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# Foxconn and the Legalist Art of governance: A case study of Chinese management style

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**Abstract**
This case study examines Foxconn's management model through the lens of Chinese Legalist philosophy, analyzing how founder Terry Gou applied the trinity of "Fa" (law/method), "Shu" (control tactics), and "Shi" (authority/power) to build the world's largest electronics manufacturer. The study traces Foxconn's evolution through three phases: its 1974 founding as a plastic knob manufacturer in Taiwan, its 1990s expansion into mainland China establishing the massive Longhua campus with militaristic discipline, and its 21st-century emergence as an indispensable global supply chain hub for Apple and other tech giants. The analysis reveals how Gou's iron-fisted governance—characterized by absolute authority, standardized operating procedures, surprise inspections, and the "Two Handles" of reward and punishment—enabled extreme efficiency and scalability. However, the 2010 suicide crisis exposed the human costs of this model, while rising labor costs and the "Million Robot Plan" automation initiative highlighted its sustainability challenges. The case explores the fundamental tension between Foxconn's rigid, execution-oriented Legalist culture and the flexibility, innovation, and collaboration demanded by Industry 4.0 smart manufacturing. Ultimately, it questions whether this governance philosophy that drove decades of success can adapt to an era where labor-intensive manufacturing gives way to technology-intensive, capital-intensive production requiring organizational cultures that empower rather than control.

**Keywords:** Legalist governance, foxconn, chinese management style, fa-shu-shi, reward, punishment

## Introduction

### The Development History and Industry Position of FOXCONN Group

#### 1. The Entrepreneurial Start-up Phase (1974-1989)

In 1974, 24-year-old Terry Gou borrowed one hundred thousand New Taiwan Dollars from his mother and founded "Hon Hai Precision Industry Co., Ltd." (known as FOXCONN) in Tucheng, Taipei County (now New Taipei City). At the time, FOXCONN had only fifteen employees, and its main business was manufacturing plastic knobs for black-and-white televisions. It was a small factory with a capital of only three hundred thousand NT dollars, unremarkable among the numerous processing and export factories dotted across Taiwan at the time. Gou's choice of this industry was not accidental. A graduate of Taipei College of Maritime Technology (now Taipei University of Marine Technology), he had worked in a shipping company before transitioning to a sales representative role in a pharmaceutical factory. These experiences gave him a profound understanding of both the potential and the challenges inherent in the manufacturing industry. He observed that Taiwan's electronics industry was in its infancy, and the demand for components would continue to grow. More importantly, he believed that "manufacturing," often seen as a mundane link in the chain, held immense potential for value creation. In the early days of the venture, FOXCONN faced severe financial pressure. Gou later recalled, "Every day when I opened my eyes, all I thought about was how to pay the employees' salaries and how to settle payments with suppliers." To maintain cash flow, he even personally delivered goods by motorcycle, making trips from Taipei to Kaohsiung that took over ten hours. This hands-on, do-it-yourself approach became the prototype for his future management style. During the production of plastic knobs, Gou keenly identified that the core bottleneck in product quality lay in mold precision. At that time, Taiwan's mold technology was highly dependent on imports; local enterprises lacked independent research and development capabilities. High mold costs and long delivery cycles severely constrained the development of processing enterprises. Based on this insight, Gou decisively made his first major strategic decision – to abandon the low-value-added plastic knob production and focus instead on precision mold research, development, and manufacturing. He channeled all the company's resources and energy into achieving a breakthrough in mold technology.

To conquer precision mold technology, Gou led the team personally, immersing himself on the production front line. He worked alongside technicians to delve into every aspect of mold design, processing, and debugging. He established strict technical standards and operating procedures, demanding that technical personnel strictly adhere to these standards, allowing no room for arbitrariness. This practice of "strict standards, mandatory enforcement" represented the initial application of the Legalist principle of "Fa" (law/method) in the company's early days. Driven by Gou's forceful leadership, FOXCONN gradually mastered core precision mold technologies. The precision of the molds produced reached a leading level in Taiwan, not only meeting the company's own production needs but also enabling it to provide mold processing services for other enterprises, gradually breaking free from dependence on low-end processing. In the 1980s, the global electronics industry entered a period of rapid development, leading to an explosive growth in demand for basic electronic components like connectors and cables. In 1977, FOXCONN began its transition into manufacturing electronic connectors. This was a critical decision. Connectors are indispensable components in electronic products; although their unit price is low, the demand is enormous. Recognizing this market opportunity, Gou invested all resources into developing mold technology. He

personally traveled to Japan to learn about precision mold manufacturing and, upon returning, established FOXCONN's first mold production line.

Mold technology became FOXCONN's core competitiveness. Gou coined the slogan "Molds are the mother of industry," emphasizing the importance of independent mold development. Unlike competitors who relied on outsourced molds, FOXCONN chose to build its own mold shops. This not only reduced costs but also enabled faster response to customer needs. This vertical integration strategy laid the foundation for FOXCONN's future large-scale development. To standardize production processes and improve product quality, Gou began to establish comprehensive rules and regulations, clarifying the responsibilities, operating standards, and reward/punishment rules for each position. He demanded strict compliance from all employees, initially building a management framework based on "governing the factory by law." During this phase, FOXCONN also innovatively proposed the CMMS model (Component Module Move Service), integrating component manufacturing, module assembly, logistics and distribution, and customer customization services into a unified whole. This broke the traditional single "production-sales" model of manufacturing enterprises, forming a full-chain, integrated manufacturing service system. The implementation of this model relied heavily on Gou's centralized decision-making and mandatory execution, as well as the support of standardized systems, laying a solid foundation for FOXCONN's subsequent large-scale expansion. By 1989, FOXCONN had grown from a tiny plastic processing factory into a leading Taiwanese manufacturer of precision molds and connectors, with its workforce exceeding one thousand and annual revenue achieving significant growth, gradually establishing a firm foothold in the electronics manufacturing industry. In 1981, FOXCONN developed connectors specifically for personal computers and successfully entered the US market. At that time, the personal computer industry was booming, and the launch of the IBM PC spurred the growth of the entire industry chain. Leveraging its stable quality and competitively priced connector products, FOXCONN gradually built a reputation in the US market. Gou frequently traveled between Taiwan and the US, personally visiting clients to understand market needs. This "down-to-earth" business approach enabled FOXCONN to quickly grasp industry trends. In 1985, FOXCONN established a subsidiary in the US to serve local customers directly. This was one of the early examples of a Taiwanese electronic component manufacturer setting up operations in the US. Gou's reasoning was practical: "If you want to sell things to Americans, you have to stand right in front of them and communicate in their language." He personally set up operations in the US, staying for several years to build customer relationships and understand the market culture.

**2. The Westward Expansion Phase (1990-2000)**

In the 1990s, the global electronics manufacturing industry began shifting towards regions with abundant labor, low land costs, and well-developed industrial chains. Mainland China, with its vast demographic dividend, solid industrial base, and preferential investment policies, became the primary destination for this global manufacturing transfer. At this time, although FOXCONN had achieved a certain scale and technological advantage in Taiwan, its large-scale expansion was hitting bottlenecks due to rising local labor costs, limited land resources, and the constraints of the domestic market size. It urgently needed to find new space for growth. Faced with these industry trends and the company's development needs, Terry Gou made the most strategically significant decision in FOXCONN's history – to expand westward into Mainland China and establish large-scale manufacturing bases. The formulation and execution of this decision fully embodied the Legalist principle of "Shi" (situational power/authority). Leveraging his absolute authority, Gou overruled dissenting opinions, quickly finalized the strategic direction without lengthy collective discussions, and completed market research, site selection, and planning within just a few months, demonstrating extreme decision-making efficiency. In the mid-1990s, FOXCONN officially entered the mainland market, choosing Longhua in Shenzhen as its first large-scale production base, ushering in an era of massive expansion.

In 1996, FOXCONN purchased a vast tract of land in Longhua, Shenzhen, and began constructing what would become the world's largest electronics manufacturing base. The scale of the Longhua campus was staggering: covering an area of over three square kilometers, it included employee dormitories, production plants, warehousing and logistics facilities, and living amenities. At its peak, the Longhua campus housed over 300,000 employees – a population equivalent to a medium-sized city. The design of the Longhua campus reflected Gou's management philosophy. The entire campus adopted a closed-off management system; employees lived and worked within the campus, forming a self-sufficient "company town." This design had practical considerations: reducing employee commuting time to increase productivity, facilitating centralized management to maintain discipline, and minimizing employee contact with the outside world to reduce information security risks. In production management, FOXCONN implemented a "militaristic" operating model. Production lines were designed using assembly lines, with each workstation having Standard Operating Procedures (SOPs). Employee movements were broken down into the simplest steps, repeated constantly. Dormitory management was equally strict, with fixed bedtimes, uniform housekeeping standards, and even regulations on the placement of toothbrushes. This management model created astonishing production efficiency. FOXCONN could recruit large numbers of workers in a short time and rapidly expand capacity. In the 2000s, with the huge success of Apple's iPod, iPhone, and other products, FOXCONN's orders exploded. The Longhua campus demonstrated immense "surge capacity": before the launch of new products, it could recruit tens of thousands of workers within weeks, set up new production lines, and meet customer delivery deadlines. Gou's demands on the Longhua campus were extremely stringent. He frequently conducted unannounced inspections, appearing on production lines in the early morning hours to question workers about their tasks and check product quality. Legend has it that he once fired a line supervisor on the spot for discovering a single loose screw on the production line. This "iron-fisted" style created immense psychological pressure within the campus and fostered the tense atmosphere associated with "Chairman Gou is here!"

The strategic decision to expand westward brought FOXCONN three core advantages: 1. Labor advantage: Leveraging Mainland China's vast labor resources, FOXCONN could quickly recruit a large industrial workforce to meet the production demands of massive orders. 2. Cost advantage: The relatively low costs of land, labor, water, and electricity in Mainland China significantly reduced FOXCONN's production and operating costs, enhancing its price competitiveness. 3. Industrial chain advantage: The well-developed electronic components industry in China's Pearl River Delta region enabled FOXCONN to source raw materials locally and respond quickly within the supply chain, dramatically shortening production cycles. The success of the Longhua base allowed FOXCONN to completely transcend its limitations as a small or medium-sized manufacturer and join the ranks of large global enterprises. Subsequently, starting from Shenzhen, FOXCONN gradually established production bases in Kunshan, Zhengzhou, Chengdu, Wuhan, and other cities across Mainland China, forming a nationwide manufacturing network. During this phase, Gou's absolute authority was further strengthened. The governance model of "Fa, Shu, Shi" gradually matured, significantly enhancing the company's decision-making efficiency, execution efficiency, and production efficiency. This laid the capacity foundation for subsequently undertaking massive orders from international giants like Apple and Dell. By 2000, FOXCONN's workforce exceeded 100,000, and its annual revenue surpassed one trillion New Taiwan Dollars, establishing it as a significant player in the global electronics manufacturing industry.

### 3. The Global Expansion Phase (2001-Present)

Entering the 21st century, as the global division of labor in the consumer electronics industry became increasingly refined, competition in electronics manufacturing evolved from simple cost and scale competition to competition in supply chain management, technology, and response speed. At this point, FOXCONN, leveraging the scale advantages and technological capabilities of its mainland manufacturing bases, successfully secured OEM orders from the world's top technology brands, including Apple, Dell, HP, Sony, and Amazon. The partnership with Apple, in particular, became the crucial opportunity that propelled FOXCONN to the pinnacle of global electronics manufacturing. In 2007, Apple launched the first-generation iPhone, fundamentally changing the global mobile phone market landscape and presenting FOXCONN with unprecedented opportunities. As the primary assembly manufacturer for the iPhone, FOXCONN undertook the production task for the vast majority of iPhones globally. Every step, from component inspection, screen assembly, and motherboard soldering to final device testing, packaging, and shipping, had to meet Apple's stringent quality requirements. To accommodate Apple's high-volume orders, exacting quality standards, and rapid delivery demands, Terry Gou further intensified Legalist management practices. He optimized the institutional system, enhanced control precision, and strengthened execution intensity, pushing FOXCONN's production operations to achieve extreme standardization and efficiency.

To meet the mass production needs of a new iPhone model, FOXCONN could recruit hundreds of thousands of workers, set up entirely new production lines, and double production capacity within just a few months. This extreme execution capability relied on the synergistic effect of "Fa, Shu, Shi": "Fa" (standardized systems) ensured consistency in production processes and stability in product quality; "Shu" (meticulous control tactics) ensured efficient operation at every level, preventing loopholes; "Shi" (absolute authority) ensured that all directives were implemented quickly and unconditionally, with no one daring to procrastinate or shirk responsibility. FOXCONN gradually implemented a global layout strategy, gradually reducing over-reliance on the Chinese mainland market to mitigate trade risks, lower logistics costs, and get closer to regional markets. Besides its mainland China bases, FOXCONN established production facilities in countries and regions such as India, Brazil, the Czech Republic, the United States, and Vietnam. This enabled localized production and delivery tailored to different regional markets and specific client needs. For example, the base in India catered to the Indian subcontinent and South Asia; the Czech facility served European clients; and the US operations responded to North American market demands and policy incentives.

Each overseas base replicated the management model of the mainland China bases, establishing standardized systems, strict constraint mechanisms, and submitting to the headquarters' meticulous control. Concurrently, Gou utilized remote data monitoring and regular on-site inspections to ensure that operational efficiency and product quality across all global bases met uniform standards, thus building a globally coordinated supply chain system. To date, FOXCONN's production network spans major global regions including Asia, Europe, the Americas, and Oceania. Its total workforce exceeds one million, and its annual revenue surpasses one trillion New Taiwan Dollars. It has become the world's only electronics manufacturing services (EMS) provider capable of simultaneously handling high-volume, multi-category orders for consumer electronics, cloud computing, automotive electronics, and communication equipment. Within the global supply chain, FOXCONN has evolved from a mere OEM factory into an indispensable core hub. It is now difficult for any international technology brand aiming for mass production and rapid delivery to bypass FOXCONN's manufacturing system. Throughout FOXCONN's three developmental phases – entrepreneurial start-up, westward expansion, and global layout – Legalist thought has consistently been the core management philosophy underpinning FOXCONN's growth.

### 4. Organizational Structure and Management System

FOXCONN's organizational structure is extremely complex. The group owns hundreds of subsidiaries covering numerous business areas, including molds, connectors, casings, assembly, logistics, and distribution. The entity listed on the Taiwan Stock Exchange, "FOXCONN Precision Industry Co., Ltd.," is only a part of the group; the actual operational scale is far larger than what is reflected in financial reports. Terry Gou employs a "Business Group" system to manage this sprawling conglomerate. Each business group is responsible for specific product lines or clients and possesses relatively independent operational authority. For example, one business group might be dedicated solely to Apple's iPhone assembly, another handles computer products, and yet another focuses on components like connectors. The general managers of these

business groups report directly to Gou and bear full responsibility for their group's revenue and profit. This business group system has several characteristics. First is the "intrapreneurship" spirit. Business group general managers are treated like "mini-Terry Gous," wielding significant operational autonomy but also bearing immense performance pressure. Second is internal competition. Business groups operating in similar areas compete with each other for group resources and client orders. Third is rapid decision-making. Compared to traditional functional organizations, the business group structure allows for faster responses to market changes. In terms of the management system, FOXCONN has established extremely tight control mechanisms. Foremost is "Management by Numbers." Gou emphasizes that "management is management by numbers." Every business group, every factory, every production line has detailed performance indicators. Daily, weekly, and monthly operational data are reported level by level upwards, eventually consolidating in Gou's office. Second is "Management by Walking Around." Gou frequently tours production lines personally, inspecting various plants without notice. He questions frontline workers about their tasks, reviews production data, and upon finding problems, demands immediate corrective action. This style of "incognito inspection" prevents senior executives from hiding problems and makes frontline employees feel the pressure emanating from the very top. Third is the "Meeting Culture." FOXCONN meetings are notorious for their efficiency and high-pressure atmosphere. In meetings chaired by Gou, participants must come prepared with ample data and answer questions concisely and directly. Legend has it that he has thrown laptops or phones in frustration over imprecise reports from executives and has even fired underperforming managers on the spot. This "shock education" has shaped FOXCONN's intensely pressured meeting culture.

## The Core Connotations of Legalist Governance Thought and Its Modern Applicability

### 1. The Origin and Development Context of Legalist Thought

Legalist thought emerged during the Spring and Autumn and Warring States periods in ancient China, a time of significant social upheaval. It stands as one of the most important schools of thought from the Pre-Qin era, its formation and development deeply intertwined with the social context of the time. This era was marked by conflict among feudal lords, the collapse of traditional rituals, and the disintegration of the old order. The conventional governance approaches, such as Confucian rule by virtue and Daoist non-action (wu wei), proved insufficient for the needs of feudal lords seeking to govern their states effectively, enrich their nations, and strengthen their military forces. There was an urgent need for a new set of ideas that could rapidly establish social order and enhance state power. Legalism emerged as the answer. The development of Legalist thought can be divided into three stages. The first stage was represented by Li Kui and Shang Yang, who emphasized "Fa" (law/method), advocating for clear laws, strict enforcement, and establishing social order through institutionalized systems. The second stage was represented by Shen Buhai, who emphasized "Shu" (technique/tactics), focusing on the ruler's use of covert methods to control subordinates and consolidate power. Shen Dao focused on "situational power" or "authority" (Shi), emphasizing that a ruler's power and authority were essential for effectively governing the state. The third stage culminated with the later Legalist, Han Feizi, who synthesized the thoughts of his predecessors. He integrated "Fa, Shu, and Shi" into a complete and coherent governance system, proposing the core control mechanism of the "Two Handles of Reward and Punishment," representing the pinnacle of Legalist thought. Han Feizi, as the great synthesizer of Legalism, systematically elaborated on the trinity of "Fa, Shu, Shi" in his book, Han Feizi. He critiqued Confucian "rule by virtue" and Daoist "non-action," arguing that governance should start from the premise that "human nature is evil." He advocated for achieving state stability and strength through clear systems, strict control, and absolute authority. Han Feizi's ideas not only became the core theoretical basis for centralized autocratic rule in ancient Chinese dynasties but also provide important intellectual reference points for modern enterprise management.

### 2. Legalist Thought: Fa, Shu, Shi

The Legalist governance system of "Fa, Shu, Shi" forms a trinity where the three elements support each other and are indispensable. Together, they constitute the complete framework of Legalist governance. Han Feizi explicitly stated, "Fa is the public instrument of the state; Shu is the ruler's secret instrument; Shi is the ruler's heavy power." Only by combining these three can the governance goal of "orders being carried out and prohibitions being heeded, bringing peace to the realm" be achieved.

"Fa" is the foundational and core element. Han Feizi believed that "Fa" consists of the statutes recorded in books, placed in government offices, and promulgated among the people. That is, systems and laws must be written, public, and transparent, covering all members of the organization. Regardless of status or rank, everyone must strictly abide by them, achieving the principle that "punishments do not avoid ministers, nor do rewards neglect commoners." The "Fa" emphasized by Legalism has three core characteristics. First is publicity: laws must be made known to all members, so everyone understands their rights and obligations, clearly knowing "what is right and what is wrong," thus avoiding behavioral chaos caused by opaque systems. Second is uniformity: laws must be uniform and cannot vary from person to person or situation to situation, ensuring all members act within the same institutional framework and maintaining the system's fairness. Third is enforceability: once laws are established, they must be strictly enforced. Any violation must be punished, ensuring the authority of the system. In traditional society, "Fa" was the ruler's tool for controlling ministers and governing the state. In modern enterprise management, "Fa" corresponds to the company's rules and regulations, operating procedures, quality standards, management norms, etc. It forms the basis of business operations, eliminating human arbitrariness and ensuring orderly organizational functioning.

"Shu" is the means to prevent deviation. Unlike the publicity of "Fa," "Shu" is characterized by its covert nature. It is something the ruler "keeps hidden in his heart, using it to respond to various situations and subtly control his ministers." It cannot be publicly disclosed and must be mastered and applied solely by the ruler. The core of "Shu" lies in examining officials' capabilities, assigning them

appropriate positions, and assessing their actual performance against the responsibilities of that position, ensuring they are competent and fulfill their duties. Han Feizi further enriched the concept of "Shu," proposing a series of specific control methods, including examining whether subordinates' words and deeds align, monitoring their work performance, and preventing them from forming cliques or abusing power. In modern enterprise management, "Shu" corresponds to various management methods and control mechanisms. Its core role is to ensure the implementation of systems, control over personnel, and achievement of objectives. For example, data monitoring, on-site inspections, performance appraisals, and accountability tracing are all modern practices of the Legalist "Shu."

"Shi" is the guarantee of governance. Shen Dao argued that "sage individuals are not enough to subdue the masses, but power and position are sufficient to subdue the worthy." That is, an individual's personal virtue and intelligence cannot compel obedience from the multitude; only the authority derived from power and status can instill fear and submission in subordinates. Han Feizi further developed the theory of "Shi," emphasizing that the ruler must possess absolute, sole, and unchallengeable power. This power includes not only institutional authority but also the ruler's personal charisma and decisiveness. Through "Shi," the ruler can ensure that "Fa" and "Shu" are effectively implemented, making all members of the organization obey the ruler's authority. In modern enterprise management, "Shi" corresponds to the power and authority of the core leader(s) of the enterprise, as well as the organization's structure and decision-making mechanisms. When the core leader possesses absolute authority, they can make decisions quickly and ensure directives are implemented effectively, avoiding internal disputes and delays, thereby ensuring the efficient operation of the enterprise.

The three elements of "Fa, Shu, Shi" form an inseparable organic whole. Han Feizi stated: "Without Fa, Shi and Shu become perilous; without Shi, Fa and Shu become ineffective; without Shu, Fa and Shi become hollow." Without "Fa," "Shu" and "Shi" lack clear direction, easily leading to power abuse. Without "Shu," "Fa" and "Shi" cannot be implemented – systems fail, and personnel cannot be controlled. Without "Shi," "Fa" and "Shu" lack protection – systems have no authority, and control lacks intensity. Only by combining the three can efficient, stable, and orderly governance be achieved.

## 3. The Legalist Instrument

Within the governance framework of "Fa, Shu, Shi," Han Feizi proposed the most core and practical control tool – the Two Handles of Reward and Punishment. In the chapter "The Two Handles" of the Han Feizi, he states clearly: "What the enlightened ruler uses to control his ministers are two handles only. The two handles are punishment and favor. What are punishment and favor? It is said: Execution and mutilation constitute punishment; rewards and commendations constitute favor." Simply put, for a ruler to govern the realm and control subordinates, they need only master two powers: the power to punish (penalty) for those who violate systems, neglect duties, or contradict their words with deeds; and the power to reward (favor) for those who comply with systems, achieve merits, and accomplish goals. Legalism posits that human nature is inherently evil; people are driven by the pursuit of benefit and avoidance of harm, by the desire for personal gain. Relying on moral education and ritual norms cannot fundamentally constrain human behavior. Only through clear rewards and punishments can subordinates' actions be aligned with the ruler's objectives, achieving the state where "orders are carried out and prohibitions are heeded."

The core principles of the Two Handles are threefold. First, rewards and punishments must be clear and distinct (clear rewards and punishments). Merit must be rewarded, and faults must be punished, without bias or favoritism. Decisions should not be based on personal preferences nor differentiate based on status or position. Whether a senior executive or a frontline worker, anyone who follows the rules and contributes should be rewarded; anyone who violates rules or neglects duties should be punished. This ensures the fairness of the system. Second, rewards and punishments must be measured and appropriate (measured rewards and punishments). Rewards must be sufficiently motivating, making subordinates feel that their efforts are matched with commensurate returns, thus proactively striving towards goals. Punishments must be sufficiently deterrent, making subordinates understand the serious consequences of violating rules, deterring them from easily crossing the line. Excessive or insufficient rewards or punishments can undermine control – excessive rewards lead to out of control costs, while excessive punishment can breed resentment and resistance. Third, rewards and punishments must be credible and enforced (credible rewards and punishments). The rewards and punishments stipulated by the system must be realize. Promised rewards should not be delayed; prescribed punishments should not be exempted. This establishes the system's credibility. If rewards and punishments lack credibility, subordinates lose trust in the system, leading to opportunistic behavior and shirking of responsibility. Then "Fa" and "Shu" cannot function effectively. In modern enterprise management, the Two Handles correspond to the company's performance incentive system and disciplinary constraint mechanisms. Rewards include bonuses, promotions, stock options, honors, etc.; constraint measures include pay cuts, demotions, transfers, termination, and disciplinary actions. Through clear performance standards and rules for reward and punishment, companies can guide employee behavior to align with strategic goals, motivate employee effort, and deter misconduct. This is precisely the most direct contribution of Legalist thought to modern enterprise management.

## 4. The Adaptability of Legalist Thought to Modern Enterprise Management

Although Legalist thought originated in ancient China's autocratic society, and modern enterprises operate in democratic, legal, and market-oriented environments, Legalist thought, with its unique governance logic, demonstrates strong adaptability to the management needs of modern enterprises, especially large-scale manufacturing companies.

When a company's workforce reaches tens of thousands, hundreds of thousands, or even millions, relying on personal relationships, moral constraints, or individual capabilities is no longer sufficient for effective control. At this scale, the organization needs a clear, uniform, and publicly disclosed system of rules that covers all positions, all processes, and

all employees. Everyone must understand their responsibilities and behavioral norms to ensure the orderly functioning of the large organization. The Legalist principle of "governing the state by law," emphasizing uniformity, enforceability, and publicity of rules, perfectly matches the control needs of large organizations. It eliminates human arbitrariness and enables standardized and normalized operations. FOXCONN Group, as a company with over a million employees, achieves coordinated operations across its numerous global production bases precisely because it has built a comprehensive institutionalized system. It imbues the principle of "Fa" into every link, ensuring that a million employees act within a unified framework, guaranteeing order and efficiency. The core requirements for manufacturing and process-oriented enterprises are consistency in product quality and stability in production efficiency. This necessitates that employees strictly adhere to standardized operating procedures, with no room for individual creativity or deviation. Legalism's emphasis on "orders being carried out and prohibitions being heeded" requires subordinates to strictly obey systems and directives, aligning perfectly with the needs of standardized work. By developing detailed Standard Operating Procedures (SOPs) that specify every action and process step, and ensuring strict compliance, product quality and production efficiency can be effectively guaranteed. FOXCONN achieves extreme standardization and efficiency through strict institutional constraints to achieve product quality consistency and extreme production efficiency, meeting the high-quality, high-volume demands of clients like Apple.

The Legalist governance model emphasizes centralized decision-making and absolute authority, avoiding lengthy discussions and layered approvals. Directives can be communicated and implemented rapidly and unconditionally throughout the organization, achieving "quick decisions, quick execution." When facing global market changes or shifts in client demand, FOXCONN can rapidly adjust its capacity structure; optimize production processes, and layout new production bases. This agility benefit from the Legalist-style centralized decision-making and forceful execution, allowing the company to respond swiftly and seize the initiative in intense market competition. Legalism's Two Handles of Reward and Punishment provide a clear performance orientation: "rewards for merit, punishments for fault, promotion for the capable, elimination for the incapable." By establishing clear performance standards that directly link employee effort to returns, high performers receive substantial rewards, and low performers face corresponding consequences. This maximizes employee motivation and enhances the company's overall performance level. FOXCONN's performance incentive system completely follows the Legalist principle of the "Two Handles." With performance as the core, it has built a diversified system of incentives and constraints, fully motivating employees and ensuring efficient operation and goal achievement. It is precisely this fundamental alignment that has enabled Legalist thought to take root and flourish within FOXCONN, a global top-tier manufacturing enterprise. It has become the core management philosophy underpinning its efficient operations and rapid development, providing a significant reference model for other modern companies.

**The Application of Legalist "Fa, Shu, Shi" at FOXCONN**

Terry Gou systematically translated the Legalist trinity of "Fa, Shu, Shi" into FOXCONN's corporate management system. Adapting it to the characteristics of the electronics manufacturing industry and the demands of large-scale operations, he modernized and implemented "Fa, Shu, Shi." Every management link, every operational process, and every personnel control action bears the deep imprint of Legalist thought. "Fa" forms the operational foundation of FOXCONN, establishing a standardized and institutionalized operational system. "Shu" constitutes the management methods, enabling meticulous and often covert control over personnel and processes. "Shi" provides the power guarantee, establishing the absolute authority of the core leader and enabling efficient decision-making and execution mechanisms. The three elements support and synergize with each other, creating FOXCONN's unique and highly competitive management model.

**1. Scene One: Morning at the Longhua Campus**

One early morning in April 2010 at the Longhua campus, Shenzhen, before dawn, military music blares from the dormitory loudspeakers. Tens of thousands of employees complete their washing up and tidy their quarters within fifteen minutes, then line up for roll call in front of their dormitory buildings. This is the daily routine at the Longhua campus, unchanged for decades. Zhang Ming (pseudonym) is an operator on the iPhone assembly line. Twenty-two years old, he comes from a rural village in Hunan and has been working at Longhua for three years. Every morning at 6:30 AM, he and his roommates wake up on time. They fold their quilts into the required "tofu block" shape, place their toothbrushes and towels in the designated spots, and then gather downstairs for roll call. After roll call, Zhang Ming follows the line to the cafeteria. Breakfast is fixed: steamed buns, porridge, pickled vegetables – fifteen minutes to eat. At 7:15 AM, everyone enters the production line, beginning a twelve-hour workday. Zhang Ming's workstation is on the iPhone assembly line, responsible for installing a tiny screw. His movements are broken down into: pick up screw, align with hole, tighten with electric screwdriver, visually inspect, place into fixture. The entire process must be completed within fifteen seconds, 240 times per hour. The rhythm of the line is controlled by the "line leader," who holds a stopwatch monitoring the output of each station. If a station falls behind, the line leader intervenes immediately, helping to troubleshoot or adjusting manpower. During peak production periods, line leaders are under immense pressure, as their performance pay is directly tied to output volume. At 10:00 AM, there's a ten-minute break. Employees can use the restroom or get water, but must return to their posts within ten minutes. Lines often form outside restrooms, and many employees choose to drink less water to avoid trouble. At noon, a thirty-minute lunch breaks. Employees eat quickly; some take a brief nap at their stations, but many continue working – because there's an "overproduction bonus." More pieces mean more income. The afternoon repeats the morning's rhythm. After a quick dinner at 6:00 PM, overtime continues until 9:00 PM. This is considered "normal" quitting time, but during pre-launch periods for new products, working late into the night is common. Zhang Ming's basic monthly wage is 900 RMB (the local minimum wage at the time), but with overtime, he can earn 2,500 to

3,000 RMB per month. For a young person from rural China, this is decent income. But the cost is twelve hours of repetitive labor daily and unrelenting pressure.

**2. Scene Two: Chairman Gou's Surprise Inspection**

One night in 2009, around 2:00 AM, the lights are blazing on the iPhone production lines at the Longhua campus. A new product is about to launch, and the entire plant is in "wartime mode." Suddenly, a convoy of black sedans enters the campus gate. Terry Gou, accompanied by a retinue of senior executives, appears unannounced on the production line. This is Gou's standard practice: he frequently conducts surprise inspections late at night or in the early morning, believing this is the only way to see the real situation. Gou walks directly up to a production line and asks the line leader about the day's yield rate data. The line leader nervously replies, "Reporting to the Chairman, today's yield rate is 98.5%." Gou frowns: "Where did the 1.5% defective products go? Why were they defective? Have they been addressed?" Before the line leader can answer, Gou has already picked up a semi-finished product and is inspecting it closely. He notices a tiny gap in the adhesion of one component, although it is within the allowable specification range. Gou is unsatisfied: "The customer might not see this gap, but it shows our craftsmanship isn't precise enough. Apple demands zero defects, so we must achieve zero defects." He turns to the accompanying Business Group General Manager: "Who is the line leader for this line? Get them over here." The line leader nervously approaches. Gou stares at him for a few seconds, then asks, "How long have you been at FOXCONN?" "Three years, Chairman." "Three years, and you're still showing me this quality?" Silence falls over the scene. Finally, Gou says, "I won't punish you this time, but I want this line's yield rate increased to 99.5% by next month. If you can't achieve it, you're done." This kind of "shock education" epitomizes Gou's management style. He believes that pressure can unlock potential and fear can maintain discipline. Senior executives all know that being singled out and grilled by Chairman Gou is the most terrifying experience, and the phrase "you're done" is often not a threat, but a statement of fact.

**3. Scene Three: Performance Review Meeting**

The first Monday of every month is performance review day for FOXCONN's business groups. These meetings are infamous for their tense atmosphere. Participants must come prepared with exhaustive data and face harsh questioning. A Business Group General Manager is reporting monthly performance data, his voice trembling slightly, anticipating a severe reprimand. "Why did gross margin drop by 0.3 percentage points this month?" Gou asks. The General Manager explains, "Mainly due to rising raw material prices. Copper prices increased by 5% this month..." Gou interrupts him: "I don't want reasons, I want countermeasures. Why wasn't hedging arranged in advance? Why weren't suppliers renegotiated? Why weren't competitors affected?" A barrage of questions leaves the General Manager sweating profusely. He tries to explain, but Gou has already turned to the CFO: "Starting next month, all raw material procurement must include hedging plans three months in advance. If this isn't implemented, the procurement manager bears full responsibility." The meeting lasts four hours. Two factory managers are demoted on the spot for failing to meet yield targets. One Business Group Vice President is transferred from their position due to project delays. Simultaneously, outstanding units receive bonuses and commendations. This culture of "clear rewards and punishments" shapes FOXCONN's intense performance orientation. Executives know that at FOXCONN, numbers are everything. Meet targets, and rewards are generous and promotions rapid. Miss targets, and punishments are severe and career prospects bleak.

**4. Scene Four: The Crisis of 2010**

Between January and May 2010, a series of employee suicides occurred at FOXCONN's Shenzhen campus. Young operators jumped from dormitory buildings, ending their lives. The first incident was treated as an isolated case, but as the number climbed to five, ten, thirteen, it became clear this was no longer just an individual problem, but a systemic crisis. Media coverage exploded, with sensational headlines: "Sweatshop," "Modern Slavery," "The Price of an Empire." International media like The New York Times and the BBC sent reporters to Shenzhen to investigate. Apple issued a statement expressing concern and promising an investigation. Labor groups held protests, demanding Apple terminate its partnership with FOXCONN. Terry Gou faced the biggest crisis of his entrepreneurial career. He rushed to Shenzhen and held a press conference, promising improvements. Specific measures included: a 30% pay raise, installing safety nets in dormitories, establishing an employee care center, hiring psychological counselors, and reducing overtime hours.

However, Gou also defended FOXCONN: "Our management is strict, but not cruel. These incidents have complex social factors that cannot all be blamed on FOXCONN. We will improve, but we will not change the nature of manufacturing." This crisis had a profound impact on FOXCONN. First, there were financial costs: pay raises, facility improvements, and increased staffing significantly raised operating costs. Second, there was reputational damage: FOXCONN transformed from a "manufacturing model" into a symbol of the "sweatshop." Third, there was management reflection: Gou began to realize that the pure Legalist governance model had its limits and needed to incorporate more human elements. In the aftermath of the crisis, FOXCONN initiated employee care programs like the "Eight Hearts of Great Love," established employee mental health mechanisms, and improved dormitory conditions. However, doubts remained externally about whether these changes could fundamentally resolve the underlying issues.

**The Challenges of FOXCONN's Transformation in the 21st Century**

**1. The Twilight of a Glorious Era**

Imagine hundreds of thousands of workers bustling daily within enormous factories, assembling the world's most popular electronic products – iPhones, iPads, PlayStations. This is not a scene from a sci-fi movie but the daily reality of FOXCONN Precision (Foxconn) for the past two decades. As the world's largest electronics contract manufacturer, FOXCONN was once the quintessential embodiment of the "global factory," leveraging China's vast, cheap labor pool to build a manufacturing empire spanning the globe. However, by the late 2010s, this manufacturing empire began to show cracks. The very advantages that propelled FOXCONN to global dominance – cheap and abundant labor – were rapidly disappearing. Wages in China

continued to rise, the younger generation shunned dull assembly line work, and the "demographic dividend" upon which manufacturing relied was gradually becoming a relic of the past. Concurrently, a manufacturing revolution driven by automation, robotics, and artificial intelligence – "Industry 4.0" or "Smart Manufacturing" – was sweeping the globe, fundamentally altering the industry's rules of the game. Faced with this dual pressure of rising costs and technological change, FOXCONN had to seek transformation. In 2011, Terry Gou formally proposed the "Million Robot Plan," announcing that within five years, FOXCONN would deploy one million industrial robots to replace repetitive and hazardous manual labor. The logic seemed straightforward: since labor is increasingly expensive and difficult to manage, replace it with capital (robots) to solve both cost and management dilemmas. But reality proved far more complex. This was not merely a technological upgrade but a profound revolution encompassing corporate culture, management philosophy, and even the entire business model.

## 2. The Dilemma of Internal and External Pressures

To understand FOXCONN's predicament, one must first grasp the concept of the "demographic dividend." Simply put, it refers to a period when a country has a high proportion of working-age population and low dependency burden, thus providing a large pool of cheap labor. In the decades following its reform and opening-up, China relied precisely on this advantage to attract global manufacturing, becoming the "world's factory." FOXCONN was one of the biggest beneficiaries of this dividend. Starting from its first mainland China factory in 1988, FOXCONN relied on hundreds of thousands of trained workers to manufacture products for international brands like Apple, Sony, and Microsoft with extreme efficiency and extremely low cost. This "labor-intensive" production model enabled FOXCONN to stand out in the fiercely competitive electronics manufacturing industry and become the world's largest contract manufacturing giant. But by the late 2010s, this model began to fracture. First, costs soared. As China's economy rapidly developed, residents' incomes continuously rose, and manufacturing wages followed suit. Statistics show that in the late 2010s, average annual wage increases in China's manufacturing sector remained between 8% and 12%. For FOXCONN, where labor costs constituted a very high proportion of total costs, this meant significant profit compression. Data indicates that between 2015 and 2020, the labor cost share at FOXCONN's mainland China bases rose from 28% to 41% – an increase sufficient to pressure any company. More tricky was the "people problem." The post-90s and post-2000s generations gradually became the main force of the labor market, and their employment values differed vastly from their parents' generation. The previous generation of workers valued stability and could endure hardship, willing to repeat the same tasks day after day on the assembly line. However, the younger generation places greater emphasis on work environment, development opportunities, and personal fulfillment, dull, repetitive, high-intensity assembly line work holds little appeal for them. This directly led to the twin dilemmas of "difficulty recruiting" and "difficulty retaining" workers. Especially during peak demand periods like the mass production of new iPhones, even with significantly increased wages, FOXCONN struggled to recruit enough workers. Between 2018 and 2020, the employee turnover rate at FOXCONN's mainland bases rose from 15% to 27%, and some production lines had to cut capacity due to labor shortages, affecting order delivery schedules. This "labor shortage" is not unique to FOXCONN but a common challenge facing all of China's manufacturing industry. It marked the end of an era: the "demographic dividend" FOXCONN had relied on for decades had officially disappeared, and the traditional labor-intensive production model had reached its limits.

The internal problems of an organization develop similarly to how a frog experiences harm when left in warm water but external environmental shifts produce effects which resemble powerful oceanic waves. The worldwide manufacturing sector experienced a technological revolution during the 2010s which Germany called "Industry 4.0" through its focus on automation and robotics and artificial intelligence and big data analysis. The core of this revolution brought about a fundamental change which turned traditional manufacturing methods that needed human labor into smart manufacturing systems which used technology and required substantial financial investment. The world now operates automated production systems and intelligent factories which international manufacturing companies have implemented. The company used robots to assemble their products with accuracy and they applied artificial intelligence for production process optimization and they employed big data analytics to forecast equipment breakdowns and market requirements. The system achieved better production efficiency through its new system which reduced labor expenses but its main advantage allowed manufacturers to switch from producing large quantities to making accurate and adaptable products. Smart manufacturing enables companies to respond more flexibly to client needs for small batches of diversified products. In an era of increasingly individualized consumer demand, this capability is ever more critical. For FOXCONN, this meant dual pressure. On one hand, competitors were enhancing efficiency and quality through smart manufacturing; if FOXCONN failed to keep up, it would lose competitiveness on cost and quality. On the other hand, client demands were rising – technology brands like Apple demanded not only extreme production efficiency and product quality from their contract manufacturers but also rapid responsiveness, innovation capability, and sustainable development practices. This stood in stark contrast to FOXCONN's traditional "OEM mindset" – focused on execution, not on innovation. The dual pressure from internal and external environments forced FOXCONN to recognize clearly: the development model relying on the "demographic dividend" and large-scale contract manufacturing had reached a dead end. The only way to survive in the intense market competition was to proactively embrace smart manufacturing, drive industrial upgrading, and reconstruct its management model.

Against this backdrop, Terry Gou formally proposed the "Million Robot Plan" in 2011. The plan's goal was clear: within five years, to increase the number of industrial robots in FOXCONN's global factories to one million, replacing repetitive and hazardous manual tasks with machines. The underlying logic was clear: since labor costs are rising and management difficulty increasing, replace labor with capital (robots). Robots don't need rest, don't strike, don't quit, can work 24/7, and with technological advancements, their

precision and efficiency continuously improve. If large-scale automation could be achieved, FOXCONN could not only solve its "labor shortage" problem but also significantly boost production efficiency and product quality, while reducing management complexity. To achieve this goal, FOXCONN adopted a dual-track strategy of "independent R&D + external introduction." On one track, FOXCONN established a dedicated robotics R&D team, attempting to develop specialized robots suitable for electronics manufacturing needs. On the other track, it actively introduced advanced international robotics technology and intelligent systems to optimize robot performance and adaptability, promote automated upgrades on production lines. The initial results of the Million Robot Plan were encouraging. By 2016, FOXCONN had deployed over 60,000 industrial robots in its mainland China factories. In some highly standardized processes like metal casing processing and component assembly, robots successfully replaced manual labor. Taking the iPhone metal casing production line as an example, after robot deployment, each production line reduced labor demand by 70%, achieved a 30% increase in production efficiency, and improved product yield rate from 98.2% to 99.5%. This not only achieved dual gains in efficiency and quality but also reduced worker labor intensity, somewhat alleviating the "labor shortage" problem. These numbers proved that in suitable scenarios, robots could indeed play a huge role. For processes that are highly repetitive, require high precision, and occur in simple environments, automation is feasible and economical.

However, the implementation of the "Million Robot Plan" was far less smooth than anticipated. FOXCONN quickly discovered that large-scale automation faced three core challenges, intricately linked, making the transformation path rocky. The first challenge was technical bottlenecks. Electronics manufacturing, especially final assembly processes like smartphones, requires extremely high precision and flexibility. Components are tiny and varied, assembly steps are complex, and product iterations are rapid. Current industrial robots struggle to fully meet these demands – either they lack sufficient precision, or they lack flexibility, or they are prohibitively expensive. As the head of FOXCONN's robotics division noted, the demands for robotics in the electronics industry are far harsher than in industries like automotive manufacturing, requiring not only high precision but also high flexibility and rapid adaptability – a core pain point current robotics technology struggles to overcome. The second challenge was investment cost. The "Million Robot Plan" required tens of billions of dollars in capital expenditure. This included not only the cost of purchasing robots but also expenses for production line transformation, system integration, technology R&D, personnel training, and more. For an industry like contract manufacturing, which already operates on thin profit margins, this was a colossal investment. More critically, the return on this investment would have a long payback period and be fraught with uncertainty. Robotic technology is evolving rapidly; equipment purchased today might be obsolete in a few years. Production line transformation could disrupt existing order deliveries. If market demand shifted, the huge investment in automation could become "sunk costs." These risks forced FOXCONN to proceed cautiously. The third, and most difficult to overcome, challenge was the conflict with organizational culture. This was a deep-seated issue. The management system FOXCONN had built over decades was designed around the control of people. This system emphasized strict rules, discipline, absolute obedience, and standardized work. Its core was "managing people" – ensuring through rigorous regulations and reward/punishment mechanisms that employees followed standard procedures to maximize production efficiency. This management model was indeed effective in the labor-intensive production context. When you have hundreds of thousands of workers and need to ensure everyone operates to the same standard, strict control is necessary. But as the company shifted towards automated production and smart manufacturing, this traditional management thinking came into fundamental conflict with the needs of transformation.

Smart manufacturing emphasizes data analysis, rapid iteration, and cross-functional collaboration. This requires employees to possess higher skills and greater autonomy, and the organization to have greater flexibility and openness. Engineers need to proactively identify problems based on production data and propose optimization suggestions. Different departments need to collaborate closely to respond quickly to technological changes and market demands. The entire organization needs to shift from an "execution-oriented" to an "innovation-oriented" culture. But this is fundamentally at odds with FOXCONN's traditional culture emphasizing obedience, discipline, and standardization. Employees accustomed to passively receiving instructions lack the motivation and capability for proactive innovation. An organization used to layered reporting cannot achieve rapid decision-making and flexible adjustment. Real-world cases illustrated this tension. At one FOXCONN production base promoting automated production line upgrades, poor communication and insufficient coordination between the technical and production departments led to robot deployment being out of sync with production processes. The robots couldn't function effectively, actually hampering production efficiency. Some long-serving employees, accustomed to manual work, resisted the introduction of robots, refusing to cooperate with robot debugging and operator training. This impeded the utilization rate of the automated lines. This conflict in organizational culture could not be resolved in the short term. It required a thorough restructuring of the management system and cultural philosophy that FOXCONN had cultivated over decades – undoubtedly the most arduous challenge in FOXCONN's transformation journey.

From "King of OEM" to "Pioneer of Smart Manufacturing," FOXCONN's transformation is a long march with no retreat. The "Million Robot Plan," though not fully realized, laid an automation foundation for FOXCONN. The Legalist governance model, though showing its age, still retains powerful execution capabilities. New industry layout, despite obstacles, has opened up new growth spaces. FOXCONN's strengths lie in its vast industrial chain foundation, powerful manufacturing capabilities, and decisive strategic decision-making. Its weaknesses are its deeply entrenched organizational culture, lagging management thinking, and shortage of innovative talent. Whether FOXCONN can truly complete its transformation in the future will not depend on how much capital it invests or how many new tracks it enters, but on whether it can fundamentally break free from the constraints of its

traditional governance model. It needs to establish anew management system suited for smart manufacturing and innovative industries – one that maintains extreme execution capability while inspire the organization's innovative vitality. For global manufacturing, FOXCONN witnessed an era's glory and bears the pain of an era's transformation. In the 21st century, as the demographic dividend fades and technological waves surge, all traditional manufacturing enterprises are undergoing the same test. As manufacturing moves from labor-intensive to technology and capital-intensive, from pursuing standardization to pursuing flexibility and innovation, has the "Legalist governance model" that underpinned FOXCONN's success for decades finally reached its end?

**Questions and Discussions**

FOXCONN's "Legalism, Tactics, and Authority" governance model created remarkable production efficiency and scale expansion around 2010 but also led to employee suicides that shocked the world. Please discuss: Which core elements of Legalist thought (such as the dual handles of reward and punishment, centralized decision-making, and standardized control) were key to FOXCONN's success, and how could they also become sources of organizational risk? How can companies strike a balance between "efficiency" and "humanity"?

Terry Gou frequently conducted late-night surprise inspections and publicly reprimanded or fired managers during meetings, creating a powerful personal authority through "shock education." Please analyze: What are the advantages and risks of this management model, which heavily relies on the founder's personal authority ("Shi"), at different stages of organizational development (start-up, growth, and transformation)? Can this "Shi" be institutionalized and passed on after the founder steps down?

FOXCONN adopts a business group system, granting general managers significant operational authority while emphasizing internal competition, yet simultaneously enforcing strict control through numerical management and walk-around management. Please discuss: How does this organizational design, which combines "decentralization and centralization," reflect the Legalist concept of "Tactics"? What positive benefits and negative costs (such as redundant resource allocation and lack of information sharing) can internal competition between Business Groups bring?

At the Longhua factory, employee movements are broken down into simplified steps (e.g., tightening screws must be completed within 15 seconds), and dormitory life is governed by strict rules (e.g., folding blankets into tofu blocks). Please analyze from an organizational behavior perspective: How does this highly standardized management model affect employees' work motivation, innovation ability, and mental health? After the 2010 crisis, did FOXCONN's employee care programs, such as the "Eight Hearts," sufficiently address the shortcomings of institutionalized management?

During its automation transformation, FOXCONN found that robots struggled to perform precision tasks requiring "tactile sensitivity," and the existing management system (designed around controlling people) clashed with the needs of smart manufacturing. Please analyze: Why did an organization so successful in "managing people" encounter difficulties in the transition to "managing robots" and "managing data"? What fundamental tensions exist between the Legalist governance model and the "flexibility, innovation, and cross-domain collaboration" required for Industry 4.0?

FOXCONN replicated the closed, militarized management model of the Longhua factory at its global sites in India, Brazil, the Czech Republic, and beyond. Please discuss: What challenges might this "standardized control" model face in different cultural contexts (e.g., individualistic Western societies or regions with strong labor unions in Europe)? Should FOXCONN develop "tailored" management variations based on local conditions, or should it adhere to "One FOXCONN, One Culture"?

FOXCONN emphasizes that "management is numerical management," with every link having KPIs precise to two decimal places. Please analyze: How does this highly quantified performance system shape the behavior of employees and managers? What side effects of "numerical tyranny" (such as data fabrication, short-termism, and risk aversion) might arise? As the company shifts toward innovation-driven areas (e.g., electric vehicles and semiconductors), how can performance metrics be designed to measure "creativity" and "long-term value"?

The case study highlights that in the late 2010s, China's younger generation was "unwilling to engage in monotonous assembly line work," leading to labor shortages and rising employee turnover rates. Please discuss: Compared to the migrant workers of the 1970s–80s (such as Zhang Ming in the case), what fundamental changes have occurred in the work values of today's young laborers? Does FOXCONN's Legalist governance model (emphasizing obedience, self-sacrifice, and collective discipline) structurally conflict with Generation Z's pursuit of "meaning, autonomy, and work-life balance"?

FOXCONN's deeply entrenched "Legalist governance model" fundamentally conflicts with the "innovation culture" required for smart manufacturing. Do you think it is possible for a traditional enterprise with decades of history and hundreds of thousands of employees to completely transform its organizational culture? If so, where should it start? If not, what alternatives exist for such companies?

FOXCONN is transitioning from being the "king of mobile phone manufacturing" to the "core of global computing power and new energy production," while simultaneously undergoing organizational changes as its founder steps down. Based on all the clues in this case study, design a governance reform plan suitable for FOXCONN over the next decade: Which elements of Legalism should be retained (e.g., execution and discipline)? Which must be abandoned or transformed (e.g., centralized decision-making and high-pressure culture)? What new management concepts (e.g., agile organizations, open innovation, and ESG governance) need to be introduced?

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