



# Social Responsibility and Compassion

An Interview with Huang Guangyu,  
Founder, GOME Electrical Appliances Group

**EDITORS' NOTE** In 1987, Huang Guangyu (also known as Wong Kwong Yu) established GOME Electrical Appliances Group in Beijing. Utilizing a business model based on competitive pricing from high volume and customer service coming first, he proceeded to grow the company into the largest retailer of electrical appliances and consumer electronics in China. As such, GOME has become the template for retail companies in China. Huang was recognized as one of TIME magazine's 100 Most Influential People in 2006. The recipient of the World's Young Entrepreneur Award, Huang has also been named the Most Influential CEO in China, the Most Influential Leader in Chinese Real Estate, the Best Business Leader in China, and the Best Brand Leader in China.

**COMPANY BRIEF** Since its inception in 1987, GOME Electrical Appliances Group ([www.gome.com/eng/](http://www.gome.com/eng/)), a privately owned enterprise, has been the largest retail chain in China, operating more than 1,200 stores in 280 cities in mainland China, Hong Kong, and Macau. The group's main retail business focuses on home electrical appliances and consumer electronics in mainland China. GOME has approximately 200,000 employees.

**The Wenchuan earthquake in May 2008 brought much misfortune to the Chinese people. How did you respond so quickly to this tragedy, and what did you do to win the unanimous support of your employees?**

I owe our quick response to two factors: GOME's passion and our business processes. GOME Group and its personnel have a strong sense of social responsibility and compassion, which has been incorporated into our corporate culture over time. In Sichuan, 36 GOME shops suffered structural damage, and merchandise was damaged in 11 shops. In the midst of the earthquake, one salesman was killed and three staff members were injured. Dozens of staff have family members whose homes collapsed.

When GOME heard about the earthquake, we immediately thought of our staff's safety. Within an hour, we started to organize rescue efforts and mobilize aid. I directly headed the emergency action group and positioned our Chengdu branch to provide aid. Right away, GOME's Chongqing branch started utilizing our logistics system to assemble goods. Within 48 hours, our Chongqing branch started delivering the most-needed items in the disaster area, such as tents, food and mineral water, quilts, and coats to the disaster area to assist with the larger rescue operations. Our business and individual donations totaled more than CNY 60 million.

The earthquake has definitely had an impact on our business. For our employees, rebuilding

homes is the most important priority. I want to do something for our staff whose families are in the disaster area and for other victims. This is not just because they have suffered hardship, but also because I feel compassion for them and it is my instinct to help. GOME employees believe that money should be spent where it is valued most. I would rather contribute more to disaster relief in order to make a difference.

**How do you define "social responsibility" – particularly now, when China is receiving many donations for disaster relief?**

In the past, social responsibility was a vague term for me. I feel differently now. Being successful is a company's number-one way of fulfilling its social responsibility. GOME currently has a staff of 200,000. Without GOME, approximately 50,000 other people would lose their jobs. The implementation of our social responsibility is in our daily work. A business's most important responsibility is to provide a platform for its personnel to further develop themselves and to realize their own self worth. At the same time, it should create more societal wealth, generate more tax revenue for the country, solve more societal job-placement problems, and develop more talent for the industry. These are all very concrete examples of social responsibility. GOME bears that responsibility for each one of its 200,000 workers.

On the other hand, when a natural disaster occurs, an enterprise should do its best to provide disaster relief. This is also part of our fulfillment of social responsibility. Charity ought to be given out of kindness. Compassion is not simply enthusiasm; rather, it is a combination of different things. One needs to have the ability and the heart to do it. In the early years, GOME's principal interest was profitability. Now, the business is progressively expanding and already has a basic foundation and a solid platform. Our responsibility has evolved and has become more specific. In response to the earthquake, we reacted quickly and could donate in a timely manner. We will also help with the reconstruction of the disaster areas. Inside our company, we issued a call for help and asked our nationwide staff to donate, so that we could strengthen GOME's ability to reduce the burden on our society.

**Given that GOME Group is a Hong Kong-listed company, have you considered how a large economic contribution to disaster relief will affect stockholders' interests?**

Our donations came from three sources: Approximately CNY 7 million came from the business, CNY 2.4 million came from our staff's volunteer donations, and HKD 50 million came from me. I ensured the largest donation came from my personal savings because I had our shareholders' interests in mind. The first social responsibility of a private enterprise is to manage both its tangible



and intangible assets properly. It also needs to expand its influence upon society and preserve its strength for sustainable development. When this foundation is set, an enterprise should focus on its ability to help others. We want to fulfill our responsibility to our shareholders and our employees. This is the essence of our brand.


**From a social responsibility perspective, how does GOME Group build its competitive branding power?**

Social responsibility and business development are inevitably linked. Regardless of what anyone says, in order for an enterprise to develop, it must give back to society. The business must be socially responsible. Today, GOME's influence can be a great contribution to society. GOME grew its business by providing its consumers with the best value in electrical appliances. As a result, GOME guarantees jobs to its employees, and studying GOME's model has helped even more businesses to develop. The ripple effect of all the positive actions are closely linked with the profitability associated with being a listed company. As we increase our corporate social responsibility, more people will grow fond of GOME, and that will enhance our development and increase our possibilities for sustainable growth. If you compare our company to an evergreen tree, the profit is the crown of the tree while the social effect is the roots. The social effect directly affects a company's healthy, smooth, and rapid development.

**As China's leading electrical appliances retailer, GOME has always sought the opportunity to enter international markets. How would you carry out your corporate social responsibility as a global company?**

It is GOME's duty to repay society. As our business has expanded overseas, so has our vision for public charity. After the Indonesian tsunami, I gave CNY 7 million – and GOME donated CNY 3 million – to the orphanage-building project. We all believe in economic globalization, but social responsibility should also be a global concept. Regardless of where it is, when a company has a solid foundation, it should repay society to the best of its ability.

**As GOME's leader, what do you hope comes to mind when people think of GOME and Huang Guangyu?**

I have grown up under the GOME brand. Because there is GOME, there is Huang Guangyu. Without my official title with GOME, I would not be the same Huang Guangyu. I am the same as each of the 200,000 GOME Group staff members. Through GOME, our individual value can truly be realized. 

*Childless elders and orphans have been a particular focus for the Chinese rescue workers*