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Image of Ren Zhengfei: Model Entrepreneur or an Agent of State Power?

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1 Introduction

On December 1, 2018, Sabrina Meng Wanzhou, deputy chairwoman of the board and CFO of Huawei, was detained and arrested in Vancouver Airport at the request of the United States, on the basis of a mutual extradition agreement with Canada. Meng has been in house arrest ever since while fighting a legal battle to prevent the extradition. She is charged with having misled US authorities on deals with Iran of a Huawei subsidiary in Hong Kong in contravention of a US embargo.

This incident further escalated an already intensive trade war between China and the United States to the level of a conflict over technological leadership. It also triggered harsh Chinese responses against Canadian citizens and economic interests. It is but an episode in a longer confrontation between Huawei, arguably China's most successful high-tech company, and US authorities. This conflict is connected to the unprecedented

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three-decade rise of Huawei from a small company in the Special Economic Zone (SEZ) of Shenzhen near Hong Kong, producing simple telecommunication equipment, to a competitor on par with Western companies such as Cisco, Nokia, and Ericsson. Huawei not only was able to drive Western competition out of the domestic market but also seized global market shares, while covering not only digital infrastructure but also mobile devices.

As early as 2013, an alleged close cooperation between Huawei and the Chinese government raised security concerns in the United States and United Kingdom, leading to Huawei being excluded from a bidding process for procurement of digital network equipment (Zhuo 2019). While this exclusion made little headlines, the 2018 accusations by the US administration of Huawei's alleged complicity in allowing backdoor entrance to its products to China's intelligence agencies received global media coverage. The trade war and the fact that Huawei is to some extent singled out by the United States seems to be a response by Western governments to President Xi Jinping's 2015 proclamation of the *Made in China 2025* plan, declaring China's ambitions for world leadership in key technologies. This prompted a global backlash of the established industrial countries. The allegation that Huawei equipment was not reliable was reiterated by several US allies, particularly members of the "Five Eyes."

Huawei today is in a pole position in the global telecommunication equipment market, especially thanks to its 5G technology. The company claims that this rise was possible thanks only to its heavy investment in R&D (over 10% of sales revenue), aggressive recruiting strategies, and its position as China's number one patent holder (Sun and Quan 2009). The United States on the contrary claims this success to be the result of foul play in the form of inscrutable and unfair state support for Huawei, which the United States sees as one of many forms of non-compliance of China to its WTO commitments, creating a non-level-playing field for foreign companies in the Chinese market.

The goal of US policies such as blacklisting Huawei-made telecommunication equipment as a security concern in government agencies or anywhere in allied countries telecommunication infrastructure, as well as prohibiting US companies from providing chips or software for Huawei gadgets, clearly is to stifle and inhibit a further growth of the company.

The United States has unleashed "a barrage of actions against Huawei" because it believed that the Chinese telecoms giant "spies for the Chinese government" and "threatens Western interests" (Hille 2018). The ultimate aim of the global US campaign against Huawei can only be to "cripple their business" (*Economist* 2019).

Against the backdrop of these developments, the Vancouver incident brought not only Meng herself into the spotlight of global attention, but also her father Ren Zhengfei, founder and CEO of Huawei. People pay more attention not only to the company but also to the "man behind Huawei" (Pearlstine et al. 2019). Leading media covered the global battle of the United States against this Chinese company so far, but the founder of Huawei is still a bit of a mystery. Ren Zhengfei, who claims to have built his private company from humble beginnings in the late 1980s to a high-tech giant, is mostly elusive and enigmatic. His low-profile approach is very different to that of other successful entrepreneurs in China, such as Jack Ma (Alibaba), Liu Chuanzhi (Lenovo), or Pony Ma (Tencent). But since December 2018, Ren all of a sudden finds himself under international scrutiny and now gives interviews to global media, which he avoided for most of his career.

2 Chinese Voices About Ren Zhengfei

While being unable to present a complete picture of the man, this chapter aims to illuminate the scope of the sometimes-contradictory depictions of Ren Zhengfei in Chinese and Western media. After the Meng incident, a flurry of articles appeared on influential mainland Chinese platforms—such as Sina, Sohu, and Huxiu[1]—shaping his image in the Chinese public eye. Many of these articles draw heavily from Chinese biographies, as well as biographies in English written by Chinese compatriots. I focus my analysis on articles posted and commented on by Chinese entrepreneurs in discussions in WeChat groups of the Chinese business community, such as Annual Entrepreneurs Meeting (AEM), Humanistic Business (HB), Private Board of Directors (PBOD), and BoAo Confucian Entrepreneur Forum (BCEF). These exclusive groups with over 1600 members are "by invitation only" and inaccessible to

most outside observers. I was fortunate enough to gain access through my engagement in research on "Confucian Entrepreneurship" (*rushang* 儒商). This emerging type of entrepreneur in China is characterized by an appreciation of Chinese traditional culture and the attempt to implement it in business. A large number of entrepreneurs identify with this form of Chinese entrepreneurship, both within the WeChat groups analyzed here as well as in exclusive business forum events, such as the "Discourse on Confucian Entrepreneurs" organized by Cheungkung Graduate School of Business (CKGSB)[2] and the Institute of Advanced Humanistic Studies (IAHS)[3] in Beijing, as well as the BoAo Confucian Entrepreneur Forum[4] on Hainan. Several thousand participants engage in debates on Chinese entrepreneurship in the world, among them business leaders such as Yan Jiehe (China Pacific Construction Group), Cheng Feng (HNA), or Liu Chuanzhi. At the 2019 Forum, Ren Zhengfei was widely lauded as an exemplary leader and his biography by Wang Yukun was circulated widely.

The comments I analyze in this chapter complement the officially controlled discourse with bottom-up statements from Ren's peer group. The quotes gathered between January 2019 and November 2019 are a random sample, but my focus was on quotes that comment on Ren Zhengfei's character or Huawei's innocence vis-à-vis the US accusations.

As such they can only provide an incomplete overview of Chinese businesspeople's view on Ren Zhengfei, but they do offer a valuable glimpse into the discussions of his peer group. The following overview shows the size of the groups, and the mentioning of the search terms "Huawei" and "Ren Zhengfei" respectively (Table 15.1):

Table 15.1 WeChat survey of Chinese businesspeople on Huawei and Ren Zhengfei

WeChat group	Participants	"Huawei"	"Ren Zhengfei"
Annual Entrepreneurs Meeting (AEM)	226	245	196
Humanistic Business (HB)	24	69	37
Private Board of Directors (PBOD)	455	38	36
BoAo Confucian Entrepreneur Forum (BCEF)	961	193	173
	1666	*545*	*442*

When quoting from the WeChat groups, I use the group abbreviations to maintain anonymity of the individual commenter.

3 Ren Zhengfei's Image and the Emphasis on "Enduring Hardship"

3.1 Ren's Youth and First Career

While in Western contexts, the family and biographical background are usually not a focus when reporting on leading entrepreneurs and top managers, this is different in China where biographical bits of information receive wide attention. They are in fact the main conduit to generate sympathy for the successful entrepreneur or manager.

The biographies as well as management handbooks on Huawei place a huge emphasis on the adverse conditions Ren Zhengfei had to endure in this youth and during the early phase of the company. The aforementioned Chinese media articles pick up these stories of hardship and turn them into the core notion of Ren's public image. A narrative of destitution resonates with Chinese readers, especially entrepreneurs, but is less a part of Western reports on him. Ren Zhengfei, born in 1944 in Guizhou Province, had harrowing experiences in his youth with his parents raising seven children during the extreme famine of the "Great Leap Forward" (Li 2019: 70; Schmidt 2018). Ren himself describes his experience in *Huashang Taolüe* 2018 as follows:

> At that time, our family implemented a strict meal sharing system to control the rationing system […] to ensure that everyone was able to survive. If it wasn't for this, one or two siblings of mine would not be alive today. I can really understand what it means to survive (*Huashang Taolüe* 2018).

Ren's father Ren Moxun had been a teacher and this "bourgeois class background" negatively affected the prospects of his son during the Cultural Revolution (1966–1976). Ren attended the Chongqing Institute of Civil Engineering and Architecture in the 1970s, and later joined an infrastructure engineering unit as a "scientific and technical model

soldier" of the People's Liberation Army, charged with building a chemical fiber factory in northeast China (Sun and Quan 2009; Ho 2019). Harsh conditions there made him "suffer extreme hardships," but he was grateful for the opportunity to "be allowed to understand modern equipment" (Zhang 2019). Ren recalls:

> In 1974, the mass movement was in full swing [… and] reading was a privilege. At that time, reading too much in other places was subject to criticism. Only in this factory could you read a book. (Zhang 2019)

Mao Zedong had called millions of "red guards" to action to stop people he defamed as "capitalist roaders" (*zouzipai*) from rolling back socialist changes to society. In these tumultuous years, most representatives of expert knowledge and traditional values, such as teachers, professors, and classical scholars, were brutalized, sent to re-education work camps or dismissed, leaving the educational system dysfunctional. In this hostile environment, Ren's father—an intellectual—was persecuted (Fogden 2020). On the other hand, Ren's tainted background gave him an edge since he had been taught how "to scrutinize things" (Zhang 2019).

Eventually, the red guards themselves were seen as a problem and were sent to the countryside (*xiafang*) to "learn from the peasants". The "reading privileges" Ren mentions refer to his rare chance of a technical education in a time when most of his peers were deprived of higher education. The sources in my analysis concentrate on establishing the close parent-child relationship that shapes Ren's life. His father instilled in him a deep appreciation of knowledge with this instruction: "Remember that knowledge is power, when others don't learn, you have to learn, don't follow the crowd" (Zhang 2019).

In the early 1980s, the changes to Chinese society occasioned by Deng Xiaoping's policy of "Reform and Opening" (*gaige kaifang*) ended Ren's modest but reliable career in the military when the government slashed the size of the army, leaving him and many others without state support. He remembers it feeling "like we were abandoned by society" (Pearlstine et al. 2019).

The importance of military ties of Ren Zhengfei are emphasized in Western reports critical of Huawei's rise, such as in this report on American security:

> Although it claims to be a private company, an assertion that has been challenged because its structure of ownership is opaque and contested, Huawei has a history of strong state support and apparent linkages to the Chinese military and intelligence that start with its founder and persist to the present. (Kania 2019)

This claim that Ren's history in the PLA makes him a proxy of Chinese military and intelligence organization security is rejected by an American ex-military businessperson who was a competitor of Ren Zhengfei:

> Ren is a humble man with humble beginnings, he is a proud Chinese, a former [PLA] soldier, but unlike how the Western press would portray Ren, he is not a career military officer and was not a high-ranking "general" as some in the West have wrongly represented him. (Tao et al. 2016: xiv)

Qing Wang of Warwick University stresses the fact that "serving in the army was one way of getting out of poverty for people in the countryside […]. His time in the army was a short one and he was not in any important position" (Lecher and Brandom 2019).

Ren had lost the "iron rice bowl" (*tiefanwan*), that is the benefits of a state job. In 1987, at the relatively ripe age of 44, he decided to "enter the sea" (*xiahai*) of private entrepreneurship. He swapped security for opportunity, as millions of others did, when the establishment of the SEZ attracted foreign investment and reformed property and land usage rights in China created incentives. He joined forces with five investors to raise US$5,000 as start-up capital necessary to establish Huawei (Li 2019: 71). The company name means "China can achieve" (Li 2017: 31). Many new companies of that era chose similar patriotic names in the hope to deflect the lingering skepticism of die-hard left-wingers against private entrepreneurs in a time when the development track toward marketization was not yet consolidated.

Shenzhen offered rare opportunities for companies due to its business-friendly regulations unavailable in the rest of the country. Hundreds of companies were created in various industries, but most of the private companies, especially in the communication industry, did not survive for very long. Huawei began small, without "government or military assistance" (Fogden 2020) and stood little chance against the fierce competitive advantages of state-owned enterprises (SOE), such as Great Dragon, Datang, or ZTE, which enjoyed government funding, supporting policies, and vast amounts of talents (Tao et al. 2016: xii). In the early phase Huawei struggled to retain talent, with foreign companies and SOEs offering much better opportunities. Ren aimed to make people stay with promises of a great future, but some people left after only a few weeks (Zhang 2019). In spite of the odds stacked against him, Ren secured a success in the early 1990s when a Hong Kong company ordered program-controlled switches, which Huawei was able to deliver at a third of the price of foreign products (Sun and Quan 2009: 142).

Western depictions concentrate on facts such as the date of the company founding and breakthrough developments, but find the rags-to-riches story of Ren incredulous:

> How could Ren, then in his 40s and possessing no intellectual property, have grown Huawei into the world's biggest seller of telecommunications equipment and one of the largest makers of smartphones, with 188,000 employees in 170 countries? In fact, it's entirely unbelievable, according to the U.S. government. Washington would have you believe Huawei's official history is a sham—that Huawei is effectively a creation of the Chinese government and that its success is based on Ren's close ties to intelligence units within the People's Liberation Army. (Pearlstine et al. 2019)

In contrast to this, the topics of hardships in Ren's youth, his loss of job security due to the downsizing of the military, and the constant danger of a private company's demise against SOE competition are part and parcel of the Chinese depictions of him. These topics resonate very much in China, since most people have relatives who suffered in some form or another under the socialist experiments of the 1960–1970s or struggled when the basis of economic activity was overhauled in the 1980s and

1990s. The element that is especially important to private entrepreneurs is the fact that Ren's company survived in unfair competition with government pampered SOEs.

3.2 Early Success and Personal Costs

As mentioned above, Chinese reports on Ren Zhengfei give much attention to the family and biographical background. It comes as no surprise that the story of Huawei's success in the early 1990s is contrasted with stories of tragedy and private loss, both in his family and his health. Ren's marriage to Meng Jun, mother of Sabrina Meng, ended in divorce and he developed serious health issues due to constant overwork (Pham 2019). Ren is said to have had a very close relationship with his mother, Cheng Yuanzhao, with her being the most profound influence on him (Tao et al. 2016: 188). A story of personal sacrifice for her son is included in the biographies and reiterated in the articles:

> Before the college entrance examination, Ren Zhengfei was studying at home, often being dizzy from hunger, but there was only rice bran and vegetables available. After his mother heard of this, she gave him an extra rice ball every day so that he was able to study at ease, and [he] knew very well that this was all food saved from his parents' mouth. (*Huashang Taolüe* 2018)

The articles analyzed mention that in the early phase of the Huawei, Ren could not afford to assist his parents financially. Huawei's success later enabled Ren to support them but had little time for them. In 2001, while accompanying Vice President Hu Jintao on a visit to Iran, Ren's mother had a car accident. Ren had difficulties to travel back to Kunming, and only made it to the hospital after she succumbed to her injuries (*Huashang Taolüe* 2018).

This tragic story connects to a central element in the Chinese family-oriented value system, which is "filial piety" (*xiao*). Failure to take care of one's parents is considered a serious matter. In the personal account "My mother, my father" (Li 2017: 181–195), Ren expressed his remorse and

concluded with an apology: "The only people I have been indebted to are my parents. I didn't take care of them when they were in a bad situation nor when I was in a good situation" (Li 2017: 195). As a result, Ren is reported to encourage new employees to forward their first month's pay to their parents (Sun and Quan 2009), a fact lauded in BCEF comments as an example of filial piety (Li 2019: 72).

This self-critical publication was circulated at Huawei internally and is now quoted in biographies and the articles I analyze, sharing not just a personal account but also aiding the media where a human dimension to Ren was deemed necessary. The narrative evoked sympathy in the WeChat groups culminating in praising remarks:

> Since ancient times, heroes have suffered all kinds of hardship, but good-for-nothing dandies never did. Director Ren has always been an outstanding representative of us Confucian businessmen. He is leading Huawei's people to a paradise. What can we do for them now? (BCEF 30.05.2019)

In this comment, we can see not only sympathy for Ren Zhengfei but also the acknowledgement of a shared identity as Confucian entrepreneurs, and a direct emphasis of his "Chineseness."

3.3 Acquiring Talent and External Expertise

While some Western observers—as shown above—doubt the explanations that Huawei offers for its success in its first two decades, they do agree with Chinese accounts, that the company seized rural markets the competition dismissed, "often delivering phone lines to villages for the first time" giving the company a basis to eventually penetrate urban markets (Pearlstine et al. 2019; Handelsblatt 2007).

In the Chinese accounts, Ren's focus on acquiring talent by attracting the brightest people is a major element for explaining Huawei's success. Recruitment strategies included dispatching technical staff to attend government workshops in order to recruit students in the shared dorms, having Huawei employees recommend friends from their networks or organizing career fairs at leading universities. These strategies proved to

be successful, since by 1998 the Ministry of Education recognized that Huawei had a monopoly on talent (Li 2017: 91–93).

Huawei was eager to acquire external expertise. In 1997, Ren hired a group of management professors from Beijing to draft the "Huawei Basic Law." Although he frequently clashed with experts, Ren would always "absorb [their] ideas into his own thinking" (Zhang 2019). Here Western accounts agree: Huawei worked relentlessly at acquiring, copying, and incorporating know-how from competitors (Ning 2009: 88) and the company used the consultancy services of over 30 companies worldwide, spending up to RMB 200 billion a year in fees and royalties. But it was "no theft, everything was legal" (Hirn 2018: 87).

Both in Chinese and Western accounts, Huawei's generous pay scheme and the opportunity to share in the company's success are mentioned as a factor for attracting employees. Ren showed appreciation for hard work and dedication. In a speech, he reportedly said:

> For compensation and benefit, the company will consistently lean on excellent staff and give a reasonable return to dedicated workers […] We should discover people like Lei Feng[5] and treat them well, to create a corporate culture where those like [him] won't get the short end of the stick. (Li 2017: 88)

Both Chinese and Western accounts make mention of a unique ownership structure of the company giving loyal Huawei employees attractive annual dividend payments (Pawar 2018; Sun and Quan 2009; Li 2019: 71). But some Western observers question the claim of true employee ownership:

> Employees of companies in the Huawei group [since a 2005 restructuring] do not own actual stock […] Instead, they possess, via contract, a kind of virtual stock that allows them a share in the profits. But this virtual stock is a contract right, not a property right; it gives the holder no voting power […, it] cannot be transferred, and is cancelled when the employee leaves the firm […] It is purely a profit-sharing incentive scheme. (Balding and Clarke 2019: 5)

Some Western detractors criticize this structure as being only intended to mask the ultimate control by the state (Pearlstine et al. 2019). Already in 2012, the US House Intelligence Committee concluded that Huawei and ZTE "cannot be ruled out to be free of foreign state influence" (Jiang et al. 2016: 34–35).

3.4 Trouble Back Home and Competition Abroad

In the narrative of difficulties in Chinese articles on Ren Zhengfei, one story stands out that Western observers mostly do not mention. In a "Julius Cesar and Brutus"-type story, Ren grooms a young talent as potential successor only to be disappointed. Li Yinan, an engineering graduate, was a factor behind Huawei's 50-fold market revenue increase during Li's tenure as head of the R&D department (Sun 2018). Li left the company with Ren's blessing and created "Harbor Networks" (*Gangwan Wangluo*). His excellent understanding of Huawei's advantages and disadvantages gave him an edge in the competition (*Huashang Taolüe* 2018). During this period, Harbor Networks was a threat to Huawei and Li was accused as a defector for having "mined" Huawei's skilled people and ideas (Sun 2017).

While some Chinese observers take Ren's side in the conflict (*Huashang Taolüe* 2018), others are more sympathetic to Li (Sun 2017). The story of betrayal which we find in Chinese accounts is another building block in the narrative of Ren as an "underdog" who endures unfair fighting conditions. *Huashang Taolüe* 2018 features an artist's rendering of Ren's bruised and bleeding face, reminding us of a "Rocky Balboa"-like character.

In the 2000s, Huawei came into the focus of its international competitors. Cisco claimed that Huawei had infringed its intellectual property rights, demanding acknowledgement of the infringement, compensation, and a sales stop in the United States. Both US and Chinese media portrayed Huawei as acting out of a guilty conscience when Huawei agreed to the third demand. In early 2003, the US company filed a patent lawsuit against Huawei leading to a loss of customers in European and American markets. But this trial ultimately was a pyrrhic victory, since it

led to Cisco losing goodwill in the Chinese market (*Huashang Taolüe* 2018; Ning 2009: 88–89).

Several topics that appeal to the business community in China stand out: Ren Zhengfei is depicted as someone who had to endure betrayal by a close ally and had to survive a "David vs. Goliath" fight against a Western competitor. Western public opinion tends to see that "backward China cannot manufacture high-tech products" and that success in doing so could only be achieved by "imitation, plagiarism, and infringement" (*Huashang Taolüe* 2018).

3.5 "Wolf Culture" and Ren's Management Style

Western and Chinese accounts on Ren look at the corporate culture of Huawei. Chinese accounts do not omit that Huawei had several internal problems. In late 2001, Ren addressed the managers of Huawei in his speech "Winter of Huawei" to admit past mistakes in decision-making. Ren's military background had influenced the company and to a highly centralized mode of operation (Sun and Quan 2009). Middle- and the high-level managers all reported to Ren so that decisions were not possible without his prior approval and no-one "dared to come forward" with criticism. A system of "decentralization, advancement, and checks and balances" was seen necessary (Zhang 2019). In 2004, a collective decision-making body in the form of "Executive Management Team" (EMT) and a system of chairmen rotating every six months was introduced (Tao et al. 2016: 344–348; Li 2019: 72). In 2011, Ren revealed the logic for this step:

> As rotating CEOs, they no longer are only concerned with the internal construction and operation. At the same time, they must also look to the outside, look at the world, and adapt themselves to the operation of the external environment to avoid disadvantages. (Ren 2012)

The motive of facing one's own mistakes and engaging in self-criticism is very important for the construction of a positive persona in Chinese public perception. A former senior manager at Huawei explains that this

collective leadership mechanism had ended patterns of confusion. The company introduced a "wolf culture" with three core elements: (1) a keen sense of smell for business opportunities; (2) an aggressive nature that never gives up even with temporary setbacks; and (3) the combat spirit of a team (Zhang 2009).

Huawei's "wolf culture" is often criticized as "coldblooded," but supporters claims that "the outside world has misunderstood" the company (Zhang 2009). Ren's leadership philosophy was called a "doctrine of openness, compromise, and grayness" (Tao et al. 2016: 137, 155), as "the art of tolerance and compromise," as well as pragmatic and "down to earth" (Zhang 2019). A Western account respects Ren's ability to "inspire his people with the spirit of unwavering dedication and commitment" (Tao et al. 2016: xiv).

Nonetheless, Western accounts see Huawei's "wolf culture" epitomized in a rigorous process of performance reviews with a fixed number of low performers being fired each year (Zhong 2018). But they also have to conceded that "it is Mr. Ren's larger-than-life personality that brought the company so far." Ren is described as a man who has limited interest in the details of technology but "leading a workforce of more than 180,000 with iron authority" (Hille 2018). Management professor Wang Yukun, author of the 2019 biography, sees that Ren Zhengfei and the "wolf culture" are often misunderstood:

> Many people see Ren as aggressive, stubbornly disruptive and obsessed with surpassing others. What they don't know is that these extremes are only on the surface. What's truly going on in him is one act of regression after another, balancing and then rebalancing again. (Tao et al. 2016: 136)

Wang Yukun has followed Ren's work closely for two decades (Wang 2019), while Western reports usually are based on a small number of interviews (Pearlstine et al. 2019; Zhong 2018; Handelsblatt 2007; Fahrion 2019).

3.6 Veneration of Ren Zhengfei as a Hero

Since the 1990s, there is a surge in public interest in political figures of China's past in the form of management guides and popular history soap operas (Cf. Niedenführ 2008). A treatise compared Ren Zhengfei's way of managing a company with the Qing-time scholar-general Zeng Guofan (Gong 2019), which was shared widely in the WeChat groups.[6]

> The highest realm of management is "ruling by acting without acting" (*wuwei*). Huawei's example tells us that human inaction must be based on "systems that have action." An effective system design must be based on the grasp of human "self-interest" and nature. This is also the embodiment of the new Confucian entrepreneurs. (BCEF 16.07.19)

The fact that Ren here is compared to a heroic figure of the past is a very Chinese form of adulation. The statement interpreted Ren's way of building his company with a Daoist principle and imbued Ren with leadership qualities from a traditional Chinese point of view.

Within the WeChat groups mentioned above, current developments involving Huawei and Ren Zhengfei are being closely followed. Relevant news-articles and opinion-editorials, in particular those critical of the US actions against the tech company are immediately shared. In May 2019, when a US law became effective, which banned domestic companies from cooperating with Huawei, restricting the sales of US components for use in Huawei products, and excluding Huawei to offer access to Google apps on their mobile phones, the relevant news (Zhuo 2019) were heavily discussed and led to numerous comments of support:

> Hit Trump, Liberate China! (BCEF 28.05.2019)
>
> The true identity of Ren Zhengfei of Huawei is now completely exposed, and the United States is afraid! (AEM 29.05.2019)
>
> Patriotism has to start with me, defeat the United States, and resolutely resist American goods. (BCEF 29.05.2019)
>
> Huawei is denied a right to speak, the United States is in fact a hegemony! (BCEF 29.05.2019)

> Huawei is impossible to seal off, the United States is completely dumbfounded! (PBD 12.06.2019)
>
> The Most Tragic Long March in the History of Science and Technology—Huawei is the pride of the people! (PBD 12.06.2019)

This nationalist fervor that is often enough triggered by passionate comments in government mouth-pieces such as the *Global Times* escalated into heated debates about the need for Chinese patriots to start boycotting US goods in order to retaliate the punitive policies against the Chinese tech champion. Ren Zhengfei was quick to reject such calls for boycotts:

> At present, there are two kinds of emotions towards Huawei. One is strong patriotism in support of Huawei, and the other is a patriotic notion that Huawei has kidnapped the whole society. […] We stop them from shouting slogans blindly and don't incite national sentiment. (Zhuo 2019)

The discussions led to divisions in the WeChat groups with some members mentioning the common sense that for entrepreneurs active in the international economy boycotts are to be rejected, since they ultimately hurt the free trade that entrepreneurs rely upon. They agree with Ren's call for a level head:

> Ren Zhengfei said "Don't stir up nationalist sentiment, buying a Huawei mobile phone does not mean loving Huawei, or loving China …!" (BCEF 29.05.2019)
>
> That exactly is Ren Zhengfei's mind [ThumbsUp] (BCEF 29.05.2019)

The more nationalistic faction in the WeChat groups disregard this reasoning since ultimately the higher value of national pride and the interest of the Chinese people should hold sway. One comment stood out with references to past incidents of Chinese cowardice in the face of unfair treatment by Western forces:

> Even the [backers of US goods] have to admit, Ren and Huawei are working hard for China in the United States. But we still buy American goods, this way the good conscience of Chinese people is being thrown to the

> dogs. […] Now many people have become like the Chinese people that Lu Xun wrote about who watch their compatriots being mutilated, […] such un-awakened Chinese people! […] "All men share a common responsibility for the fate of their country."[7] (BCEF 29.05.2019)

While the articles I analyzed tend to show great support for Huawei when the company started to get attacked by the United States, the entrepreneurs in the WeChat groups react with a range of comments, from calls for moderation and dialogue to bellicose appeals to compatriots to counter-attack the United States.

3.7 New Transparency of Huawei

In September 2018, Ren gave a speech where he explained his thinking in the current crisis between China and the United States:

> First, we must solve our problems encountered in the West. First, we must fully understand the values of the West and stand on their side to understand them. The main outline of public relations is to solve the problem of communication with the West. […] In these [past] years, we have adopted the Chinese way of thinking to understand the world's pattern and to speculate on the West's intentions. To have a full understanding of the world, we must understand the West within the concepts of the West. (Wang 2019: 194)

The Meng incident triggered the PR strategists of Huawei to aim for a new transparency, which is widely supported by Chinese experts. They prefer Ren's "modesty, self-criticism and openness" to the "wolf culture" and think that the tech giant needs such a culture in a new era.[8] Others see this as a third stage of Huawei's corporate culture development, with wolf culture and the introduction of advanced concepts of Western companies as the first two stages (Zhang 2019).

The entrepreneur community in the WeChat groups follow the competitive position of Huawei closely and news of success is circulated and commented within these groups, such as domestically produced hardware replacing US imports or the Harmony OS replacing the Android

OS. We find morale boosting appeals, such as the "US sanctions will have an impact, but not much" or "[Huawei] is full of energy and confidence" (HB 30.05.2019). While patriotic statements such as these are absent from Western reports, we instead find references to a consensus on the need to maintain a global liberal market order.

4 Conclusion

In domestic discourse, Ren Zhengfei is often depicted as a successful model entrepreneur and as an embodiment of positive Chinese values such as filial piety, diligence, and resilience in overcoming hardships. He is portrayed as a moral person and reasonable entrepreneur, whose unprecedented success puts him unfairly into the crosshairs of America's anger. This to some extent stands in contrast with more skeptical reports on Ren Zhengfei in Western media.

In China, the predominantly positive image of both Ren and Huawei is linked with patriotic feelings and official encouragement, which boost Huawei's domestic sales at the time when oversea shares are flat. Chinese entrepreneurs sympathize with Ren Zhengfei not only because of patriotism but also the immediate fear that their individual business success in global markets can make them a target in the ongoing economic Cold War between the world's two biggest economies.

Some Western detractors argue that only through government support in the form of subsidies or easy access to credit through the state-controlled banking system was Huawei able to become the leading tech company it is today. Such a single factor explanation is unlikely. In my view, Ren Zhengfei found a successful formula for building a competitive and innovative company in the 1980s and 1990s without relying on government support. The strategy to gain market share from the periphery to the center proved successful both at home—against domestic SOE, and eventually abroad—against global MNCs (Wang and Wang 2011: 111). In the 2000s, once Huawei secured a domestic leadership position in market share, key technologies, and access to tech talent, as well as a moderate influence in overseas markets, did the party-state take Huawei seriously.

But being crowned a national champion and given a key role in the industrial plans of the government translated not only into increased government support but also intervention. Since bureaucrats are not known to excel at creating innovative companies or anticipating customer needs, Ren Zhengfei and Huawei needed to retain enough leeway to continue to be successful. Ren accepted relinquishing full control in the 2004 introduction of a system of rotating CEOs. Being turned into a mere agent of the state would conflict with the personae described in numerous descriptions of him. But "several new PRC laws create challenges for understanding whether companies are independent from the state" and these "legal regimes give the government the ability to request assistance from private companies without recourse for companies to push back" (Riikonen 2019: 125). This means that the party-state has means to co-opt private companies—this is not different for Huawei. But Ren retains a veto right in the governing body of Huawei trust (Balding and Clarke 2019), which still gives him considerable influence.

We cannot with certainty preclude that in recent years the party-state might have increased its pressure on Huawei to conform with Beijing's strategic goals. But this is a far cry from accusations of Ren Zhengfei being a state agent. In my opinion, the principle of Western law systems, that an accused is innocent until proven guilty should not be discarded, neither for Ren Zhengfei as an individual nor Huawei as a company. The West risks losing a core value of its own if it gives in to prejudices and fear, instead of passing judgment on the basis of proven facts.

In September 2019, Huawei made a peace offering, which proposes to sell off its 5G intellectual property to a US competitor (*Economist* 2019). In November, Ren offered a written guarantee to Berlin that he will never allow backdoor access to any government (Fahrion 2019).

The question is, will any of these signals be enough for the US or Western partners in an atmosphere of increasing mutual distrust? For the world economy, the question remains if Huawei is merely a test case for a global "decoupling" of China and the West.

Notes

1. These are among the most influential news portals in China reaching a wide audience. Sina.com and its microblogging platform *Sina Weibo* has 500 million users (Baidu "Sina"). Its competitor Sohu.com is first and foremost a search engine but also offers a news portal (Baidu "Sohu"). Huxiu.com is a younger network that caters to an audience interested in technology, business, and lifestyle topics (Baidu "Huxiu").
2. Cheungkung Graduate School of Business (CKGSB) is one of the most successful private business schools in China, initiated by the Hong Kong tycoon Li Ka-shing.
3. The Institute of Advanced Humanistic Studies (IAHS) at Peking University is headed by Prof. Tu Weiming, who is recognized as one of the leading scholars of Confucianism in the world.
4. The BoAo Forum for Asia (BFA) is an annual forum for state and business leaders from Asia organized by China since 2002. The "Davos of China" is held on Hainan Island and attended alternatingly by the president and prime minister of China.
5. Lei Feng was a model soldier and worker, who died at a young age from work exhaustion in a people's commune in the early 1960s and has been used as a model for others to emulate by the party-state ever since.
6. Zeng Guofan is a revered nineteenth-century scholar-general who was instrumental in defeating the Taiping-Rebellion in Eastern China as well as supporting the adoption of Western weaponry.
7. This quote is a patriotic formula of Ming scholar Gu Yanwu, who influenced Liang Qichao, Lu Xun, and other patriotic intellectuals in the early twentieth century.
8. The term "new era" (*xin shidai*) here not only refers to a new era for Huawei but is a political term referring to current development phase under the leadership of Xi Jinping.

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