combination of rights and obligations, going beyond basic social assistance behaviors like donations and

scholarships. The Boston College Center for Corporate Citizenship defines corporate citizenship as “a company’s way of integrating basic social values into its daily business practices, operations, and policies. A corporate citizen believes that the company’s success is closely linked to the health and well-being of society. Therefore, it comprehensively considers the company’s impact on all stakeholders, including employees, customers, communities, suppliers, and the natural environment.” Clearly, this definition encompasses more elements of sustainability than simply fulfilling social responsibilities, establishing a closer connection between the enterprise and society. From this, a new term emerges: the “bee-type enterprise.” In nature, bees collect nectar to survive but also pollinate, promoting harmony in nature, forming interdependence. FAW-VW’s goal is to become the most respected corporate citizen in the country, developing harmoniously with society and keeping pace with the times.

3.2 Recommendations on improving the ways of managing corporate culture development at the company FAW-VW

The company currently has nearly 30,000 employees, and with the release of production capacity from the three major bases, the number of employees will continue to grow. Ensuring their employment and development is an important social responsibility of the company. Through the construction and commissioning of the Chengdu and Foshan branches, these two factories will directly provide over 30,000 jobs for society. The company’s development also drives over 400 upstream suppliers and over 700 downstream dealers, involving a total of more than 300,000 jobs. The company also actively participates in social welfare activities like “Children’s Dream Comes True,” themed around “energy conservation, safety, and environmental protection,” as well as Olympic public welfare promotion activities, giving back to society. With a commitment to building green factories and manufacturing environmentally friendly cars, it has invested over 30 million RMB annually in environmental protection in recent years. It has also carried out a series of Olympic

public welfare promotion activities, gaining public recognition for its image as an outstanding corporate citizen.

Decoding “The Most Attractive Company in the Eyes of Employees” For the concept of “the most attractive company in the eyes of employees,” we have an interesting interpretation: even those who are not part of this company yearn to work here. This interpretation holds some truth. In Volkswagen Germany’s core values, it’s expressed as “the best employer,” which carries a similar meaning. We decode “the most attractive company in the eyes of employees” from four dimensions:

Providing employees with interesting work, respecting their efforts and achievements, and respecting their individual development aspirations. Combining interest with work seems to be a very attractive proposition. At Volkswagen Germany, employees on the production line often switch positions because overly mechanical work can dampen their motivation. At FAW-VW’s production lines, team areas have green plants, some teams keep ornamental fish, and some play music at the site. These are all efforts to make the workplace more interesting.

Respecting employees’ efforts and achievements requires accurately assessing their abilities and objectively acknowledging their performance^[23]. Managers should not and cannot treat employees unfairly based on personal preferences or closeness. When selecting talent, we should pay more attention to their ability to lead teams and take responsibility in practice. In the ancient Chinese text “Liezi,” there’s a story about Jiufanggao, a horse appraiser. During the Spring and Autumn period, when Bole was old, Duke Mu of Qin hoped Bole would recommend a successor to continue selecting fine horses for the state. After careful consideration, Bole solemnly recommended a man named Jiufanggao to Duke Mu. Duke Mu wanted to test Jiufanggao and asked him to find a steed within three months. Three months later, Jiufanggao reported back, saying he had found one. Duke Mu asked if it was a male or female horse and what color it was. Jiufanggao replied, “It’s a yellow mare.” Duke Mu led everyone out to see, and it turned out to be a black stallion. Duke Mu was very dissatisfied and summoned Bole, complaining, “How can the person you recommended not even

distinguish the horse's color and gender? How can he recognize a steed?" However, Bole looked at the horse, sighed, and said, "I didn't expect Jiufanggao's horse appraising skills to reach such a high level, surpassing even mine!" He then uttered a famous saying, "See what it sees, not what it doesn't see; look at what it looks at, and ignore what it doesn't look at." Following Bole's hint, everyone noticed that the horse Jiufanggao brought was indeed an exceptional steed. In his eyes, there were only steeds, not distinctions of color or gender, as those were unimportant and didn't affect its status as a steed. When we deal with others, especially as managers, we tend to focus on external things, like an employee's appearance or their attitude towards superiors. We don't pay enough attention to what we should be concerned about, such as whether they genuinely complete their tasks on time, whether they have the ability to do better, and whether they have development potential. This is a major taboo in management.

Respecting employees' individual development aspirations doesn't mean letting them freely choose their positions. Instead, it involves scientifically analyzing and understanding their characteristics and needs, and assigning them suitable positions, which benefits both the employees and the enterprise^[24]. In our finance department, there was a lively and challenge-loving employee who, after working for a while, couldn't consistently maintain stability, often miscalculating data and ranking low in performance evaluations. He himself was dissatisfied and troubled. After his leader communicated with him, recognizing his unique traits and abilities, he was recommended to work in the sales department. This allowed him to leverage his strengths and excel in sales. Sometimes, when employees encounter work problems, managers need to distinguish whether it's an issue of ability or an issue of placement.

In a certain workshop at the production plant, a supervisor engineer greatly admired a team leader under his supervision. He continuously gave him challenging tasks and various learning opportunities, often urging him, hoping he could grow quickly. However, this team leader felt the pressure was too much and wished for a more stable position. He started avoiding the engineer, missing shifts by switching to

night shifts, and eventually even requested a transfer to another model to avoid the supervisor, creating awkwardness for both of them. In reality, the supervisor engineer had good intentions but didn't seek the employee's own wishes, resulting in a well-intentioned act not yielding good results. Respecting individual development aspirations means that managers should understand employees from multiple perspectives and communicate with them through various channels^[25].

Providing employees with development opportunities to ensure their abilities and value continuously appreciate. The company opens various growth channels, striving to provide employees with broader development space^[30]. We hope to achieve a situation where “when employees move forward, we pave the way for them; when they climb upward, we build ladders for them; when they want to fly, we give them wings.” This is because we believe that the accumulation of individual employee achievements will lead to tremendous achievements for the enterprise.

FAW-VW is a platform for training and developing talent. The company has a relatively complete system, modern equipment, and high management standards. In its early days, it even had a training base covering 5,000 square meters with an investment of 30 million RMB. In recent years, the annual investment in training has exceeded 100 million RMB. With work experience at FAW-VW, individuals' value will increase, and even if they leave the company, they will still have good employment opportunities in society.

(3) We believe that stable jobs, the best working conditions, a harmonious work atmosphere, performance-linked and competitive salaries and benefits that are the envy of others will make employees proud to be part of FAW-VW. In every enterprise, most positions are relatively fixed, and we need dedicated employees who can work happily with job stability. As the company's benefits increase, our office conditions and production site conditions are also continuously improving, and we aspire for even better. Creating a harmonious work atmosphere and promoting team unity, allowing everyone to work happily, securely, and wholeheartedly, is the important role of the “software” aspect of culture. Of course, such a team will inevitably strive to create

better performance, and the company is willing to provide employees with salaries and benefits that are higher than competitors and the industry average, commensurate with their performance. In fact, the living standards of our employees generally exceed the average in Changchun City and are also leading in the entire industry. Our sense of pride comes from multiple aspects, both material and spiritual.

(4) We also care about the physical and mental health of our employees, advocating for scientific work and healthy living, and comprehensively enhancing their sense of well-being and quality of life. Regular physical checkups for employees have become commonplace in the company, but this is only part of caring for their physical and mental health[26]. In fact, the company pays even more attention to employees' psychological well-being. It is committed to strengthening ideological guidance and continuously promoting culture. When the management committee discusses the budget each year, the budget items that are almost always approved without discussion by both the Chinese and German sides are those related to improving the working environment and boosting employee morale. To alleviate the worries of employees and their families, the company launched a critical illness assistance fund with an initial capital of 1.4 million RMB. This fund is managed by a council elected by the employees themselves and is currently operating well. These all reflect the company's humanistic care. Although due to market competition, many employees, especially those on the front lines, are making tremendous efforts and sacrifices, not fully ensuring scientific work and healthy living, our efforts today are for a more relaxed tomorrow. The company will strive to achieve a transformation from focusing on scale to focusing on strength, allowing employees to shift from being merely affluent to being genuinely happy^[28]. At the same time, through various healthy, positive, and enriching cultural and sports activities, we aim to enhance the quality of life for employees and their families.

What the vision depicts are our expectations and aspirations. Although many of these expressions may seem unrealized or even difficult to realize at present, as the development and changes of things are always relative, what remains unchanged is the

relentless pursuit of this vision by FAW-VW people.

Crystallization of the Wisdom of All Employees core values are the personality and character of an enterprise, and the qualities that each of our employees must possess^[27]. The company once solicited core values from all employees. A senior executive believed that culture belongs to managers, and the boss has the final say, so how can it be solicited from all employees? The management answered that FAW-VW's philosophy should come from all employees, and everyone has the right and responsibility to express their opinions. Only in this way can such a culture be recognized and practiced by everyone.

In the process of collecting and summarizing core values, more than 2,000 Chinese and German employees at different levels participated in the refining process. Among the words fed back by managers, integrity, responsibility, performance, and cooperation ranked in the top four. The four words most frequently fed back by employees were integrity, care, excellence, and win-win. Among German employees, integrity and performance were mentioned more often.

Based on everyone's opinions, the management and senior managers discussed and combined the core values of FAW Group, Volkswagen, and Audi to analyze and think. In the end, the four words integrity, respect, win-win, and value creation were fixed and expressed as these four words in German. The Chinese expression is "integrity creates value, respect achieves win-win", which is neat and antithetical and contains more content. Therefore, the birth of core values truly contains the wisdom of all employees.

(1) There are two meanings of integrity creating value. One is that integrity itself can create value; the other is to create value for users with the philosophy of integrity first^[29]. Integrity is not only a concept but can also create value for us. In a key sales city in the north, in order to protect local products, it is difficult for other brands of taxis to enter its market. In order to open up the market, our sales staff went to visit the boss of the largest taxi company in the area, but they didn't know us and wouldn't meet. The salesperson finally waited until the other party's boss went to the teahouse to discuss

business and introduced himself at the door. The other party said that you wait for me here, and we may have a chance to talk. It was winter, and our employees knew that the other party was testing whether they were sincere, so they waited in the snow. After more than an hour, the boss of the other party asked people to see if the salesperson was still there and found that our employees were still waiting in the snow. After another hour, the boss asked again, is that young man still there? The subordinate replied that he was still there, and he even swept away the snow that had fallen on the boss's car. The boss was stunned when he heard this and nodded thoughtfully. After talking about the business, he drank tea for another while, and four hours passed. When the other party's boss came out of the teahouse, he found that although it was snowing all the time, his car was clean and there was no snowflake, but the eyebrows of our salesperson were frosted. Our sincerity moved the other party, and almost all of the company's updated products used FAW-VW models, which opened up this huge market at once. Integrity can create value.

(2) Striving to create value and pursue the highest performance is the working principle of FAW-VW employees. We must not only strive to create value but also do our best. In FAW Group, it is understood as "striving for the first place". Among the core values of Volkswagen in Germany, there is "creating value", and there is also the pursuit of "highest performance". We turn the high efficiency of improving performance into a criterion in our work. We must learn to think about how to do our work better, bring more value to users, and win the competition[29].

(3) Integrity is the foundation of the company's business and the basis for winning the trust of users, partners, and the public[35]. It is the basic moral code followed by employees in the process of creating value for users. In traditional Chinese culture, morality is divided into five categories: benevolence, righteousness, propriety, wisdom, and trust. Trust is one of them. Beijing Tongrentang was founded in the eighth year of Kangxi in the Qing Dynasty (1669). In the long history of more than 300 years, it has always kept in mind and adhered to the motto, which is the famous couplet: "Even though the preparation is complicated, we dare not save manpower; even though

the taste is expensive, we dare not reduce the material resources.” The character of integrity has supported Tongrentang’s prosperity for centuries. This is not only the case in China, but many companies in the world regard integrity as a value, such as Siemens and other well-known enterprises.

(4) Responsibility is the basis and premise of integrity and value creation[30]. In the process of creating value, leaders should dare to make decisions and take risks, and employees should dare to explore and innovate. Responsibility is implied in integrity and is an important support for value creation. When the company was in the construction period, the management system was not perfect enough. Some employees slipped away from work and did not carefully check the equipment and lines, resulting in power outages and production stoppages. However, in order to shirk the responsibility for not repairing in time, resulting in power outages and production stoppages, he threw dead mice into the electrical box, saying that it was because the mice climbed into the electrical box that caused the power outage. As a result, the inspectors found that the mouse did not have any traces of being punctured by the current, which was obviously a man-made accident caused by dishonesty and shirking responsibility. The company’s management analyzed that, in fact, the “dead mouse incident” was only a superficial problem. This was a problem with the company’s culture and management system. Everyone did not know how to create value with integrity. It was also the result of imperfect process system and lack of sense of responsibility. Subsequently, the company improved the process step by step, and things were done according to the rules, treating things rather than people, and gradually developed the habit of strictly abiding by the process system.

With the awareness of working with integrity, we can have a good sense of responsibility. With the sense of responsibility, we can realize that leaders dare to make decisions and take risks, and employees dare to explore and innovate in the process of striving to create value.

In the process of joint operation and mutual integration between Chinese and German enterprises, collisions between different cultures and different management

thinking are inevitable. In order to better respect each other and achieve win-win results, a German management member displayed the following cartoon at the meeting.

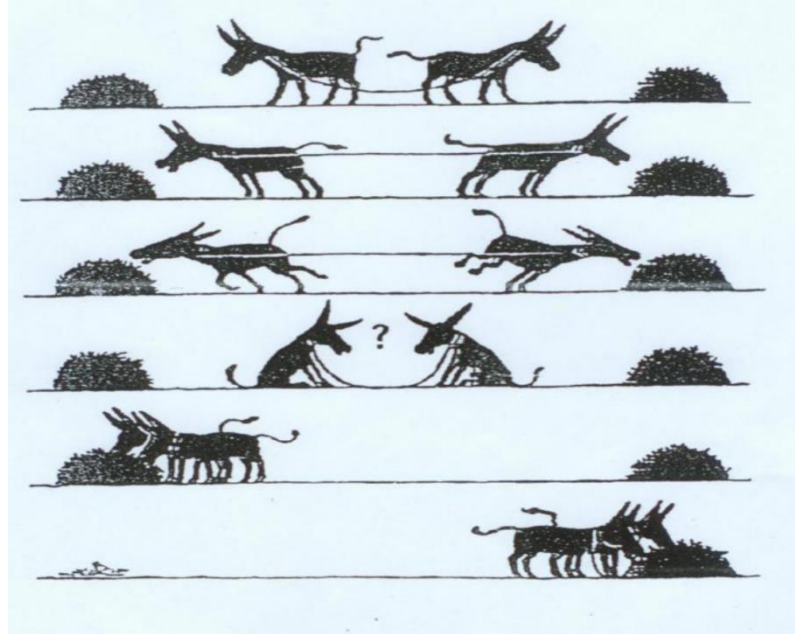


Fig 3.1 German management member displayed cartoon at the meeting
Sources : Management book. 2007 edition. Retrieved from Internet users

After seeing it, everyone smiled knowingly because it vividly expressed everyone's common aspirations. Soon after, at a meeting at the Great Wall Hotel in Beijing, China and Germany solemnly established the "Great Wall Spirit" and established the principle of "maximizing the interests of joint ventures" with mutual respect and win-win results, laying a solid foundation for the sustainable development of joint ventures. Anshihao, the former German general manager of the Audi Division, once said with emotion that when the shareholders of our competitors were arguing fiercely, Audi had already jumped from tens of thousands of vehicles to a new level of 100,000 vehicles. It is precisely because of harmonious cooperation, mutual progress, and win-win results that the strategic plans of both shareholders can be fully implemented, and the confidence in cooperation is further strengthened. The joint venture contract has been extended to 2041.

Respect creates harmony, and respect is the basis for harmonious cooperation[34]. To respect everyone is to cherish the fate of others. Something happened at one of our

domestic suppliers in Shanghai. An intern processes a part. It is not easy to distinguish the front and back of this part. If you accidentally install it incorrectly, the cutter head will be scrapped, which is an accident. As a result, after working for more than two months, an accident occurred in which the parts were installed backward and the cutter head was scrapped. According to the regulations, they must be dismissed during the internship. The Minister of Human Resources has already made a reply to dismiss him, but the general manager decided to give him another chance after thinking about it. A young man who has just entered society and is faced with such an experience will ruin his life. So the young man stayed. But less than a month later, he had the same accident again. The Minister of Human Resources told the general manager, how about this time, should he be fired this time! The general manager suggested that he should be transferred to another position because it is not worth firing someone for a few cutters. Afterwards, the general manager felt that this matter was not so simple, so he went to the site to carefully observe the part and found that it was indeed difficult to identify, and it was difficult not to install it incorrectly. After careful inquiry, I found that no one was willing to do this position because it was too difficult to avoid accidents. So the general manager held an on-site meeting, calling workers, team leaders, foremen, including on-site engineers and directors. Everyone should invent a device that makes it easy for people to distinguish which is the front and which is the back, otherwise, whoever replaces it will continue to have accidents^[33]. An engineer was inspired and invented an infrared positioning device. Once it was installed reversely, it would promptly remind. From then on, there has never been an accident here.

Respect creates harmony. To be people-oriented, we can't just solve problems crudely when we encounter them. We must respect knowledge, respect creation, and respect talents; respect those who dare to take responsibility; respect different cultures and different interests. In traditional Chinese culture, "harmony without uniformity" is an important concept. In an enterprise like FAW-VW, people from different countries and provinces gather here, and their beliefs, personalities, and habits are all different. But what we have in corporate culture is a common pursuit and the same values, which

is the basis of harmony. We must also make it clear what we respect. Even the most intense discussions about problems at work are based on respect. Remarks that directly attack others are completely contrary to our culture.

In a functional department of the company, the Chinese and German ministers disagreed on one thing and quarreled fiercely at the meeting, and the meeting ended unhappily. After work, the Chinese minister was still angry when the German minister came in and said, "Let's go drink beer after work." The Chinese minister said that we just had a fight, how can we drink together? The German minister was surprised and said: "We argue for work, it has nothing to do with our personal feelings."

In the production plant, a young manager, in order to check whether the grassroots managers had carefully recorded their work, asked each manager to hand in their work notebooks. As a result, one of the old engineers wrote very neatly and organized. The manager invited him over and praised the old engineer. When returning the notebook to the other party, he asked the other party if he had any comments on his work? The old engineer said: "I think the notebook is a personal item, even if it records work. You are the leader and asked me to hand it in. I respect you. But I hope you can respect my privacy and stop collecting notebooks." These words made the manager very ashamed, and he apologized to all the managers at the meeting, and mutual respect was established as the department's sub-philosophy.

We advocate respect, but we should not neglect that the premise of respect is self-respect.

During the construction period of the No. 2 Car Factory of the company, when the foundation of the pretreatment electrophoresis tank in the painting workshop of the No. 2 Factory was planned, the load provided by German process experts was 100 tons per linear meter, and they confidently stated that it could not be changed. According to experience and preliminary calculation data, the civil engineering team of the general planning department of the company's planning department proposed that the load per linear meter should be below 20 tons. The German side ignored it at first and did not recognize the data measured by the Chinese side at all. In order to benefit the joint

venture, the team members continued to insist on their own views and made constructive and tireless communication and dialogue. After nearly two months of repeated negotiations, the German side was finally moved by our persistence and sincerity and agreed to conduct a truly serious calculation of their data. The final results showed that the Chinese side was completely correct. The German side apologized, respected the Chinese side's views, and fully adopted the Chinese side's data. In this way, 500 engineering piles were cancelled in the entire project, saving more than 3 million yuan in investment. The Chinese side has gained respect from the other side through its own capabilities and strength. The investment has been saved, the equipment has been successfully installed, and the Sino-German cooperation has become increasingly harmonious, creating value and achieving win-win results.

In the process of developing the company's business, achieve a win-win situation for users, partners, employees, and shareholders, so as to achieve the company's sustainable development. An enterprise is not fighting alone. It needs the cooperation of the entire value chain to deliver classic products of value to users. About 70% of FAW-VW's products are produced by suppliers, and more than 90% of its products are sold by dealers.

In order to comprehensively strengthen the cooperation of the value chain, the company has determined the policy of "scientific procurement, win-win cooperation" for suppliers and "cooperation, development, and win-win" for dealers, and regards suppliers and dealers as strategic partners. The supplier capability improvement plan and the dealer cooperation development plan were implemented. The company sent backbones to key suppliers such as Ningbo Huaxiang and Changchun Hella Auto Lamps to focus on cultivating five capabilities of suppliers, such as supply guarantee, do a good job in dealer network development, provide services and support, improve profitability, and achieve win-win results with partners.

People always need some spirit. In the TV series "Liangjian," we experience the spirit of "drawing the sword" - facing a powerful opponent, knowing you are no match, but still resolutely drawing your sword. Even if you fall, you become a mountain, a

ridge!History has proven that heroes often appear in groups. The army led by the famous anti-Jin general Yue Fei was known as “easier to shake a mountain than to shake the Yue Family Army.” The epic Long March in Chinese history left us with the unforgettable “Red Army spirit” of perseverance, resilience, and unwavering determination. The “Red Flag spirit” of FAW people creating classic cars of value for the Republic, and so on. The members of these teams all possess the same character and temperament, inherit the same fine traditions, and agglomerate unwavering fighting spirit^[32]. Regardless of the circumstances, both the team as a whole and each individual member exude an aura of heroism, unstoppable momentum, and strong cohesion, forging the unique spirit of the group. The spirit of FAW-VW people - “learning, enterprising, cooperative, and innovative” - is no different.

To understand the connotation of learning, we need to understand the original meaning of the word. In the book “The Analects,” the opening chapter includes the phrase “Isn’t it a pleasure to study and practice what you have learned?” The “practice” here cannot be simply understood as review. In oracle bone script, “practice” is represented by a bird with wings on top, symbolizing a young eagle with newly grown feathers, and the sun below, signifying the eaglet practicing flying under the sun every day. Therefore, the meaning of this phrase should be that it is joyful to continuously apply what you have learned in practice and achieve success^[31].

Learning itself is a complete process description. In our corporate spirit, learning is the foundation of progress, cooperation, and innovation. Learning is the primary spirit formed by FAW-VW people since its establishment. Faced with difficulties and problems, FAW-VW people have the determination and perseverance to learn. Through learning, we can cultivate the confidence to progress, the courage to cooperate, and the passion to innovate.

Table 3.3

Technology & Innovation		
Area	Key Developments	Impact
Manufacturing	Automation, robotics, Industry 4.0 technologies	Improving efficiency, quality, and flexibility

Product Development	New energy vehicles (NEVs), autonomous driving, connected car technologies	Meeting evolving customer demands, staying ahead of the competition
Digitalization	Big data analytics, AI applications, online platforms	Enhancing customer experience, optimizing operations, driving innovation

Source: author's author's own

Learning is the key for employees and enterprises to achieve success and win the future. For many employees who joined the company in its early days, the lights of the training center are their most profound memory. This is a unique memory for FAW people. When China FAW was founded, the biggest challenge they faced was not knowing how to build cars. However, a sense of national responsibility and mission drove them to face difficulties and learn persistently^[36]. They learned in classrooms, from Soviet experts, and through practice. In just three years, they built the First Automobile Manufacturing Plant.

(1) In the process of joint venture cooperation, FAW-VW continuously learns from Volkswagen Germany, from processes to management systems, from quality standards to product design. Learning through cooperation allows our employees to grow continuously. At the beginning of this century, the field of surface smoothness, acting as a bridge between automotive styling and engineering, was almost a blank slate in China. However, the leaders of the Technical Development Department recognized the importance of this work and assigned this position to the Pre-development Section, making it one of the key areas for development. The Surface Smoothness Group in the Pre-development Section sent an outstanding engineer to Germany for training. Initially, his German colleagues didn't trust him and imposed many restrictions on his work. Sharing the same office, he couldn't move around freely. Even a trip to the restroom, passing by others' cubicles, would cause them to immediately turn off their monitors and stare at him with vigilance. Moreover, his door card would automatically deactivate at 5 pm. To maximize his learning in the office, he would go to the restroom at 4:45 pm every day, bring some biscuits back, and study diligently until the early

hours of the next morning. He even refrained from drinking water at night because going to the restroom meant he couldn't re-enter the office. He continued learning like this for three months. During this time, besides completing Class A surface data design work, he also coordinated relevant technical information internally and externally, accomplishing a large number of tasks with high quality and quantity within a very limited timeframe. In the end, he even helped his German colleagues complete their tasks. When creating data for the Jetta FL3 rear bumper, there was a disagreement with the German designer, who rejected his ideas and insisted on following his own approach. Our engineer, through patient communication, discovered the German designer's lack of knowledge in mold-related aspects. He explained mold knowledge and the current production status in China, and created virtual data to demonstrate the feasibility of his proposed solution. The real data ultimately won the approval of the discerning German designer. From then on, the German staff communicated patiently and sincerely with the Chinese side and praised our employee as the "Number One" in China's surface smoothness design field.

(2) We advocate lifelong learning in practice, applying what we learn, and never being complacent^[37]. Learning is a continuous process because we constantly face new problems and challenges. FAW-VW spends a considerable amount of money hiring foreign experts to build exhibition cars. Every time they build an exhibition car, the foreign experts don't allow Chinese employees to participate, claiming it's to avoid affecting the quality of the exhibition car. The real purpose is to keep the technology confidential. Building exhibition cars requires high technical skills, extensive manual work, and demands for precision and accuracy. It involves special methods and tools, and requires strict elimination of uneven gaps and excessive flatness deviations^[38]. There are various welding methods like brass brazing and tin soldering, all requiring exceptional skills. Every time German experts came to build exhibition cars, Wang Hongjun would try to learn their techniques secretly, observing from the sidelines during the day and staying late after work, pondering every step of the German experts' process. He frantically practiced brass brazing, tin soldering, and other welding

methods. All the household chores were left to his wife. He rarely went to pick up his child from daycare, and even forgot three times, angering his wife to the point where she wouldn't let him do it anymore.

After three years of continuous learning, observing, and practicing, Wang Hongjun finally mastered the skills of building exhibition cars. One day in 2003, he approached the workshop director, expressing his desire to build an exhibition car independently. The director assigned him capable assistants, and they completed the task in just 15 days, a task that usually took German experts a month. After authoritative testing, it reached the highest international standard for exhibition cars. Since then, FAW-VW ended its history of hiring foreign experts annually to build exhibition cars. A German expert, upon seeing the exhibition car built by Wang Hongjun, exclaimed, "It took me 23 years to learn how to build exhibition cars, and you did it in just three years. That's remarkable! In the future, we'll hire you with a high salary to build exhibition cars in Germany."

Wang Hongjun, starting as an ordinary sheet metal repair worker, has been dedicated to his position for 19 years, never ceasing to learn. He has learned from various sources, integrated their knowledge, and applied it to his work, cultivating a highly skilled repair team of over 200 people. Many FAW branches have his apprentices. He also spent two years, revising multiple drafts, to complete the book "Wang Hongjun's Car Body Repair and Adjustment Methods," passing on his knowledge to even more people.

Learning from the world's advanced enterprises and competitors, continuously absorbing the most advanced ideas and cultures, and keeping pace with the times in management and technology. Today's learning is for the work of tomorrow. Having a forward-looking vision is essential to ensure our own progress. When Premier Zhou Enlai was studying at Nankai School in Tianjin, he wrote a couplet to motivate himself: "Work with people of courage and integrity; learn from places without words." This tells us to always start from reality and focus on integrating learning with application, enhancing our qualities and abilities through practice. "Working with people of

courage and integrity” means learning from the world’s highest standards. The Chinese market is filled with almost all the major automotive brands in the world, including our shareholders and competitors^[39]. Being good at discovering others’ strengths, learning from them, and leveraging our own advantages while avoiding our shortcomings is the way to achieve our goals.

Enterprising is the driving force behind learning, an unyielding and never-complacent attitude towards work. To achieve the grand vision of “the most outstanding automotive joint venture in China and the most attractive company in the eyes of employees,” we cannot overcome difficulties and challenges without an enterprising spirit, because “a true scholar must be resolute and persevere, for the burden is heavy and the road is long.”.

Table 3.4

Talent Acquisition & Retention

Focus	Strategies	Objectives
Attracting Talent	Competitive compensation, career development opportunities, employer branding	Recruiting top talent, building a diverse workforce
Retaining Talent	Employee training and development, performance-based rewards, creating a positive work environment	Reducing turnover, retaining skill employees
Developing Local Talent	Mentorship programs, leadership development initiatives, promoting from within	Building a strong local leadership pipeline, fostering a sense of ownership

Source :author’sauthor’s own

Enterprising requires us to maintain a spirit of forging ahead and positivity. In the early 21st century, China’s automotive industry was booming. Even as the company was making great strides, the FAW-VW management committee remained calm. To prevent complacency and encourage vigilance, the general manager used the famous

“boiling frog” analogy for analysis. When a frog is thrown into boiling water, it immediately jumps out due to the sudden high temperature, successfully escaping. However, when a frog is first placed in cold water and then slowly heated, it remains comfortable in the water until it’s too late to escape the rising temperature and is boiled alive.

3.3 Evaluation of the effectiveness of the proposed recommendations at FAW-VW

Maintaining a proactive and enterprising spirit allowed the company to maintain good growth momentum even when the automotive market slowed down^[40]. Throughout FAW-VW’s development, the most important thing is to avoid complacency and the “big company disease.” To become “the most outstanding automotive joint venture in China and the most attractive company in the eyes of employees,” we must always maintain an enterprising spirit, not becoming arrogant in victory or discouraged in defeat. To become a strong enterprise, we must not only surpass our competitors but also continuously surpass ourselves.

Courageously shoulder responsibilities, strive for the first place, make decisive decisions, and execute them resolutely^[41]. In 2010, the company faced a prominent issue of insufficient production capacity. To achieve high-quality sales, the management committee decided to initiate a detour production plan for Jetta painting. The Jetta painting capacity expansion project team at Car Plant No. 1’s paint shop, to ensure the project’s timely completion, decided to start work early during the Spring Festival holiday until the product’s SOP (Start of Production). The employees worked tirelessly, often late into the night, without a single day of rest. Despite the initial lack of office facilities, meals, and transportation, they overcame difficulties, going deep into the production line during the day to meticulously check equipment and process conditions, and working overtime at night to draw equipment and process flowcharts, compile problem lists, and complete equipment and process problem investigations ahead of schedule. Before the project’s SOP, the project team identified and resolved a

total of 231 issues. Especially during the initial equipment debugging phase, faced with the challenge of insufficient technical capabilities from the original equipment manufacturer's technical personnel, they proactively took on tasks that were originally the manufacturer's responsibility. They led the remaining two technicians from different manufacturers to resolve electrical issues one by one, from front to back, including hardware debugging and program optimization, addressing over 100 issues of varying sizes. In the face of inadequate training conditions in the early stages, they innovated a "water spray practice method" to forcefully train new employees, making it possible to produce qualified car bodies after only 12 days of paint training. In the early stages of trial production, they established a special task force to address numerous quality problems. They integrated personnel from material manufacturers, equipment maintenance, and other areas to conduct extensive testing and verification. They used dozens of paint films and over 50 trial car bodies. The task force members were constantly on the production line, often working late into the night to track car bodies. After 103 days of relentless effort and hard work by the project team, the first qualified Jetta painted car body officially rolled off the line. This moment was one day ahead of the SOP date set by the company's management committee. This seemingly short one-day lead time was achieved under the challenging circumstances of fully reactivating a production line that had been idle for six years and carried significant risks, with the overall tank installation plan delayed by 13 days and employees having only 12 days of actual hands-on spray painting training. The entire project team worked tirelessly, completing the tasks assigned by the company ahead of schedule and making significant contributions to the company's market expansion efforts.

Cooperation is the game strategy of a learning organization, a model of partnered progress, and the foundation of win-win outcomes^[49]. As corporate competition intensifies, cooperation becomes increasingly important for enterprises. Stephen Robbins, a renowned American management professor and authority on organizational behavior, proposed that teamwork can effectively mobilize all the resources and talents of team members. It automatically eliminates disharmony and injustice while

providing appropriate rewards to those who contribute sincerely and selflessly. When teamwork is based on conscious willingness, it will undoubtedly generate a powerful and enduring force.

Sincere cooperation is the foundation of FAW-VW's survival and development. Maximizing the interests of FAW-VW is the fundamental interest of both shareholders. Employees, users, suppliers, dealers, and others are all partners in our success. FAW-VW was born from cooperation, grew through cooperation, and thrives on cooperation. The company consistently adheres to the principles of cooperation, emphasizes the art of cooperation, and achieves efficiency in cooperation. The areas of cooperation are continuously expanding, and the level of cooperation is rapidly improving. It not only strengthens strategic partnerships with suppliers and dealers, practices the principle of internal customers, but also implements the Sino-German Partner Progress Plan to enhance cooperation within the company. Each German employee is assigned a Chinese partner, and they help each other, learn from each other, and improve together. This model now has a complete set of assessment and promotion standards. Both Chinese and German employees take pride in receiving awards under this plan. The German side even includes whether or not an employee receives this award in their overseas employee evaluations, effectively promoting respect, understanding, and cooperation between China and Germany. They work together towards the same goal, bringing their cooperation to one of its historical best periods.

Cooperation especially the courage to cooperate in competition, is a quality that FAW-VW people should possess. The term "coopetition" is increasingly understood and accepted. In the fierce market competition, we need to be adept at cooperating with competitors when necessary. Cooperation among international automotive companies has become a trend since the late 1990s. At that time, Japanese automotive companies put forward the slogan of "division of labor and cooperation." "Division of labor" means that an enterprise should concentrate its resources in its areas of greatest strength to achieve maximum benefits. "Cooperation" means that an enterprise adopts

a strategy of entering the market by cooperating with stronger partners to gain benefits and reduce risks. For example, Fiat and Suzuki, both primarily small car manufacturers and competitors, later reached an agreement to consolidate their competitive advantages. Fiat would provide Suzuki with 1.6L diesel engines, and Suzuki would build a new generation of models for Fiat. There are other examples, such as Mitsubishi and Peugeot Citroen reaching an agreement on electric vehicle cooperation, and Daimler seeking to establish a small car cooperation project with Renault.

In fact, the Chinese have long understood this principle. The vertical and horizontal alliances during the Spring and Autumn and Warring States periods, the alliances during the Three Kingdoms period, and the cooperation between the Kuomintang and the Communist Party during the modern Anti-Japanese War ensured the formation of the united front against Japanese aggression. Marx once pointed out in “The Communist Manifesto,” “In politics, for a certain purpose, one can even form an alliance with the devil, but one must be sure that it is you who are leading the devil, not the devil leading you.” Of course, cooperation in today’s competitive environment is based on equal cooperation driven by strategic needs.

Adhering to the principle of internal customers and taking the initiative to serve is the best form of cooperation. Cooperation can be simple; taking the initiative can make others feel your sincerity, leading to more pleasant future collaborations. Only through open and honest communication and seeking common ground while reserving differences can we achieve mutual progress and win-win outcomes.

We have multiple understandings of innovation. Saying something no one has said before is innovation. Doing something no one has done before is innovation. Thinking about something no one has thought of before is innovation. We encourage innovation because it improves our work quality, increases our efficiency, and consolidates our competitive position. Our innovation mainly refers to technological innovation. The mainstream international definition is “the entire process from recognizing the commercial potential of a technology to its complete transformation into a commercialized product.” Another interpretation is that “innovation, as distinguished

from invention or a technological prototype, is the actual adoption or first application of a technology.”

(1) Innovation is the driving force behind FAW-VW’s leapfrog development. Innovation is the noble pursuit of a learning organization, the soul of progress for both employees and the organization, and the key to the company’s future success, with a constant emergence of innovative talents.

Jin Tao, an electrical maintenance technician at Car Plant No. 1, is known as “the first person to break through the technological window.” He is dedicated to studying equipment electrical principles and maintenance techniques. He has formed unique maintenance and improvement innovation ideas in laser welding, medium-frequency welding, stud welding, and automated body production lines. He has overcome technical challenges in rapid capacity increase, quality defect reduction, and maintenance cost control, accumulating over 150 technological innovations.

Especially during the transformation of the Audi A6L automated production line, he added a tracking function to the roller bed, optimized the programs for robot laser welding, spot welding, and roller hemming, and independently designed and installed three manual welding stations and two robotic automation stations, and implemented over 30 equipment improvement projects, contributing to the increase in Audi A6L’s daily production capacity from 180 units to a maximum of 370 units. The laser brazing gap compensation, trajectory compensation, and parameter matching technology he developed for car body surface laser brazing components improved product qualification rates, increased production efficiency by 25%, and boosted production capacity by 33%. During his ten years of work, he combined international advanced technologies with his work experience to compile teaching materials for over 10 automation courses, which became direct teaching materials for production line maintenance personnel to learn about foreign advanced technologies.

(2) Discovering problems is discovering wealth, and solving problems is creating wealth[50]. The company is committed to continuously and deeply carrying out improvement activities such as rationalization proposals and KVP-Kaskade by

cultivating experts in problem discovery and problem-solving teams, constantly stimulating employees' enthusiasm for creation, fully tapping into their wisdom, and building an innovative and dynamic workforce. Zhan Baocheng from the Engine Transmission Plant is such a problem-solving expert. He has tackled nearly a hundred complex technical problems in his workshop and related cooperative factories, independently completed over thirty major improvement and innovation projects. Among them, the "Siemens CNC Core Unit Localization" project solved the reliance on spare parts from foreign specialized companies, and the method of CNC system data backup has become a common practice in equipment maintenance. He also continuously learns new technologies and applies them in practice, including the development of Human-Machine Interface (HMI) and the application of cable distributors to improve equipment visibility and reliability. The Engine Transmission Plant has always used mechanical processing equipment, extensively applying numerical control systems, with Siemens 840D being the most common, accounting for 70% of all equipment. He spontaneously organized the plant's maintenance team to form a CNC training group and compiled the "Siemens 840D Practical Manual," divided into ten sections, using actual cases to explain various applications of 840D, typical fault diagnosis, and solutions, becoming a "troubleshooting bible."

In the summer of 2008, after the Wenchuan earthquake, he represented the group company and went to Sichuan to participate in the reconstruction of Dongfang Electric Corporation. Together with his team members, they solved technical problems, taking only two days to troubleshoot a foreign-imported ion nitriding furnace that had been out of service for over two months. This resolved a major issue in the recovery and reconstruction process of Dongfang Electric Corporation, earning unanimous praise from leaders at various levels, including the All-China Federation of Trade Unions and Dongfang Electric Corporation. His deeds were featured on the front page of the "Workers' Daily" and reprinted by many newspapers and websites. He also became a hero of FAW's Sichuan aid efforts and a nationally renowned problem-solving expert.

(3) Never be satisfied with existing achievements, persistently propose new ideas

and solutions[47]. In the process of innovation, let employees enjoy the joy of realizing their self-worth[46]. Only when innovation becomes enjoyable can it stimulate enthusiasm and be sustained. Whether we can enable employees to wholeheartedly participate in innovation is a key point for our consideration.

(4) Lead user needs with continuous innovation achievements[43]. It's not enough for an enterprise to merely satisfy user needs. The success of Apple lies in its ability to create and lead demand. Leading demand allows an enterprise to achieve a leading position in market competition. The key to leading demand lies in whether we have innovative achievements that surpass our competitors and the motivation and mechanisms to continuously promote the generation of such achievements.

(5) Every bit of improvement reflects the spirit of innovation, and innovation is endless. The concept of innovation is the actual adoption or first application of a technology^[44]. Although the minor improvements we make in our work may not be called innovations, they embody the spirit of innovation. Every innovative effort by employees deserves our encouragement and support. Market orientation is user orientation because only by putting the interests of users first can the interests of employees and shareholders be realized. Our internal standards are always guided by user needs, expectations, and desires. The purpose of all our work is to create value for users, creatively meet their needs, and lead market development.

In the 1990s, there weren't many car models competing in the Chinese passenger car market, and marketing personnel mainly followed the traditional sales model. Although competition existed, it wasn't particularly fierce. With the booming of the automotive market, multinational companies entered the Chinese market in full force. Today, there are very few provinces in China without car manufacturing plants. If every automotive company were marked on a map of China, there wouldn't be many blank spots left. Therefore, the company's business policy underwent a sequential adjustment in 2006, changing from the original "Quality First, Technology Leadership, Market Orientation, Management Innovation" to the current "Market Orientation, Management Innovation, Quality First, Technology Leadership."

CONCLUSIONS

Placing market orientation first and implementing it throughout the entire system and processes has brought about a profound change in the company's management and business thinking. Before 2006, FAW-VW's production capacity hovered around the 300,000-vehicle mark for several consecutive years. The company's management committee realized that this wasn't simply a production capacity issue but rather that the system couldn't adapt to the demands of a 300,000-vehicle scale. Therefore, in-depth and continuous promotion of reforms became the company's top priority, particularly emphasizing the driving force of the market[45]. As a result, after initiating comprehensive reforms, the company began actively promoting marketing reforms, striving to boost system capabilities, and proactively challenging the market. It firmly grasped the key points of market strategy and user needs, building a team capable of marketing one million vehicles. It overcame various obstacles and continuously carried out comprehensive reforms in the sales company. The Volkswagen brand formulated 24 specific reform measures in five areas, completing the transformation from Strategic Business Units (SBUs) to more independent regional business divisions (NSCs), with functions continuously moving forward to challenge the market. The Audi brand established a sales division to optimize resource allocation and strengthen the sales management system tailored to the characteristics of high-end brands, continuing to lead the luxury car market.

The market-oriented marketing reform has driven the entire system[44]. The company seized the key links affecting the release of production capacity, enriched its product line, enhanced its flexible production organization capabilities, comprehensively improved employee quality, increased labor productivity, and strengthened the supply capabilities of its partners, leading to a continuous increase in production capacity. It surpassed the 300,000-vehicle management hurdle and eventually achieved a breakthrough of one million vehicles.

Management innovation serves to satisfy customer needs better, faster, and more

efficiently. It is an essential requirement for FAW-VW's sustainable development and enhancement of its comprehensive competitiveness. It is also a process of inspiring employee creativity and increasing their value. It is primarily reflected in management areas such as corporate culture, leadership, organizational structure, human resources, business models, system processes, project management, and production operations. The key to achieving management innovation lies in employee participation and support.

During the company's growth period, to enhance management capabilities, the company strengthened training for managers and key personnel to transform their management thinking. At that time, when the management committee gave lectures to all managers, they talked about four generations of management. The first generation was described as an old lady selling eggs at a farmer's market. She had to consider when to get up, when to go to the market, when to have lunch, how much to sell each egg for to make a profit, and when to return home in the evening to finish housework. This is a form of self-management, only involving herself and not affecting others. The second generation was represented by a small private business owner, like a restaurant owner, who had to manage several employees and consider procurement, customers, and sales to be profitable. This is typical micro-management, lacking concepts of systematic management, strategic management, or humanistic management. When asked to evaluate their own management stage, some managers at the time answered second generation, third generation, or even first generation. Few considered themselves in the third generation, and none in the fourth.

Improving management requires not only a change in mindset but also innovation in management systems and models^[43]. To address the issues of incomplete internal management processes and mutual blame-shifting, the company presented a case study about a family lacking harmony, with lazy members. When an oil bottle fell, everyone expected someone else to pick it up. As a result, the oil spilled completely while they were still arguing. The company proposed that when an oil bottle falls, the nearest person should first pick it up, then put it back in place. Next, a process should be

established for how to handle such situations in the future, and finally, effective methods should be devised to prevent similar incidents from happening. With the continuous establishment and improvement of processes, the company's management level has been effectively enhanced, the concept of functions has been diluted, departmental boundaries have been broken down, and a system of close interconnect and cooperation has begun to form^[42]. The principle of internal customers, which persists to this day, was also established.

Creating market competitive advantages through leading technology, provide high-quality products for the Chinese market, establish a model of technological value in the minds of users. FAW-VW is committed to continuously introducing, digesting, and absorbing the most mature and advanced international technologies and providing them to users in the Chinese automotive market. It not only offers domestic consumers a wide range of products to choose from but also sets technical benchmarks for aligning China's automotive industry's product technology, manufacturing technology, marketing, and services with international levels. The research on the development course of FAW-Volkswagen's corporate culture provides a comprehensive analysis of the intricate evolution of its organizational identity, highlighting the critical intersection of Chinese and German cultural influences that have shaped the company over time. Founded in 1991 as a joint venture between FAW Group and Volkswagen AG, FAW-Volkswagen represents a fusion of two distinct corporate cultures: the German emphasis on precision, quality, and efficiency, alongside the Chinese values of collectivism, hierarchy, and adaptability. This blend has not only allowed the company to thrive in the highly competitive automotive industry but has also forged a unique organizational ethos that continuously adapts to external and internal shifts in both the Chinese and global contexts.

FAW-Volkswagen adopted many of Volkswagen's core corporate practices, which centered on a methodical and systematic approach to manufacturing, grounded in engineering excellence and a deep commitment to high standards of product quality. The German tradition of precision and attention to detail was reflected in the

company's early operational frameworks, laying a strong foundation for its future growth. However, as the Chinese automotive market grew rapidly, so too did the need for FAW-Volkswagen to adapt and innovate in response to local consumer preferences, competitive pressures, and evolving market dynamics.

Throughout its development, the company's corporate culture underwent a gradual but significant transformation. It integrated Volkswagen's global values of integrity, responsibility, and innovation with the distinctive characteristics of Chinese corporate governance, which prioritize harmony, respect for authority, and a long-term vision. This process of cultural fusion was further facilitated by extensive cross-cultural training programs, which aimed to enhance mutual understanding between Chinese and German employees. These programs fostered a collaborative working environment, where the integration of diverse perspectives contributed to improved decision-making processes and enhanced operational efficiency.

The research also emphasizes the role of leadership in shaping FAW-Volkswagen's corporate culture. Over the years, both Chinese and German executives have played pivotal roles in steering the company through various phases of growth, market fluctuations, and technological advancements. These leaders have cultivated a culture of continuous improvement, fostering a mindset that encourages both employees and management to embrace change, take calculated risks, and pursue innovation while maintaining a strong commitment to quality and customer satisfaction.

Moreover, FAW-Volkswagen's corporate culture has increasingly focused on sustainability and social responsibility, reflecting broader global trends in corporate governance. The company's efforts to reduce its environmental impact, promote green technologies, and engage in corporate social responsibility (CSR) initiatives have become integral components of its cultural identity. This commitment to sustainability is not only aligned with Volkswagen's global strategy but also resonates with the Chinese government's push for greener industries and environmentally friendly practices.

In conclusion, the development course of FAW-Volkswagen's corporate culture can be characterized as a dynamic and adaptive process, one that has successfully merged the strengths of both Chinese and German management philosophies. By balancing global standards with localized practices, fostering innovation and sustainability, and prioritizing cross-cultural collaboration, FAW-Volkswagen has created a distinctive corporate culture that enhances its competitiveness and positions it as a leading player in the global automotive industry. This ongoing cultural evolution ensures that the company remains agile in the face of future challenges, while continuing to build on its strong foundation of quality & integrity, and corporate responsibility.

FAW-VW was the first to equip Class A cars with ABS, the first to achieve electronic fuel injection across its entire product range, the first to transfer technologies such as automatic transmissions, airbags, turbocharging, ESP, and CAN bus from luxury cars to popular models, the first to launch environmentally friendly and fuel-efficient diesel series cars, which is currently the most technologically advanced and perfect power combination among various models in China. It was also the first to introduce the Audi brand, a Class C car. In production and manufacturing technology, it was the first to use double-sided galvanized steel sheets and hot-formed steel sheets, the first to use robotic welding and laser welding, and the first to use cavity wax injection technology. In marketing and services, it established the first 4S shop in China and the first 800 customer service hotline, among other achievements.

It can be said that FAW-VW's business policy has gradually become deeply ingrained and plays a leading role. It has earned a good market reputation among users and the public^[51]. The company's continuous adoption of advanced technologies has driven the functional development and system balance of the entire automotive industry chain. More and more suppliers not only provide parts for FAW-VW but also rely on their gradually improving technical quality to export overseas, with their enterprise scale continuously expanding.

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