



The Development of Retail Industry from the Perspective of Business Ethics — Take Pangdonglai as an Example

Yufei Wang

Harbin Normal University, Harbin 150025, Heilongjiang, China

DOI: 10.32629/memf.v5i6.3175

Abstract: The online retail revolution is in full swing, while how to realize the innovative and sustainable development of traditional physical retail industry has attracted widespread attention. What drives people to travel long distances and queue up outside Pangdonglai's doors? Based on the theory of business ethics, this paper will deconstruct the "giant" of the retail industry, from the five aspects of employees, suppliers, customers, competitors, society and the environment. It explores how Pangdonglai adheres to business ethics to achieve long-term development, providing practical model for the transformation of Chinese enterprise management.

Keywords: business ethics, Pangdonglai, corporate culture, ESG

1. The overview

Pangdonglai Trade Group Co., Ltd, headquartered in Henan Province, China, is a well-known, reputable commercial retail enterprise giant. Pangdonglai covers professional department stores, electrical appliances and supermarkets. From a small shop of 40 square metres in 1995, it has developed into a supermarket chain with more than 30 chain shops, nearly 10, 000 employees, and a turnover of more than 10 billion yuan at 2020. Jack Ma called Pangdonglai as new concept in retail development and a mirror for retail enterprises.

2. Analysis of Pangdonglai's Business from the Perspective of Business Ethics

2.1 Employee level: Integrate the Sense of Feedback into Management

Advanced life concepts and lifestyles are the smart way to achieve a happy state. Since 2000, the company has distributed a number of shares to employees. Through the dividend mechanism, employees have become the owners of Pangdonglai, from working for others to themselves. In addition, Pangdonglai regularly dispatch management personnel to participate in further training to receive advanced business concept and improve management quality so that has always been in the forefront of the retail industry.

Pangdonglai insists on symbiosis with employees. A sense of social responsibility, people-oriented, and high salary are the core ideas of Pangdonglai. Under the influence of this kind of thinking, the staff's work efficiency is in a leading position in the entire industry. The high salary also makes employees have a higher sense of identity and belonging to the company, thus provide customers with more high-quality services.

2.2 Supplier level: Create a Mutually Beneficial and Win-win Value Community

The profit of down jacket is only 0. 3 yuan, what does Pangdonglai rely on to make money for such a low gross profit product? This has to be reviewed to the "group buying" model of "Four-party joint procurement". In 2002, in line with the purpose of win-win cooperation, resource sharing and improving competitiveness, Pangdonglai with other three firms formed the "Four-party joint procurement". That is gather the order needs and form a group to reduce the price of the upstream procurement link.

In the process of this, as long as the product quality and price are reasonable, each supplier can cooperate happily with Pangdonglai and establish a long-term and mutually beneficial partnership. This makes Pangdonglai have the fastest and high-quality purchase channel. So that, Pangdonglai can provide consumers with good quality and low price products.

2.3 Customer Level: Adhere to the Concept of Happy Shopping in Pangdonglai

"You can't unscramble the egg. ". But Pangdonglai has its unique approach. "Refund the price difference within 7 days" have attracted a large number of loyal customers. Such experience makes consumers willing to shop at Pangdonglai.

In addition, Pangdonglai attaches great importance to the management of service quality, striving for excellence in

details and pursuing the ultimate service. Pangdonglai provides specific and enthusiastic services; divides the products according to the type; sets up QR code for full traceability; arranges the products in a regular and timely manner... "Doing business with conscience, and exchanging sincerity for sincerity" is a positive and healthy relationship between enterprises and consumers under the requirement of business ethics.

2.4 Social and Environmental Level: Implement the ESG Idea

In 2004, the United Nations Global Compact organization released a report titled *Who Cares Wins*, which first introduced the concept of ESG, emphasizing that companies should focus on environmental protection, fulfill social responsibilities, and improve governance levels. Treating customers with sincerity, showing genuine care for employees, dedicating love to give back to society, and pursuing development with full confidence—these are the principles that Pandonglai has always upheld.

From environmental perspective, Pangdonglai has been promoting the concept of "protecting the environment, starting from ourselves" since the early 21st century. As a retail company, Pangdonglai uses degradable packaging bags to contribute to solving "white pollution". Numerous trash bins are placed inside the mall, and picking up trash has become a habit of employees.

From social responsibility perspective, Pangdonglai actively fulfills its social responsibility and participates in charitable disaster relief, with accumulated donations amounting to billions of yuan.

From governance perspective, Pangdonglai has implemented a series of practical rules, customer service standards, and assessment schemes internally, requiring employees to learn and be assessed.

2.5 Competitors Level: Maximize Advantages for Industry-wide Improvement

Notably, most retail industry have experienced varying degrees of decline in revenue and net profit in this mid-year assessment according to their financial data. However, "store adjustments" have become a key development term in the first half of 2024. Interestingly, Pandonglai has transformed into a consulting firm for major retail enterprises, frequently stepping in to help competitors manage crises.

Pangdonglai's adjustment and reform covers many aspects such as employee salary, working hours, store restructuring, supply chain, price optimization, and service improvement. The purpose is to supplement the existing system of the target company, and Pangdonglai to make structural supplements, greatly enhance service quality and improve user experience. Yu Donglai believes that this assistance is actually a support for the overall improvement of the retail industry. It is also a reminder, reflection, and calibration of the development philosophy of enterprises.

3. Ideas for the Development of the Retail Industry

Pangdonglai is renowned for its strict food safety standards and integrity in its operations, demonstrating an exceptional level of business ethics. In contrast, other supermarkets have many problems in business ethics. For example, Sam's Supermarket has been accused of false advertising and selling problematic food products, and Walmart has been penalized by a number of places for selling expired products. These unethical behaviors have not only seriously undermined consumers' rights and trust, but also posed a potential threat to consumers' health and violated the basic principles of business ethics.

3.1 Alignment of Stakeholders: Vision, Culture, Values

Employer pursues continuous profit growth, while employees seek rising compensation. It is difficult to unify the two opposites. In today's era, the relationship between businesses and employees has evolved from a simple employer-employee dynamic to a cooperative partnership. A mutual interest community is formed between the two parties, embodying the business ethics of symbiosis, co-creation, and sharing. The ultimate goal of business development is people, to better serve more individuals and facilitate the advancement of its employees. Many companies, in their pursuit of profit, have lost their sight, deviating from their original intentions. Therefore, as managers, it's imperative to change traditional ideologies and attend to employees' needs and emotions. This fosters increased enthusiasm for work and a stronger sense of belonging to the company, laying a solid foundation for value creation. Win-win is the only way forward.

3.2 Harmony Across the Value Chain: A Path to Sustainable Success

Businesses can only achieve multi-party win-win and sustainable development by fully considering the harmony of upstream, downstream, and even the entire chain. Enterprises that default on payments and exploit suppliers' profits are destined for short-term gains. Goodwill can generate commercial value. It's evident that enterprises which have operated steadily and prospered for two or three decades often proactively balance the interests of all parties under the business ethics, ultimately securing stable, enduring development for themselves.

3.3 Navigating Saturated Markets: The Power of Human Care Details

In saturated markets, victory lies in meticulous human care. As product and price differentials diminish, attention to detail becomes increasingly important. When customers feel warmth, care, and even moved, sales performance naturally excels. Visible magnifying glasses, disposable gloves, free ice dispensers, caring wheelchairs, and children's strollers... When these details are fully and meticulously presented to customers, as long as the main business format is competitive, the inevitable outcome is the growth and strengthening of the enterprise. Because customers not only obtain the value of goods but also experience human care, and the latter value significantly increases customer loyalty while also enhancing the value of goods.

4. Conclusion

Based on the theory of business ethics, this paper analyzes how Pangdonglai establishes deep links with customers through service and profit chain from five aspects: employees, suppliers, customers, competitors, society and environment. Research shows that based on corporate culture and ESG concept, Pangdonglai has learned to be sincere and know how to share through symbiosis with employees, co-creation with customers, and ultimately maximized corporate value. Therefore, retail industries should keep pace with the times and actively transform, build their own service chains under the constraints of business ethics to realize the value creation and long-term development of enterprises.

References

- [1] Anwer M A. On the nexus between code of business ethics, human resource supply chain management and corporate culture: evidence from MENA countries[J]. *Journal of Information, Communication and Ethics in Society*, 2024, 22(1):174-203.
- [2] Jasinska A. Bring Back Philosophy: The Roots of Both Business and Ethics[J]. *Journal of Human Values*, 2024, 30(1):26-31.
- [3] Marek S, Gabriela M. SERVICE MARKETING, VALUE CO-CREATION AND CUSTOMER SATISFACTION IN THE AIRSOFT INDUSTRY: CASE OF A TECHNOLOGY-BASED FIRM[J]. *Business, Management and Education*, 2018, 16(0):94-107.
- [4] PIUS S, REGIS M, LLEWELLYN L. Tourism governance and attainment of the sustainable development goals in Africa [J]. *Tourism Planning&Development*, 2020, (4): 355-383.