

# Research on Enterprise Management Innovation Driven by Digital Transformation -- A case study of Haier Group

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## ABSTRACT

With the rapid development of science and technology and the intensification of market competition, digital transformation has become an important way for enterprises to survive and develop. Digital transformation is of great significance to enterprise innovation management. By improving efficiency and response speed, optimizing resource allocation, broadening innovation horizons, improving products and services, enhancing employees' innovation capabilities, and strengthening risk management, digital transformation provides strong support for enterprise innovation management. Digital transformation is not only a technical upgrade, but also a profound change in enterprise management mode, business process and organizational culture. In this process, the enterprise innovation management has also been greatly promoted and influenced. This paper will take Haier Group as an example to explore how digital transformation drives enterprise management innovation, and analyze the key elements and strategies in its transformation process.

## KEYWORDS

Digital transformation; Enterprise management; Haier

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## 1. INTRODUCTION

With the rapid development of science and technology and the intensification of global market competition, digital transformation has become a new way for enterprises to cope with challenges and seek development. Haier Group, as a leading enterprise in the home appliance industry, not only realizes the innovation of enterprise management through in-depth digital transformation, but also provides valuable experience and inspiration for other enterprises. As a traditional home appliance manufacturer, Haier Group actively seeks digital transformation to adapt to the rapid changes in the market under the background of intensifying market competition and diversified consumer demands [1]. For Haier Group, digital transformation is not only a technical upgrade, but also a profound change in enterprise management mode, business process and organizational culture. Through digital transformation, Haier Group can improve production efficiency, optimize product quality, improve market competitiveness, and provide users with more intelligent and personalized products and services.

## **2. THE SIGNIFICANCE OF DIGITAL TRANSFORMATION FOR ENTERPRISE INNOVATION MANAGEMENT**

### **2.1. Improve Efficiency And Response Speed**

Digital transformation enables enterprises to use advanced technology tools and methods to automate and intelligentize business processes, thereby improving work efficiency. At the same time, through big data analysis, enterprises can more accurately predict market demand and changes, make timely adjustments, and improve market response speed. This ability of efficient and quick response provides strong support for enterprise innovation management. At the same time, digital transformation enables enterprises to more accurately identify and assess risks and enhance risk management. Through big data analysis, risk early warning systems and other means, enterprises can monitor and warn potential risks in real time, and take measures to prevent and respond to them in advance. This enhancement of risk management capability provides a more solid security guarantee for enterprise innovation management.

### **2.2. Optimize Resource Allocation**

Digital transformation can help enterprises better understand and grasp market demand, optimize product structure and supply chain, and realize effective allocation of resources. Through cloud computing, the Internet of Things and other technologies, enterprises can monitor and manage the use of resources in real time, avoid waste, and improve resource utilization efficiency. This ability to optimize the allocation of resources provides a broader space for the innovation management of enterprises.

### **2.3. Broaden the Vision of Innovation**

Digital transformation gives companies access to a wider range of information and data, broadening their horizons for innovation. Through open innovation platforms and external cooperation, enterprises can absorb external innovative thinking and resources and promote the improvement of their own innovation ability. At the same time, digital transformation also encourages enterprises to keep paying attention to new technologies, new trends and new applications, inspiring enterprises to innovate and drive. And digital transformation provides employees with more opportunities and resources to innovate. Through online learning and knowledge sharing, employees can continuously improve their professional skills and innovative capabilities. At the same time, digital transformation has also promoted the change of organizational culture of enterprises, encouraging employees to actively participate in innovation activities and contribute wisdom to the development of enterprises. The improvement of employees' innovation ability has injected new vitality into enterprise innovation management.

### **2.4. Improving Products and Services**

Digital transformation enables businesses to gain a deeper understanding of consumer needs and preferences, thereby providing products and services that are more in line with market needs. Through data analysis, user feedback and other means, enterprises can continuously optimize products and services, improve user experience and satisfaction. Haier started from service, and the earliest information construction also started from service system, and it has always carried out digital services around user experience. In 2015, it built the U+ intelligent connection platform, which realizes transparent management of the whole service process from automatic analysis of after-sales problems to order grab, user communication, cost settlement, and user evaluation and feedback. It eliminates the drawbacks such as the difficulty of reporting customer's after-sales problems, the error of charging and the lack of return visit mechanism. Put U+ smart life APP on the external shelves,

change passive maintenance into active service, and create the ultimate service and worry-free experience for customers. This continuous improvement of products and services not only helps to enhance the market competitiveness of enterprises, but also provides an important practical basis for enterprise innovation management [2].



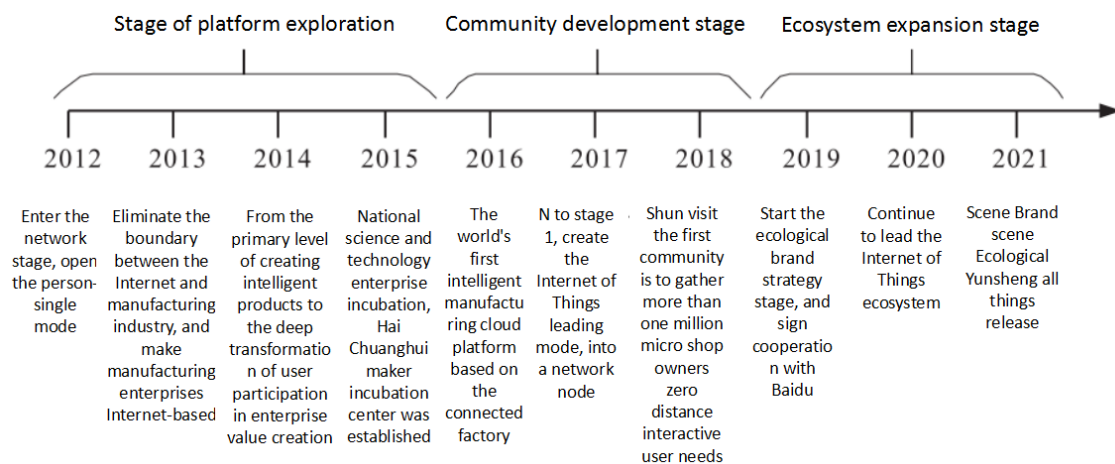
**Figure 1.** The main content of the user experience [2]

### 3. HISTORY OF DIGITAL TRANSFORMATION OF HAIER GROUP

Haier Group, as the world's leading home appliance manufacturing and service provider, has played a pivotal role in its development. Since 1995, Haier Group has gradually realized the transformation from traditional manufacturing to intelligent manufacturing and from closed management to open innovation through a series of strategic adjustments and technological innovations. In 1995, Haier Group began to try to introduce information technology into enterprise management. In this year, Haier implemented ERP (Enterprise Resource Planning) system, which initially realized the integration and optimization of internal resources of the enterprise. This initiative not only improves the productivity of the enterprise, but also lays the foundation for the subsequent digital transformation. In the new century, with the rapid development of Internet technology, Haier Group began to pay attention to the field of e-commerce. In 2000, Haier set up an e-commerce company and began selling home appliances online. This initiative not only broadens the sales channels, but also improves the level of customer service. At the same time, Haier is also actively exploring new models of online and offline integration, injecting new impetus into digital transformation. From 2007 to 2012, Haier began to actively layout the Internet of Things field and launched a series of smart home products. With the continuous development of Internet of Things technology, Haier has gradually combined Internet of Things technology with home appliance products to realize the intelligence and interconnection of home appliance products. In addition, Haier has increased its investment in intelligent manufacturing, improving production efficiency and product quality by introducing advanced equipment such as robots and automated production lines [3].

In 2008, Haier Group further promoted the globalization strategy and strengthened the layout and resource integration in the global market. At the same time, Haier also proposed a modular strategy, which decomposed and combined all aspects of product design, production and sales in a modular manner to better adapt to market changes and customer needs. The implementation of this strategy has provided strong support for Haier to improve its flexibility and innovation capabilities in the process of digital transformation. In 2017, Haier Group launched COSMOPlat, an industrial Internet

platform. By integrating global resources and gathering innovative forces, the platform achieves seamless connection and efficient collaboration between enterprises and enterprises, enterprises and users. COSMOPlat not only improves Haier's own production efficiency and innovation ability, but also provides solutions and services for digital transformation for other enterprises. The launch of this platform marks an important breakthrough in Haier's digital transformation. In 2019, Haier Group continued to increase its investment and innovation in digital transformation. Enterprises actively promote technological innovation and model innovation, and constantly introduce new products and services that meet market demand. At the same time, Haier also focuses on building an ecological brand system, and through close cooperation with other enterprises and partners, jointly build a sustainable industrial ecology. These initiatives provide a strong guarantee for Haier to maintain its leading position in the process of digital transformation.



**Figure 2.** Haier's digital development history and key events [4]

In short, the process of digital transformation of Haier Group is a process of continuous exploration, innovation and practice. From the initial information exploration to the development of e-commerce layout, Internet of Things and intelligent manufacturing layout, globalization and modularization strategy, industrial Internet platform and ecological brand construction and other stages, Haier has gradually realized the transformation from traditional manufacturing to intelligent manufacturing, from closed management to open innovation. This process has not only brought huge economic and social benefits to Haier, but also provided valuable experience and inspiration for other enterprises in digital transformation.

## 4. HOW TO CARRY OUT DIGITAL TRANSFORMATION TO DRIVE ENTERPRISE MANAGEMENT INNOVATION -- TAKING HAIER GROUP AS AN EXAMPLE

### 4.1. Build a Digital Transformation Strategy

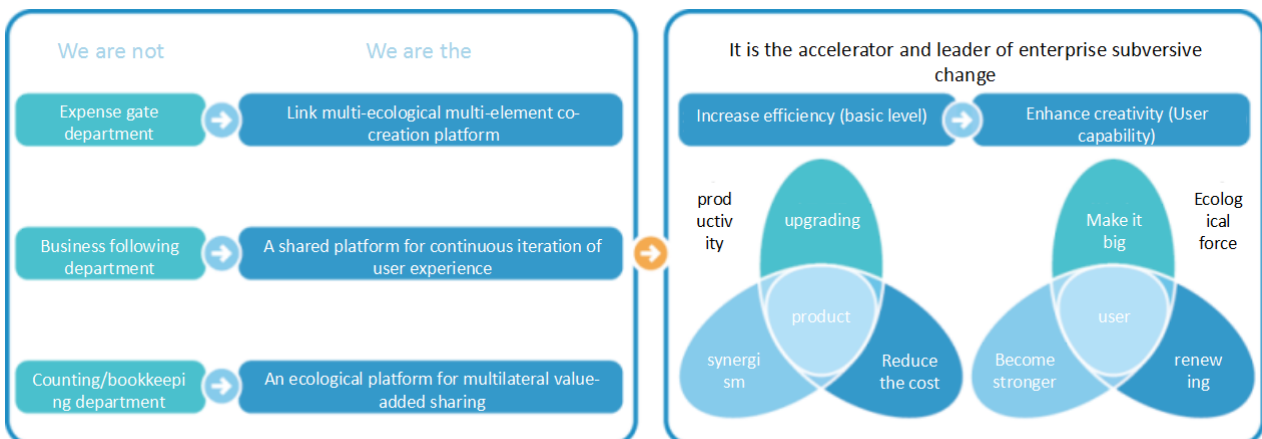
By building a digital platform, Haier Group has realized the digital management of the whole process from product research and development, manufacturing to sales and service. This not only improves the operational efficiency of enterprises, but also provides consumers with more convenient and personalized services. Therefore, in the process of digital transformation, it is necessary to define the goal first. Haier Group first defined the goal and vision of digital transformation, including improving the quality of products and services, improving the work efficiency of employees, and expanding market share. We then conducted an in-depth analysis of the internal and external environment to understand the industry trends and the digital transformation status of our competitors. Finally, based on objectives and environment analysis, develop a detailed digital transformation plan, including investment budget, timeline and key milestones, to lay the foundation for digital transformation.

## 4.2. Build a Digital Culture

Digital transformation has promoted the shaping of Haier Group's innovation culture. Enterprises encourage employees to dare to try and innovate, and provide employees with more innovation opportunities and resource support. On the one hand, Haier has established a cultural atmosphere that encourages innovation and tolerates failure, enabling employees to dare to try new things and constantly optimize work processes. On the other hand, Haier carries out staff training. Haier pays attention to staff training and skill upgrading, so that employees can understand the significance and importance of digital transformation and master the necessary skills. At the same time, Haier has realized the centralized management and efficient service of human resources through the establishment of HR shared service center. In addition, under the management mode of Haier, employees can start their own businesses, earn and spend their own money, which stimulates the enthusiasm and creativity of employees.

## 4.3. Application of Advanced Technologies

Haier Group has introduced advanced technologies such as the Internet of Things, big data and artificial intelligence to realize the intelligent transformation of the production line. Through intelligent manufacturing, enterprises can achieve real-time monitoring and optimization of the production process, improve product quality and production efficiency. At the same time, it promotes the application of Internet of Things technology to realize the intellectualization and interconnection of products. Through the introduction of advanced equipment such as robots and automated production lines, intelligent manufacturing is realized, and production efficiency and product quality are improved. For example, the digital transformation of Haier Finance has effectively boosted the implementation of Haier Group's Internet of Things ecological brand strategy. Haier Group has been ranked as the world's only Internet of Things eco-brand in the BrandZ global Top 100 for three consecutive years, ranked as the world's first brand of home appliances by Euromonitor International for 13 consecutive years, and its subsidiary Haier Zhijia ranked among the Fortune Global 500. The process subversion, organizational subversion and value subversion under the financial concept of the Internet of Things have led the financial transformation trend in the digital era, and the innovation achievements of Haier Finance have also been highly recognized by the industry. In terms of technical security, Haier has adopted a series of network security measures, such as network firewall and encryption technology, to protect the security of important data, and strictly abide by privacy protection regulations to protect the security and privacy of consumers' personal information.



**Figure 3.** Haier Financial role transformation

#### **4.4. Promote Organizational Structure Change**

The digital transformation enables Haier Group to adopt a more flexible and efficient management model. For example, by introducing a flat organizational approach, companies are able to respond quickly to market changes and improve decision-making efficiency and response speed. In addition, cross-sectoral collaboration and knowledge sharing are encouraged to break down traditional barriers between sectors. For example, the industrial Internet platform created by Haier Group, COSMOPlat, has realized seamless connection and efficient collaboration between enterprises and users, enterprises and suppliers, and promoted the digital transformation of the industrial chain. Through the practice of digital transformation, Haier has achieved remarkable results, and its production efficiency, product quality and market competitiveness have been significantly improved. At the same time, Haier's digital transformation has also driven the digital development of the entire industrial chain, providing strong support for the progress and upgrading of the industry.

### **5. CONCLUSION**

The practice of digital transformation of Haier Group shows that digital transformation can drive enterprise management innovation and enhance the competitiveness and market position of enterprises. Through the construction of digital platform, the creation of intelligent manufacturing system and the innovation of human resource management, Haier Group has realized the transformation and upgrading from traditional manufacturing to intelligent manufacturing, and has enhanced its competitiveness and market position. However, digital transformation is also faced with technical challenges, talent shortages and other issues. Therefore, enterprises need to strengthen technology research and development investment, cultivate digital talents, build digital ecology and other aspects of efforts to promote the in-depth development of digital transformation. In the future, with the continuous progress of technology and the constant changes in the market environment, Haier Group will continue to deepen its digital transformation practices and explore more innovative enterprise management models.

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