



## Rooted in China / Reaching Out to the World

### Part 1

A case study of a Chinese organization integrating its private, public, civic and environmental activities, and contributing to an integrated global perspective

By Alexander Schieffer, Xue Ying, and Ronnie Lessem

If Broad Air Conditioning were a Western company, it would be extraordinary by triple-bottom-line standards. That it is a \$2.2 billion (in assets) privately held Chinese company makes it remarkable *sui generis* by world standards.

Chinese culture is all about balanced relationships. Balance extends from the metaphysical to the physical to the interpersonal to the intrapersonal. For example, Chinese medicine is based on the balance of energy flowing through corporal meridians that in turn flow from the Earth through a person and into the ether.

Clearly, the West has moved out of balance: hence the rise of the sustainability movement. In their pall mall frantic rush to 10% economic growth, the Chinese too have moved dangerously away from this equilibrium. They are doing what we have done, only faster.

This is the case study of a unique, visionary leader with a profound philosophy. Broad is the world leader in its category, creating products that are not only environmentally neutral, but actually positive.

In coming decades we can anticipate the Chinese will have the power to export their ideas, not just their manufactures. What can you glean from Broad Air Conditioning now?

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A Four-Fold Model of the Integrated Enterprise
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Reaching for Global Integrity

## **I. Introduction: The Problem of Fragmentation (Disintegration)**

In recent years we have been developing an approach to social and economic transformation that builds on an integrated perspective. Through this approach we aim to integrate the level of the individual, the organization, and the society, as well as the four societal (organizational) dimensions of:

- Nature (animate)
- Culture (civic)
- Politics (public)
- Economics (private/business)

[Source: *The Practice of Transformation*].

It is an approach that is equally rooted in the four corners of our world (South, East, North and West) [Source: Four World Approach], which means that we root our educational programs as well as the transformational projects that go along with them, in their local context before tapping into global knowledge. It is this development of an integrated perspective (conceptually and practically) that we call genuine Social and Economic Transformation.

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We purposefully talk about transformation, not about change. Take, as an illustration, the case of the butterfly. Here, transformation is the process of a caterpillar transforming gradually into a butterfly, arriving at a totally different stage. Change, to stay with this metaphor, is the small caterpillar growing into a big one. We argue that mere change — a bigger caterpillar, as it were — is not enough. Rather, we need to work towards a new organizational and societal form, where the formerly fragmented perspective of organization, self or society on the one hand, or the sectoral fragmentation into either economics (private business), politics (public), culture (civic) or nature (animate) on the other hand, is altogether overcome.

**We purposefully talk about transformation, not about change.**

All too often today there is a tendency to use the terms economy and society as equivalent terms, in which case we overlook the other equally important aspects of society, which are its environment (nature), its culture (civic sector), its public (political) sector and, of course, its economic (private) sector. This common oversight is a clear expression of how far we have come in defining ourselves, our organizations and societies in purely economic terms.

We are suffering from a fragmented perspective on the world as a whole, where the West, at least in the past few hundred years, took the lead. The result is totally unbalanced globalization that is dominated mainly by the west and chiefly by economics. And we are painfully aware, especially today, where we are missing out in relation to our environmental, cultural and political dimensions. Samuel Huntington's *Clash of Civilizations* is only one of the scenarios that seems to have become all too true.

It is high time that we develop a more integrated perspective. It is not conceptual beauty that is driving us; we show in our research that there are farsighted organizations all over the world that deliver extraordinary results by leading the way along an integrated path.

We have, up to now, been mainly building on case studies of organizations based in the Middle East (e.g., Sekem, Egypt; source: Abouleish, Sekem), the USA (VISA; source: Dee Hock, Chaordic Organization and One From Many), South Africa (e.g. Cashbuild; source: Koopman), Bangladesh (Grameen Bank; source: Yunus) and in Japan (Canon; source: Canon).

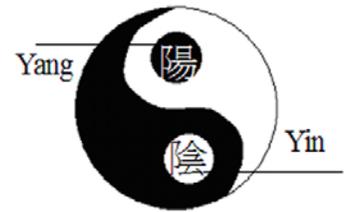
So far, we have not come across a major organization in China which clearly represents a fully integrated perspective. China makes, on the one hand, a positive impression on the world with ever-greater achievements in terms of economic growth, but, on the other hand, a negative one with widespread exploitation and pollution of its environment, social inequity, suppression of minority rights, and a seemingly one-sided single-mindedly economic approach towards the future, leaving the perception that it is disconnecting itself from its extraordinary cultural base.

China's development is of significance for the entire world. It is of enormous importance that 'the Chinese get it right', and do not, with their large population leverage, repeat the mistakes of the West, especially in polluting their environment. Where, we ask for example, is the strong relationship to nature that Chinese culture has built over 3,000 years? Chinese philosophies are filled with deep wisdom regarding how to live in balance with nature, Lao-Tse being only one of the most prominent exemplars [Source: Tao Te King].

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This organization strives to stay in balance with its inner and outer dimensions.

The Daoist Principle of Yin and Yang is perhaps the most powerful and well known example for a philosophical perspective that aims to dynamically balance opposing forces. According to Daoism, the world is made up of two energies: There is the male (Yang) and the female (Yin), the day (Yang) and the night (Yin). These two energies are opposite forces but deeply rely on each other.



With Broad Air Conditioning we have identified a powerful case of an organization that strives to stay in balance with its different inner and outer dimensions, in an organizational (micro) context, and in a societal (macro) context as well. It shows that if an organization builds on its local wisdom and is rooted in local nature and culture, it can contribute strongly to a sustainable development not only of its economy, but to society as a whole.

It is time now to introduce our integrated perspective on organizations in more depth before we turn to our case.

## II. From Fragmentation to Integration: A Fourfold Model of the Integrated Enterprise

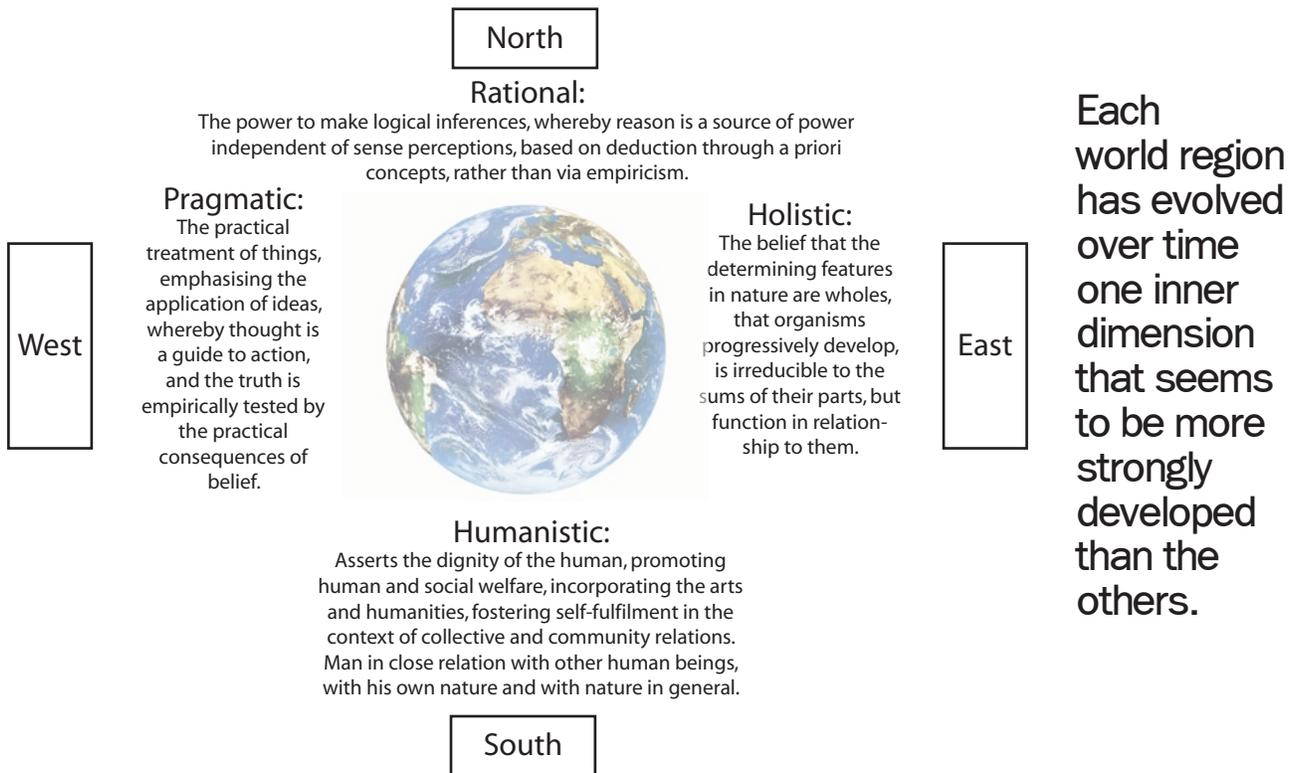
Nature, Culture, Politics, Economics — if you reflect deeply on these terms you recognize that the sequence in which they are introduced presents the human trajectory. First there was nature, before initial primitive forms of culture (the civil sector) developed, probably starting with rituals generating meaning for the community, such as religious ceremonies and ancestor worship. At a later stage human communities started to organize themselves more purposefully and developed ruling structures of a different kind (public and political sectors), before the exchange and trade of goods finally gave rise to the economic function of mankind (private, economic sectors).

In our work we are building on this fourfold of nature (the animate sector), culture (the civic sector), politics (the public sector), and economics (the private sector), and we regard it as a kind of fourfoldness that each institution and society needs to integrate within itself.

Broadening this perspective for a moment, we can see that this fourfold division has its roots in the universal archetype of the four worlds (see Figure 1). In this archetypal 'picture' there is the South, most closely related to nature, specifically human nature, as well as the inter-subjective perspective (humanism). The East is home of the civic, evolutionary dimension of man (holism). The North hosts man's rational dimension. Finally, the West holds the pragmatic dimension, which is only of value if it embodies and thereby stays connected to the other three dimensions.

It is surprising to note that in all kinds of cultures all over the world one can find variations on this archetypal perspective [Source: e.g. Jung, Ariens, et al.]

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**Figure 1: An Archetypal View of the Four Worlds and Their Dominant Expressions**

While we are not saying that humanism, for example, is rooted only in the South (e.g., in Africa), or that holism is rooted only in the East (e.g., Japan and China), we argue that each world region has evolved, over time, one inner dimension that seems to be more strongly developed than the others. The East has arguably the longest and deepest tradition in the area of holism, spirituality and non-material aspects, while the West has developed an enormous capacity for the pragmatic and material elements. However, all aspects are present in every society, in every organization and in every individual, and it is ultimately necessary to differentiate and integrate these four dimensions within the fields of the self, the organization and the society. The pragmatic West needs not only the rational northern dimension, but also the holistic eastern dimension and the humanistic dimension of the South. Each dimension needs the others in order to be truly meaningful and effective. In fact, when one worldly dimension is isolated from the others, it becomes deformative, rather than formative, reformative or ultimately transformative. So, for example, pragmatism degenerates into materialism, and humanism into nepotism.

If you regard this as too far-fetched, then examine carefully the current state of our so-called globalized world with the one-sided domination of a) economic principles that b) developed in a heavily dominating West. It is this

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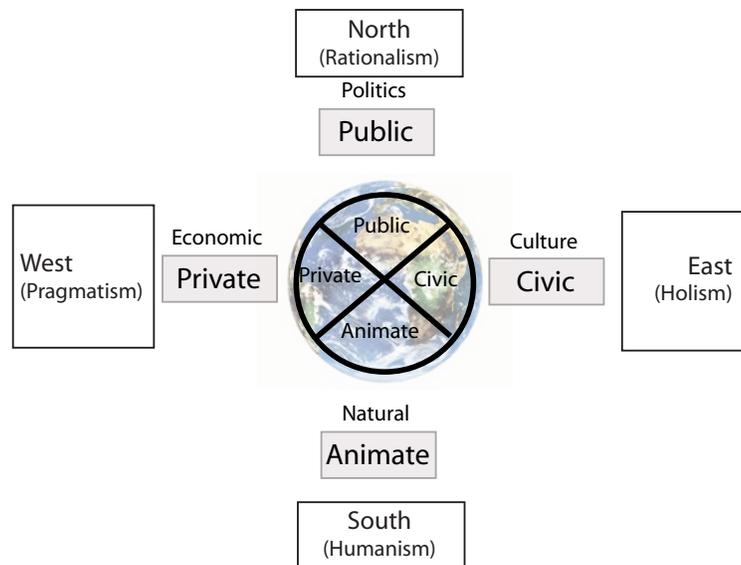
A private company should deeply be rooted in nature and culture.

fragmented and one-sided perspective that, in our view, is one of the core reasons for many of the problems that the world community currently faces.

There are significant efforts to overcome this fragmentation, which many believe is rooted in the rational, analytical and dualistic worldview identified as Cartesian (*cogito ergo sum*). There are efforts to acknowledge the existence of other sectors (e.g., the private sector acknowledges the existence of the civil sector, in contemporary expressions of Corporate Social Responsibility and Corporate Citizenship). But, we argue, this is mere acknowledgement of another dimension, not a building on each other, certainly not integration. For example, we are arguing that often-superficial responses in the area of Corporate Social Responsibility do not serve the ultimately-integrating purpose. CSR-activities are mostly actions where organizations do good in society, but which are mainly disconnected from their own core orientation, Microsoft and Bill Gates being a prominent case in point. We argue that a private company should first be rooted deeply in nature and culture (which ideally comes before the public and the private anyway, not afterwards), and its engagement in society be in connection with its own work. If it does not happen this way, we do not overcome the fragmentation between the different sectors.

Based on our argument, our perspective of an integrally-transformed organization looks as shown in Figure 2.

It is with this orientation to the fourfold of the Animate-Civic-Public-Private that the organization also contributes to an integral transformation of the society as a whole, and the Natural-Cultural-Political-Economic fourfold of society. The integrated fourfold is the core expression of the identity of the organization, and also of the society.



**Figure 2: Fourfold Structure of the Integral Organization, Contributing to Societal Integrity**

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With a view to global processes and to globalization then, we regard it as important that an institution or indeed society first develop its local identity, in order to subsequently contribute to global integrity, by merging self with others. The stream 'from local identity to global integrity' therefore is also one of the core guiding themes of the management education in which we engage.

Local Identity	Global Integrity
Rooted in local ground / building on local wisdom and deriving meaning from it / striving towards an integrated perspective of the four organizational dimensions: animate, civic, public and private.	Based on local identity, reaching out to contribute to an integrated global perspective with a specific view to the integration of the four societal dimensions: Nature, Culture, Politics and Economics.

**Figure 3: Local Identity & Global Integrity**

This fourfold integral perspective is intuitively right for many people. We have seen this in many workshops and management education programs. This article, however, is too short to demonstrate potential ways of developing such an integral perspective. For an in-depth understanding we refer you to our forthcoming book on 'Transformation Management', which also forms the base for a Masters program which we are already running in South Africa and Jordan.

For a practical understanding of our approach, we would like to take you now on the journey with Broad. Broad is a good example of an organization striving for an integral perspective that roots itself clearly and expressively in its Chinese identity, yet simultaneously strives to contribute to global integrity.

### **III. Fourfold in Action: Broad Air Conditioning as a Chinese Case for an Integrated Organization**

Broad Air Conditioning Co. Ltd. ('Broad') in Changsha, in China's Hunan Province, is a rare case. In this section we explore the dynamics behind Broad Air Conditioning's simultaneous development of its private (economic/business), public (political, public engagement), civic (social and cultural engagement) and natural (environmental protection / bio-organic farming etc.) activities.

#### **III.1 Broad Air Conditioning: Company Overview**

Broad is the world's largest and most technologically advanced absorption chiller manufacturer. Established in 1988, Broad is a privately owned company, with current assets of approx. US \$2.2 billion and around 1,800 employees. Broad's growth had been internally funded and the company claims to be debt-free since 1995. Broad has operations in more than 30 cities in China,

**Broad grew from 50 to 1,600 employees in 10 years.**

with overseas subsidiaries in Paris and New York. Broad has domestic offices in more than 20 cities in China.

“The company was established in 1988 by the Zhang Brothers and had developed quickly ... It grew from a ‘family’ company in 1992 (50 employees and assets of US \$240,000) to a ‘nationwide’ company in 2002 (more than 1,600 employees and accumulated net assets of US \$205 million).” [Source: Ivey Case Study]

Broad’s systems, centrally controlled from a high tech monitoring station in Changsha, are found in more than 25 countries. The Company’s headquarters have been shifted to Beijing in recent years, while the manufacturing base is still situated in Changsha.

*Broad’s nomen est omen:* The Chinese word for Broad is composed of two syllables, meaning far and big, or ‘designed to last long’ and ‘designed to grow’. Its founder and CEO Zhang Yue is a former teacher who started designing environmentally friendly air conditioners in his garage before founding Broad. Now Broad is one of China’s most successful private companies and an important player in raising China’s environmental awareness, as we shall see later.

## **III.2 Broad’s Natural Dimension: From Changsha to the United Nations**

### **The Local Perspective of Broad’s Natural Dimension**

#### *Environmentally Friendly Technology*

Broad’s technology has a strong environmental impact. The company specializes in manufacturing absorption chillers and heaters using lithium bromide and water as the refrigerant agents, respectively. Absorption chillers use heat rather than mechanical energy to provide cooling and are considerably more energy efficient than traditional mechanical air conditioning systems.

Broad’s products have saved over 400 tons of standard oil for its customers, saved over RMB 100 billion investment in electricity for global society, and protected thousands of square kilometers of green land from desertification [Source: Broad Values]. Broad has won a number of awards for its contribution to the protection of the environment, including China’s Gold Medal for ozone protection. Broad has also been China’s first environmental protection case listed and read at the United Nations’ Global Compact Learning Forum.

#### *Broad Town: Home of the Community*

The estate where the company is located is called Broad Town, reflecting that the place is not built for people just to work, but that also is part of a community. Every employee has a place on campus to stay overnight, with special houses for men and women. This is not an obligation but an option. Most people stay overnight during the working week and go to their families only for the weekend. At a corner of the campus, Broad’s CEO lives with his family.

In addition to accommodation, the company provides for all staff a number of other basic needs, including clothing and food. All employees wear uniform clothing during work. While workers are all dressed in blue, office workers are all dressed in black trousers or skirts and white shirts or blouses.

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Meals are provided in the staff cantina for free. Staff can buy further items in the company-owned supermarket, where there is a till but no cashier. Employees pay cash-free using their employee tags. They scan all items at the electronic cashier themselves, in a system fully based on trust. In various interviews, employees highlighted the significance of trust and honesty within the Broad community. Vital expression of this attitude is that the private rooms of the employees are not locked. There isn't even a locker. If convicted of stealing, an employee would immediately lose his or her job.

The sense of community comes alive in a number of ways, e.g., while everyone has a clear job description and responsibility, all employees are encouraged to support others wherever possible. In the company's brochure on values, it is stated: "In an era of indifferent interpersonal relationships, unbalanced economic ecosystem and money worship, Broad has focused on creating more values for customers, caring for employees and being fair to partners. Love is more important than anything else." [Source: Broad Values].

Private rooms of employees are not locked.

## *Broad's Company Song: Linked to the Year's Seasons and to 'Mother Earth'*

Broad's Company Song expresses the company's conscious inclusion of love in its vocabulary. Broad's approach to nature and how the company presents itself to its employees, to the nation (China) and to mankind as a whole is also expressed in the Broad song, which was developed by Zhang Yue. All employees meet every morning before 8.00 am for a flag raising ceremony. Employees sing the Broad song while facing flag posts where the Broad flag, the Chinese flag, and the national flags of company visitors are raised. The core refrain is:

*I love spring for my young heart  
I love summer for my enthusiasm ardent  
I love autumn for my good performance  
I love winter for pure character  
I love my company hoping her flourishing business  
I love my customers bringing them more added values  
I love my motherland, wishing her civilization and prosperity  
I love Mother Earth, blessing her with beauty and health*

It is interesting to note that the song is sung from the individual's standpoint, gradually building on the four perspectives of the individual, the company, the society (China) and finally the planet. It is built on eight verses: the number symbolizing luck and prosperity according to Chinese mythology. The seasons symbolize the rhythm of development and an acknowledgment to the contribution of different states and diversity.

Employees are invited to explore what the company and its products mean to them, so as to strengthen their sense of community, and to give them the feeling that while working for the company they are also working for the country. Chinese people are accustomed to flag ceremonies and communal singing. School pupils have to go through it every morning. However, an employee stated that while it did not mean much to her at school and high school, it regained a meaning as she participates voluntarily in it at Broad.

The floor in the employees' restaurant is made of recycled packaging.

## *Green Campus*

The entire area of Broad (360,000 square meters / 89 acres) is more a green campus than a typical industrial estate.

The cleanness of the entire area is surprising. Cars are hardly used on the estate: employees walk or use bicycles, and visitors are driven around in electric golf carts. Recycling plays an important role. For example, packaging materials based on wood are recycled into floors and other housing construction parts.

Sophisticated transportation is available when needed. A fleet of luxury cars is reserved for prominent visitors, and a helicopter is kept on-site. Among the achievements of the year 1997 listed proudly by Broad is becoming the first Chinese company to have its own business jets.

## *Bioorganic Farming*

Broad is also engaged in bioorganic farming. Various types of vegetables are grown on the campus or on nearby fields and are served in the canteen. Company-owned pigs are fed with rice straw from Broad's own rice fields, and the pigs' manure is used as fertilizer.

## *Reducing Waste*

There is a large variety of ways in which Broad tries to reduce waste. This is quickly apparent, for example, by looking at the company documentation. Paper space is used very efficiently; documents are limited to one page where possible. That includes the company's introduction. On the bottom of the page appears the sentence: "Broad's decision to make its company profile a one-page reflects the company's focus on environmental protection".

Another example is package waste, which is used, wherever possible, as construction material for Broad's facilities. The floor in the employee's restaurant is made from the recycled wooden packages of equipment parts. Many similar cases can be found in Broad Town. People deeply understand the importance of recycling and of using waste creatively to improve the environment of Broad Town.

**To be continued next week**

## **About The Authors**

**Dr. Alexander Schieffer** is managing partner of CELL Center of Excellence for Leadership and Learning ([www.c-cell.com](http://www.c-cell.com)). He lectures at St. Gallen University in Switzerland as well as at the CIDA Campus in Johannesburg, South Africa. Prior to CELL, he had founded and built up one of the leading special interest publishing houses in Singapore. Together with Ronnie Lessem and Sudhanshu Palsule he is currently setting up TRANSOM, a Global Institute

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on Social and Economic Transformation, committed to further developing a highly innovative educational approach addressed to leaders from all sectors of society.

**Xue Ying**, one of the founders of the Transcultural Centre at Buckingham University, was a Masters student of Dr. Ronnie Lessem's from the MSc program on Social & Economics Transformation. In her dissertation *Ecological Knowledge Transformation, Enabling Knowledge Transformation with Metaphorical Natural Imagination*, she applied her gift of imagination from the Chinese culture into the Four Worlds philosophy and created a model of a knowledge transformation process, aimed to balance economic and social development. She is currently working in Shanghai, China, sourcing start-ups in the IT industry, digging the secrets of running a successful business, committed to knowledge fusion processes between Western practical management and Eastern metaphorical creativity.

**Dr. Ronnie Lessem**, an Afro-European and a graduate of Harvard Business School and the London School of Economics, is the Dean of the Global School for African Leadership and Transformation at CIDA Campus, Johannesburg, and a Director of the Transcultural Centre and Transcultural Programs at the University of Buckingham in the UK. Together with his colleagues Alexander Schieffer and Sudhanshu Palsule, he runs a doctoral and masters program in Social and Economic Transformation in the UK, and also in the Middle East and South Africa. He has written some twenty books on self-, organizational and societal transformation. He has also been a consultant to international companies on organizational learning and knowledge creation, and on managing across cultures, and has been an Adjunct Professor at IMD in Switzerland, Wits Business School and CIDA University in South Africa.

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