

Labor Organization, Haidilao, Modern Utopian Society

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Abstract: Historical evolution about labor began even before the term was coined. During the Industrial Revolution, scientific management accelerated how factories eliminated small workshops. More recently, it has been discovered that humans usually cannot precisely handle the job organizations require. Human relations management is proposed to solve this problem by understanding human nature and more properly maintaining employee relationships to improve work efficiency. Haidilao, as an enormous and innovative restaurant company, has some similarities to human relations management. Its case reflects the irrationality of human behavior and reveals the importance of understanding human nature itself to the labor organization. This paper is designated to reconsider the essential factors of forming a modern utopian society from experience learning from the evolution of labor organization and the modern Haidilao.

1 INTRODUCTION

Haidilao, a well-known hotpot restaurant, approaches enormous business success by functioning some own-created management method, which later creates a shocking management system. The CEO of "Haidilao": Zhang established close and systematical relations with his employees by providing them with extra autonomy, such as the right of exempting the bill for the customer, providing employees with nannies, free apartment, parental subsidies, and even, a special fund, which is designated to help employees with their emergencies. Those unique specialties in Haidilao's management later push Haidilao has become one of the highest retention rates in the business world.

2 THE LABOR DISCUSSION IN THE EARLY INDUSTRIAL PERIOD

The argument of labor has continually attracted the academy's attention throughout history. The philosophy of ancient Greeks and Romans despised the laboring classes, and Aristotle's disapprobation of the labor also supported similar ideas. After a few centuries, the impact of industrial changes sweptwing over the world has undermined the labor in the rank of society. The transformation from muscular power to

mechanical power and the vast demand for capital and entrepreneurial capabilities have made labor dependent on capital in massive aspects, factories have gradually replaced small workshops, and workers have since been at the mercy of employers.

Karl Polanyi pointed out in the book "The Great transformation" that the early factory system not only exploited workers economically but even more barbarously, it also destroyed the ancient cultural model and gave nothing under their position.

Since then, employers seem to stand opposite of employees, and their relationship has no longer stayed in the original state but has become a game of interests.

As the central theme of management in this period, scientific management describes how managers view employees as part of a rigid company machine psychologically, they conduct employees to participate in their job by continuously emphasizing the division of labor and piece-rate wages. To further exploit the word of scientific management, the pioneer of scientific management, Frederick Taylor explained that the idealized interest of "scientific management leader" concentrate on the amount of employees' salary because this could manage and control employee behavior.

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3 MODERN LABOR MANAGEMENT THEORY

President Woodrow has an aphorism that "the spontaneous cooperation of free people provides the highest form of efficiency." In the Cooperative Game, only attendants are doing something beneficial to their group set can increase the premium of their total profits, otherwise, it will result in a double loss. The cornerstone of a comprehensive employee relations plan is to give individuals a sense of dignity and participation in the competition. Profit-sharing is just a bridge that satisfies the individual's psychological desire for belonging, participation, and security.

In the academic paper "The Night-Mind industry," Elton Mayo points out that the human mind and social organism are still very largely uncivilized. Modern scientific management is considered monotonous, on employees' position, long period of repetitive thinking and work can be combined to make pessimistic or depression.

The dean of the department of personnel management and industrial relations, Abhijit Gangopadhyay, points out that technology's effectiveness lies in people being able to operate and maintain the machines they design. The equipment design consciously utilizes human abilities and limits oneself within human limits, thereby amplifying and increasing the system's output. On the contrary, the equipment design will reduce system performance and challenge its original intention. Related issues of this kind are more important today than in the past because the highly complex systems we develop are increasingly pushing human functions to their limits of efficiency and safety.

From the lessons of the machine factory in the industrial revolution, we can conclude that people are not a "simple machine" that can be completely transparent and understood. Long-term work similar to machines often produces individual mental illnesses. Therefore, establishing an employee's working environment often requires managers to conduct a lot of investigation and research. A survey conducted in the Harvard Fatigue Laboratory showed that in a treadmill experiment on a group of people, a 40-year-old middle-aged man with marathon experience had better anti-fatigue ability than an 18-year-old young man. De Mar has at 40 years old, but he is a multi-marathon winner, he can adjust his body to increase his efforts without disrupting the physical or psychological balance. In summary, the researchers concluded that if a person cannot maintain a relative psychological or physical balance at work, it is difficult for him to continue and vigorously pay effort.

After a few centuries, Human relations management was proposed in 1933, which has been academically found relevant several management advantages, enhancing the sense of group identification to improve the work performance, providing employees with affluent perks to retain the employees and maintain the development of the company. Several elements were considered as the characteristics of human relations management (HRM). HRM leaders are deeming that maintaining the relationship with employees can benefit the development of the company. Meanwhile, HRM leaders will become a guide during the work period, conducting employees to have a specific business goal and improve their efficiency. Otherwise, HRM leaders use motivational theory to provide appropriate recognition and rewards when employees achieve organizational goals.

In comparing HRM and scientific management, human relations management can guide employees to intuitively obtain business goals and more financial rewards and provide their employees with more opportunities to obtain additional benefits, on the contrary, unmotivated employees may have less salary or even be eliminated. Scientific management can have a stable structure in their organization, however, it also decreases the correlation between employees and their upper organization company, especially psychologically.

The working environment and status of employees may be crucial in management. Research in Hawthorne shows that people often do not firmly pursue economic benefits such as salary. On the contrary, a comfortable working environment is often more attractive than a higher salary, for example, from the manager's particular attention in the workplace.

4 THE LINKAGE BETWEEN HUMAN RELATIONS MANAGEMENT AND HAILILAO

In modern management in the 21st century, HRM has become a necessary force. The well-known sense of team identity and high employee retention rate encourage managers to create more humanized management models. HRM leaders strengthen employees' sense of group identity by strengthening communication with employees and paying additional attention to employees. At the same time, HRM also serves as a powerful model to effectively prevent Employee turnover and maintain the Company's

financial stability. Matt Petryni, a columnist at the "Oregon Daily Emerald," points out that employee retention is highly relevant to the quality of their workplace and rounding environment, also, an attractive management model can perform better on retaining the employees.

The CEO of Haidilao, Zhang Yong, who has emphasized people-oriented management since the first brick of the Company's foundation, has an inevitable similarity with human relations management. Zhang established a cooperative system: "Apprentices" system. When the previous managers open a new branch, his apprentice will be designated to the new manager at the original branch, and the manager can have a proportion of profit from his apprentice's branch, which can have a chain effect between manager and the step-managers, previously known as his apprentice. This system illuminatingly forms an independent cooperative group inside the Company, automatically creates an emotional connection among employees, maintains a highly relevant group effect, and enhances the sense of group identification.

According to Company's research, Haidilao also empowered managers with an equity-like incentive scheme by sharing roughly 3% of the restaurants' profits. Meanwhile, to create a life-pressure-free environment, middle and senior employees were also providing nannies, free apartments, and even parental subsidies. What is more, Haidilao established a special fund for helping employees with their emergencies.

5 Haidilao Model and Its Social Conditions

Haidilao's model has given people a substantial cognitive impact, especially under its social status. The Chinese era in which Haidilao is located has just experienced drastic social changes, the Chinese government implemented Chinese economic reform in 1978. Since then, the original socialist system and market mechanism have gradually moved towards capitalization. The Shanghai Stock Exchange, established in 1990, also became a milestone in capitalization in China. The rapid growth of personal and social wealth has promoted the unity of the social, spiritual theme into the pursuit of interests and the development of the country's economy.

In China, salary is a significant indicator for some laborers to choose jobs. In the Critique of Pure Reason published in 1790, Kant proposed the term "involution" to describe the objective change law of a

single thing, and the public now uses it to describe the inner mental state of the Chinese people under fierce competition. The term "内卷" means that vicious competition with the surrounding people will reduce the individual's happiness and significantly reduce the ratio of benefits generated by the individual. No doubt, salary is an important indicator for a person to gain recognition with the surrounding society.

However, in terms of employee retention rate, Haidilao's high index betrays the theory of people's cognition of rational economic man. In an interview, CEO Zhang Yong said Haidilao's wages are not high compared with those of its competitors, or even median. Even if the company's increased product price surplus only covers the cost of some employees' welfare, it is not an obvious attraction with the salaries of peers that closely compete with Haidilao.

There is no doubt that the high employee retention rate of Haidilao does not match the direct economic benefits it provides. A possible factor was found in the investigation of Haidilao, under the "people-oriented" principle of Zhang Yong, the middle and senior management all adhere to the unifying principle: Treat employees like family members. Zhang Yong mentioned that when Haidilao was still a single restaurant, he would lend money to employees when their parents were having severe sick. Currently, he has set up a team inside each branch to prepare unique birthday surprises for its employees even though the Haidilao is now quite large.

Regarding the company's administrative costs, it may be relatively easy and low-cost to maintain close relationships with employees when the restaurant-chain stays small, but after the IPO, maintaining close relationships with individual employees in a systematic way is still considered one of Haidilao's significant business moats.

Some opinion reveals the drawback of the Haidilao model. The perks provided by Haidilao may contribute to the loss of work enthusiasm of employees, no doubt, those perks could improve the work enthusiasm of employees in a short period by rapidly increasing the life happiness on their position. However, those perks are not significantly benefiting the company's profits, indeed, it may create a triangle-shaped shadow behind the sunshine, a pressure-free working environment may cause their employees to lose the initiative to work since working hard has already become an option to pursue a satisfying life. Meanwhile, Haidilao is providing employees with affluent incentives: housing, trip outside China, and education for their children, which is also a heavy expenditure. From this slide, whether the company

can obtain enough profit to maintain their structure of system might become a debatable problem.

The actual situation of Haidilao can dispel some opponents' opinions. "I have been blown away by the professionalism and hospitality of the staff at the Irvine branch of HAIDILAO", Familiar comments are common after customers experienced the Haidilao service. Furthermore, waiting customers were also serviced with Chinese snacks and drinks and complimentary services such as nail salons and massage.

On the company's finances, Haidilao has already made a significant profit and continually developing. By July 2018, Haidilao, through a Hong Kong IPO, Zhang has already become the world's most prosperous eatery entrepreneur, besides, in 2018, "the revenues of HAIDILAO has raised 36% from last year to \$10.4 billion."

As a man who is originally from China's third-tier cities, the CEO of Haidilao: Zhang has established a chain that is praised to "created the world's richest restaurant." He shared the 3% of the restaurants' profit with the manager, which established the solid and continuous connection between manager and company, guiding managers to have a particular business goal, which forming the common sense that "to make as much money as possible for the company because the more money the company makes, the more money I make." Under this situation, employees' profits have a direct and significant relationship with the company's interest.

6 HAIDILAO AND MODERN UTOPIAN SOCIETY

Haidilao has implemented a package system for the welfare of employees. As a catering company that provides services for labor output, they provide employees with a considerable amount of accommodation while also equipped with complete entertainment facilities, such as computers and TVs. The aunt hired by the company cleans the room every day, and the outsourcing clothing also prevents employees from spending extra energy on laundry after getting off work, "all this is to ensure that employees spend all their energy on serving customers," a senior company executive said.

"Company", as an ancient word, is thought to have been first coined in Old French in 1150, meaning society, friendship, soldier's body, and its abbreviation "Co" also stands for close cooperation and symbiosis. As an essential part of capitalism, the company is

illustrated legal entities with a specific common goal. Under the rich welfare system of Haidilao, employees seem to give up the pursuit of absolute economic profit and settle down to develop under the system of Haidilao.

It might not be comparably accurate to use a business case to demonstrate the feasibility of a utopian society. However, as a successful individual case of using a unique scheme in the business world, Haidilao has profound significance in dealing with the relationship between labor organizations and people. In some of the surveys, the turnover rate was far lower than the average of 28.6 percent in the highly competitive restaurant industry. It seems to illustrate a trend that people are not a species chasing a firm economic profit. Under certain circumstances, people may be more willing to live under an organized system.

In the last century, the Soviet Union's collective agricultural movement and the Communist Party of China's people's communes, rural areas were classified as people's communes, roughly conducted 4-5 thousand households. Communes collected the materials of production, and communes also distributed every individual's daily workload. Although there are many different opinions on the praise and derogation of the People's Commune, it is certain that it has hit the enthusiasm for production to a certain extent, and the supreme ideal of distribution according to work has not moved in the direction of reform. Pay-on-demand as a major feature of "大同社会" (meaning utopia in Chinese) significantly dampened farmers' enthusiasm for producing.

"干也是一年，不干也是一年" (Working hard or being lazy are not making a difference) has become a folk slang passed down by the people at that time. On the side, the system of free food and necessities provided by the communes did not arouse farmers' enthusiasm to produce actively but significantly decreased their enthusiasm for production.

One of the critical reasons may be that the administrative unit of the people's commune is too large. Individual efforts are not easy to get feedback on the results of collective production, and the enthusiasm for production will be undermined. Meanwhile, the reform of utopian society often emphasizes a strong social order, but in this process, the policy does not take human nature and human feelings into consideration.

7 CONCLUSIONS

Zhang Yong said in the interview "海底捞你学不会", people are the key to an enterprise, and people-oriented is the core of Haidilao. In Zhang Yong's management theory, understanding people's feelings shape the core strength of the development and maintenance of the organizational system. Also, in human relations management theory, it has been shown that people are incapable of completing work as precisely as machines. Understanding the errors that human nature may produce in daily life, to a certain extent, create a more efficient organizational structure. From the People's Commune lesson, we have also seen that the result of ignoring the understanding of people to productivity, to a certain extent, human feelings may determine the vitality of labor organization and the reform of utopian. Just like people gradually accept the transformation from scientific management to human relations management, understanding humans themselves may further promote the dream of utopian.

Elton Mayo, a contemporary of Soviet communism and a pioneer in psychology, argued in "The Industrial Heart of the Night" that communism and Soviet Russia were merely psychotic symptoms of a time when humans were not satisfied with the repetition of the status quo. However, social science is often entrusted with some human consciousness, always looking for solutions before every disaster strikes.

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