

Analysis on How to Improve BYD Co., Ltd.'s Operating Income based on Corporate Social Responsibility and Human Resource Management

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Abstract. In the global marketplace of today, every little thing can give a company a competitive edge over competitors and affect its long-term viability. Human Resource Management and Corporate Social Responsibility have grown to be extremely potent instruments for businesses. Over the past ten years, there has been an unparalleled surge in the study of Human Resource Management (HRM) and Corporate Social Responsibility (CSR). The corporate community has shown a keen interest in this sector, in addition to researchers and academics, who have contributed to this increase. However, many corporations have yet to discover the potential of Corporate Social Responsibility (CSR) and Human Resource Management (HRM) and what they can help for their companies. This paper mainly reviews on take BYD for an example, to see how BYD can solve its recent problem based on Corporate Social Responsibility and Human Resource Management and hope Chinese corporations can use this as model.

Keywords: Corporate Social Responsibility, Human Resource Management, BYD.

1. Introduction

BYD Co., Ltd. was born in 1995, the purpose of this high-tech enterprise is to use technological innovation to meet people's yearning for a better life. Being a pioneering company in the new energy vehicle space, BYD continues to strengthen its independent research and development capabilities, strengthen the brand effect, and actively seek its own positioning. Since its inception, BYD has considered the key competitiveness of "quality, cost and efficiency" under the guidance of the development concept of "technology is king, innovation is oriented" with the help of strong research and development strength and innovation ability. However, while BYD's hefty R&D spending has risen year after year, its sales have not. The persistent rise in research and development expenditures will eventually drive up operating costs, which will raise the percentage of operating costs in operating income and ultimately lower BYD's profit. Compared with its biggest competitor Tesla, BYD's fixed costs are much higher. From cooperation social responsibility perspective, despite the fact that BYD's new energy vehicles have a lot of room to grow in the market given the emergence of other new energy vehicle brands, the company's global brand awareness is not very high., the high-end brand image has not entered the public vision and is still regarded as low-end products. Besides, a few years ago, BYD was hit by complaints from nearby residents about serious pollution problems at its Changsha plant, this negative information not only damages the reputation of BYD but also reduces the desire of consumers to buy the brand. All of these reflect one problem: in some ways the relationship between BYD and communities is a lack of communication and constructive opposition, BYD's corporate social responsibility still has a lot of shortcomings From Human Resources Management perspective, currently, BYD employs over 650,000 people, including over 40,000 R&D technicians. More staff means harder to manage. Previous reports have pointed out negative information such as non-compliant employment, public security incidents, and work-related injuries occurred in BYD factories and parks before. Also, the number of R&D personnel increased, R&D investment increased, but the proportion of operating income decreased. It can be seen that there are still problems in R&D and resource utilization efficiency, so the management of R&D expenses and R&D personnel should be strengthened. What's more, BYD in recent years has continued to expand the size of the store, and the implementation of "mass store tactics", which is bound to significantly

increase the number of front-line employees. However, from BYD's overall sales point of view, these significantly increased the number of sales employees did not bring considerable benefits for BYD. This phenomenon has also posed a challenge to BYD's Human Resources Management.

2. SWOT Analysis

2.1.Strength

BYD new energy vehicles business places a high value on technology research and development, has numerous patents both domestically and internationally, has integrated motor and electronic control systems, master batteries, and power batteries as a first mover advantage; sales that provide a scale effect when compared to other state-owned brands; BYD aggressively develops and innovates in the fields of new energy and the Internet, while also paying attention to the introduction and nurturing of talents. This business has excellent after-sales support and sales channels, also, a low lawsuit rate that has enhanced its reputation. As a company rooted in the Chinese market for decades, BYD has a higher understanding of the Chinese market, and is more familiar with the Chinese market and consumer concepts than other new energy companies, therefore BYD tends to increase production quantity and range so that their product can cover different markets and fit for different classes of people to buy according to their budget. What's more, BYD actively engages in charitable giving to project a pristine corporate image, and actively pass on the green concept to employees. It implies that pro-environmental conduct occurs in an organization when employees have improved green organizational culture, enhanced green social capital, and enhanced green ideals. [1].

2.2.Weakness

Compared with foreign joint venture automobile enterprises, BYD's brand premium and market recognition are still at a low level; Compared with other new energy vehicle brands, such as Geely's sub-brand Lynk & Co, the middle and high-end market layout is relatively late. BYD's relevant research technology has been relatively closed for a long time due to the "vertical integration" approach, which to some extent hinders the company's ability to collaborate and exchange ideas with the outside world on new energy vehicle technology. The "three electricity" technology and production method still lag behind international companies like Tesla, and the development of power batteries has reached a standstill [2].

Due to the difficulty of implementing CSR effectively across subsidiaries, huge companies such as BYD often lack meaningful implementation. " Large companies typically prioritize symbolic CSR communication over actual integration of the concept into their fundamental processes and systems." according to those who coined the term "large firm implementation gap." [3].

BYD's genes and culture dictate that the team's approach to developing talent is to support logic and technology, and this kind of environment isn't conducive to producing high-quality goods and markets.. It is not that there are no talents who are good at products and markets in BYD's hundreds of thousands of people, but that such talents are suppressed in the entire cultural atmosphere of BYD and cannot grow effectively. However, BYD's employment system is based on internal promotion, which has led to a lack of talents in key positions, which has led to serious specialization. Also, BYD lacks the establishment of knowledge resource database, therefore, the enterprise will lack of internal information and communication channels combined with employees working alone will limit their personal green knowledge reserves and make it more challenging for them to propose novel ideas that have environmental significance [4].

2.3.Opportunity

International standards for vehicle exhaust emissions are getting stricter; green living, environmental protection, and energy conservation are becoming the main trends in international development; people's concepts of environmental protection are becoming more and more strong; more and more people are pursuing new energy vehicles, which have a large market potential and

room for profit; The government has implemented a number of policies to increase the development chances for new energy vehicles, and BYD has seen its market competitiveness strengthened as a result of national preferential policies that support the growth of the new energy vehicle industry; Traditional fuel vehicle development has been hampered by energy and environmental issues, and the price subsidy program gives new energy vehicle companies a competitive edge over their overseas counterparts in terms of price.

According to research, consumers are more susceptible to subsidies, and once those subsidies increase to a particular point, they have no further effect on their green consumption habits. This indicates that consumers' awareness of environmental issues has been successfully raised, and that there will be a continued increase in the market for low-carbon products [5]. Thus, the government can, on the one hand, increase consumer purchasing power for low-carbon products and give media attention to low-carbon production companies. Alternatively, governments could provide appropriate production subsidies to incentivize manufacturers to develop cutting-edge, low-carbon technologies. At present, although there are many companies in the new energy automobile industry in China, their statements on corporate social responsibility are relatively simple, and they only focus on green ecology and charitable fundraising. Therefore, implement and carry out new social responsibility actions to make BYD stand out in terms of Corporate Social Responsibility and receive the attention of consumers can be a good opportunity for BYD.

What's more, currently, China's domestic employment rate is low, and the continuous implementation of BYD's "mass store tactics" requires the use of a large number of human resources. Through scientific Human Resource Management, the company is able to accept more employees and provide more job opportunities for more people. Additionally, the study shows that the most common approach to Human Resource Management nowadays is to give staff members a chance to grow and preserve their skills and feel more involved in the workplace. This way, when they receive performance reviews from their managers that are tailored to their needs, they can modify their work habits to better fit the objectives of the company [6].

2.4.Threat

The construction of transportation infrastructure is gradually improved, more and more people choose to share the way of travel, and the overall development of the automobile market is sluggish; The joint venture brand reduces the selling price due to the sales pressure, which makes BYD lose the price advantage. Furthermore, at present, there is a lack of perfect new energy vehicle charging facilities in China, and many consumers do not choose to buy because they feel inconvenient. Since the annual increase in research and development costs is smaller than the annual increase in sales of new energy vehicles, the average research and development investment per new energy vehicle has generally shown a downward trend in recent years [2]. Similar to other companies, BYD will eventually see a decline in profit due to the ongoing rise in research and development expenses, which will also raise operational costs and raise the percentage of operating costs in operating income.

Besides, as BYD's biggest competitor, Tesla also poses a threat to BYD at the level of corporate social responsibility. As the world's top technology enterprise, Tesla is committed to exploring the universe with high-end technology and improving human lifestyle. It not only produces electric vehicles, but also covers brain computer interface, Star Link and other scientific and technological fields. These research in the field of science and technology have benefited mankind, for example, in the recent "Israeli-Palestinian conflict", Tesla company used Star Link technology to provide Internet services for refugees in Palestine. Also, its founder and CEO Elon Musk has talked about taking humans into space and going to Mars, to this end, Tesla is working hard towards this goal, and every successful launch of Tesla rockets will bring a warm response to the whole society. In contrast, BYD's focus on the field is a little single, so the enterprise accumulated in the level of corporate social responsibility influence is small, coupled with their lack of strong publicity, social response is not ideal, which also indirectly led to the decline of BYD's sales and popularity.

Under the circumstances of the new energy industry has become a hot industry, major companies are actively seeking employees with relevant high-end technology, and professionals learning new energy related knowledge are in short supply. Major new energy leading enterprises are not only competing in product technology but also in human resource management. Whoever can seize and retain the R&D personnel in the core technology field will be able to shine in the field of new energy vehicles.

3. Suggestions

Through the SWOT analysis and the combination of Corporate Social Responsibility and Human Resource Management, the following suggestions are given based on the analysis results.

In terms of corporate social responsibility, the corporation is a social rather than a natural construct [7], therefore it is significant for BYD to have a great performance on Corporation Social Responsibility. BYD can vigorously donate new energy vehicle charging piles to the society. This behavior not only enhances the brand's popularity, but also effectively solves the problem of inconvenient charging on the road of driving new energy vehicles to a certain extent. And this effort to make a contribution to society fits perfectly with BYD's main business, which is no longer just doing ordinary things like charity fundraising. For charity fundraising, every person in the society can make a small contribution, but to the society free of charge new energy vehicle charging pile, is BYD as a global new energy vehicle leading enterprise to do a solid reality for the society, but also to solve the dilemma faced by new energy vehicles to provide a force. And it is this actual embodiment of corporate social responsibility that can enter the public's vision, enter the consumer's vision, and BYD's mark on the charging pile can be more visible.

The industrial sector has undergone a significant transition as a result of Industry 4.0's new technology. In addition to having a significant effect on businesses' financial and operational performance, these technologies are also gradually altering the conception and management of human resources in factories [8]. Therefore, in terms of human resources, BYD can combine Industry 4.0 with Human Resource Management. The application of Industry 4.0 technology will enable BYD to promote remote working and collaboration with colleagues across locations and time zones, on the one hand, allowing BYD to effectively manage the additional employees as its stores continue to expand, and on the other hand, ensuring that BYD has the ability to accept more employees, which will partly solve the problem of low employment in China.

Of course, BYD should also pay attention to training employees in various departments and convey the company's philosophy to avoid illegal employment, public security accidents, and industrial accidents. At the same time, in terms of rewards and punishments, each department should have a promotion system of corresponding responsibilities of each department. The research and development department should take the research and development results as the reference standard, the sales department should take the sales volume as the reference standard, and the production department should take the production volume as the reference standard. The rewards and punishments should be equal to each department, so that research and development, sales, and production can go hand in hand, so that there will be no increase in research and development costs and relatively small sales. Through the point-to-point human resource management system, BYD can improve the efficiency of various departments, increase research and development efforts, reduce unnecessary costs, and avoid spending more than its income.

The current study offers empirical proof of the advantages of a welfare-oriented HRM strategy for enhancing the crisis readiness of travel and hospitality businesses. Employee empowerment and employee development, the two pillars of the happiness-oriented human resource management framework, positively affect employees' psychological well-being and help them acquire the psychological resilience to preserve their happiness under trying circumstances [9]. Additionally, the results show that CSR significantly influences the attitudes and behaviors of organizations [10].

4. Conclusion

Given that the Chinese nation promotes a low-carbon and environmentally friendly economy, new energy vehicles have a lot of potential for growth. Regardless of perspective, new energy vehicle development is essential. This paper takes BYD as the research object, elaborates its problems in corporate social responsibility and human resource management through SWOT analysis, and puts forward corresponding solutions to the problems encountered. In the course of the research, the following conclusions are drawn.

Increase research and development efforts, optimize the management of research and development human resources costs. BYD should identify value-added activities of research and development resources and reduce non-value-added activities of research and development personnel, concentrate high-tech talents to apply to the key competitive areas of new energy vehicles, and coordinate the value chain nodes of automobile production and sales, and carry out cost management training courses for enterprise employees.

Implement new measures to demonstrate corporate social responsibility and reflect brand characteristics. BYD needs to surpass its peers in corporate social responsibility actions and creates brand characteristics, make full use of the current e-commerce platform, produce programs related to the sale of new energy vehicles, further enhance consumers' understanding of new energy vehicles, and promotes information such as models, prices and relevant functional configurations of new energy vehicles online to publicize the product advantages of new energy vehicles and arouse consumers' curiosity about new models. So as to attract more potential consumers.

Actively cultivate employees' innovation ability. In terms of integrated innovation, with the increase of research and development personnel and research and development funds, the research and development cost of BYD's new energy vehicles remains high. Based on the low-carbon economy, it is more necessary to use innovation ability to manufacture vehicles and create a smooth model structure, and the weak innovation ability increases the research and development cost of BYD's new energy vehicles to a certain extent. Therefore, the spending on human resource management BYD should not only focuses on research and development efforts but also strengthen employees' own innovation capabilities.

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