

# ***The Successful Transformation Strategies and Performance Analysis of Listed Companies: Taking Haier Company as an Example***

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**Abstract:** This article takes Haier, a well-known listed company in China, as the research object, and explores in depth the strategies and performance analysis for successful transformation of enterprises. The article first provides an overview of the basic situation of Haier Company, focusing on its three stages of diversified development, international development, and global intelligent development, showcasing the growth process of Haier Company in continuous transformation. On this basis, this article further analyzes the key strategies for Haier's successful transformation, mainly including organizational strategy restructuring, product digitization, and digital platform construction. Then, this article also conducted a comprehensive evaluation of the transformation effect of Haier Company. The evaluation was conducted from two dimensions: financial performance and non-financial performance, and the results showed that Haier Company achieved significant improvement in financial performance and non-financial performance during the transformation process. Based on the above research, this article draws the conclusion of Haier's successful transformation and summarizes its experience. Research has found that Haier has achieved significant results in financial performance and comprehensive improvement in non-financial performance by implementing effective transformation strategies. This provides useful reference and guidance for other listed companies in China, which helps to promote the development of related industries.

**Keywords:** Digital Transformation, Technological Innovation, Haier

## **1. Introduction**

The rapid development of the global economy and the increasingly fierce market competition, at the same time, the rapid development and application of new technologies such as the Internet, the Internet of Things, and artificial intelligence have posed enormous challenges to the traditional manufacturing industry. Listed companies and traditional industries have both felt unprecedented pressure and challenges. In this context, adapting to changes in the external environment, meeting consumer needs, and exploring new markets have become the goals pursued by many enterprises. As a result, many companies have embarked on the path of transformation, including Haier Enterprise, which is based on the home appliance manufacturing industry. Relying on traditional manufacturing

can no longer meet the increasingly high requirements of consumers for product quality, function, service, and so on.

Enterprise transformation refers to the adjustment and innovation of a company's strategy, organization, culture, technology, and other aspects in the face of external environmental changes and market competition, in order to achieve sustainable development and enhance market competitiveness. In the competition of domestic and international markets, enterprises need to leverage transformation, continuously innovate and enhance their competitiveness, and continuously enhance their market share and profitability by increasing research and development investment, expanding sales channels, and enhancing brand influence. The success of transformation is directly related to the survival and future development of enterprises, which has attracted widespread attention and research. However, transformation is not an easy task. It is a complex and lengthy process that requires enterprises to make comprehensive and in-depth adjustments and innovations at multiple levels such as strategy, organization, culture, and technology. In this process, how to develop practical and feasible transformation strategies and ensure good performance during the transformation process has become the key. Taking Haier, one of the leaders in the global home appliance industry, as an example, its success in digital transformation is enough to become a model for other enterprises to learn from. Haier's transformation process and strategy provide us with a useful reference and reference. Therefore, this article selects Haier Company as a case study of successful transformation strategies for listed companies, in order to provide valuable experience and reference for other enterprises in the transformation process.

## **2. The Process and Strategy of Haier Company's Transformation**

Haier is a leading global provider of household appliances and intelligent manufacturing services, driven by technology, committed to providing more high-quality and intelligent products and solutions, allowing consumers around the world to enjoy a better life. It was founded in 1984 and after years of development and growth, has now become a global enterprise. Its business covers over 160 countries and regions worldwide, with over 70000 employees. Haier's product line covers various household appliances such as refrigerators, washing machines, water heaters, air conditioners, televisions, and kitchen appliances. In addition, Haier also has a complete home appliance manufacturing industry chain and an intelligent manufacturing ecosystem [1].

### **2.1. The Process of Digital Transformation**

The process of Haier's digital transformation can be roughly divided into three stages: diversified development stage, international development stage, and global intelligent development stage.

At the beginning, in the stage of diversified development, Haier Company began to promote the "Internet based" transformation, using Internet technology to optimize the operation mode of the enterprise, improve efficiency and service quality. Firstly, Haier combines traditional home appliance products with internet technology by establishing an internet platform to provide consumers with personalized customized services. Consumers can customize products, shop online, and provide after-sales services through Haier's internet platform, enjoying more convenient and personalized services. The development of these businesses not only improves the product quality and production efficiency of Haier, but also meets the needs of consumers for intelligent living [2].

Secondly, in order to cooperate with diversified development, Haier Company has also carried out reforms and innovations in its management model. Haier has introduced a business unit system, which divides the enterprise into several independent business units, each responsible for its own product line or market, with autonomy and decision-making power. This is conducive to improving the

flexibility and market responsiveness of the enterprise, while also stimulating the enthusiasm and creativity of employees [3].

Driven by digital transformation, Haier's diversified development has achieved significant results, not only improving the competitiveness and profitability of the enterprise, but also bringing a better life experience to global consumers. Having passed the stage of diversified development, Haier Company has entered the stage of international development [4]. Haier has upgraded its digital strategy to "intelligence" and begun to fully implement digital platforms. Through the digitization of six platforms, including customers, users, products, services, marketing, and logistics, terminals have been empowered to upgrade their business models from offline to online, laying a solid foundation for international development [5].

Benefiting from the overall improvement of terminal platforms, Haier has been able to actively expand its business and cooperate in technology in overseas markets, establish strategic partnerships with local enterprises and institutions, and accelerate the pace of international development. For example, Haier has established research and development centers and production bases in countries and regions such as the United States, Europe, and Japan, collaborated with local enterprises to develop intelligent home appliances and smart home products, and successfully entered the local market.

As a supporting factor, in terms of management mode, Haier Company has also undergone a deep transformation in the stage of international development, implementing the "person individual integration" model, and achieving a transformation from enterprise centered to user centered. This model tightly integrates employees and users, allowing employees to better understand user needs and feedback, while also stimulating their creativity and innovative spirit.

When Haier's internationalization development reaches a certain level, it enters the stage of global intelligent development. In the stage of global intelligent development, Haier Company further deepens its digital transformation and intelligent development. By continuously introducing advanced technology and management models, optimizing enterprise operation processes and enhancing user experience, Haier is committed to building a global intelligent manufacturing platform to support its global development strategy. This platform will achieve comprehensive intelligence and automation of the production process, and digital management of the entire process from raw material procurement to product production, sales, and services.

In addition to intelligent manufacturing platforms, Haier has also strengthened the application of data analysis and artificial intelligence. By collecting and analyzing user data and market trend information, Haier can better understand user needs and market changes and make quick responses. At the same time, the application of artificial intelligence has also improved production efficiency and service quality, and reduced operating costs. These measures have enabled Haier to maintain a leading position globally and gain higher market share and brand influence.

## 2.2. Haier's Transformation Strategy

The first step in transformation is organizational strategic restructuring. Haier is committed to promoting the improvement of organizational openness and agility, aiming to overturn the traditional hierarchical pyramid structure and instead shape a network platform organizational model centered on personalized customer needs. The core of this model lies in business unit transformation, which constructs various levels of business entities, including combat units, business units, and business groups, through differentiated analysis of the business combination of customers, products, and markets. These business entities, guided by clear business tasks and objectives, assume independent and complete business responsibilities, thereby achieving rapid response to the market.

It should be emphasized that Haier's organizational strategy restructuring always focuses on users. The company adjusts its organizational structure and business processes by delving into user needs

and behavioral characteristics, in order to better meet user needs. This user centered mindset enables Haier to more accurately grasp market trends and provide products and services that meet user expectations. Therefore, Haier is generous in employee motivation. To promote the implementation of organizational strategic restructuring, the company attaches great importance to the construction of talent cultivation and incentive mechanisms, advocates entrepreneurial culture, encourages employees to actively innovate and be brave enough to try, and provides necessary resource support. At the same time, Haier has also established incentive mechanisms that match performance and contribution, aiming to stimulate employee motivation and creativity.

In addition to internal organizational strategy restructuring, Haier has also taken measures to promote product digitization. Haier focuses on improving product strength through product digitization, making products more user-friendly. They have achieved the transformation from traditional home appliances to smart home appliances, as well as the transformation from smart single products to smart scenes. Firstly, Haier has introduced advanced technology and intelligent hardware to enable home appliances to have the characteristics of automation, intelligence, and networking. For example, users can interact with home appliances through intelligent voice assistants, achieving functions such as remote control, scheduled tasks, and personalized settings. Different brands and models of home appliances can be connected to each other, achieving data sharing and collaborative work.

Secondly, Haier provides excellent user experience through intuitive and user-friendly interfaces, personalized customized services, and rich functions and information [6]. When users use smart home appliances, the backend automatically collects and analyzes a large amount of data, which can help enterprises better understand user needs and behaviors. By utilizing big data and user feedback, Haier continuously optimizes product design and functions, improve product performance and user experience in a targeted manner to enhance product competitiveness and market share.

In the final step, Haier chooses to build a digital platform. Haier supports the digital transformation of enterprises by building digital platforms. After implementing the intelligent strategy, Haier invested in building an empowering middle platform, whose core is to explore the common needs of various business units, provide standardized solutions, and achieve effective resource coordination, thereby making efficiency higher, cost lower, and front-end business more agile.

As the foundation of digital transformation, Haier utilizes digital technology and platforms to develop digital products that provide more value and better user experience at lower costs through the internet, mobile applications, or other digital platforms. These digital platforms can achieve integrated tools and standard specification systems for business development and operation, including business modeling, system design, full domain low code development, system testing, continuous integration release, engineering management, R&D assets, and R&D security management, supporting agile innovation and sustainable development in digital applications.

### 3. Performance Analysis

#### 3.1. Financial Performance

Table 1: Annual Report Data of Haier Smart Home from 2020 to 222.

annual report	FY 2022	As a percenta ge of revenue	YoY	FY 2021	As a percenta ge of revenue	YoY	FY 2020	As a percentag e of revenue	YoY
Operating income	2435.14		0.0722	2271.06		0.0829	2097.23		0.044 6

Table 1: (continued).

Operating costs	1672.23		0.0723	1559.5		0.0575	1474.72		0.0469
Gross profit	762.91	0.3133	0.0722	711.56	0.3133	0.143	622.51	0.2968	0.0394
Net profit attributable to shareholders	147.11	0.0604	0.1248	130.79	0.0576	0.4724	88.83	0.0424	0.0825
Deducting non attributable net profit	139.63	0.0573	0.1802	118.31	0.0521	0.832	64.58	0.0303	0.0202
Gross sales difference	376.93	0.1548		345.72	0.1522		286.09	0.1364	

In 2022, Haier achieved stable performance with a gross profit margin of 31.3% (see Table 1). The achievement of this achievement cannot be achieved without the strategic layout of the company's comprehensive digital transformation. In recent years, Haier has been committed to promoting the optimization of product structure and deepening the research and development of global platforms to enhance product added value and profitability. During this process, the company continuously adjusts and optimizes its product portfolio, actively expanding into the high-end market to meet the increasingly improving quality needs of consumers [7].

Haier's digital transformation in procurement and research and development has also brought significant efficiency improvements and cost reductions. This measure not only increased the company's gross profit margin, but also laid a solid foundation for the company's long-term development. The successful implementation of digital transformation has given the company a greater advantage in market competition, further consolidating its leading position in the industry. From the data, it can be seen that the decrease in bulk raw material prices in the second half of 2022 has brought additional growth space to Haier Smart's gross profit margin. Under these favorable conditions, the company achieved a revenue of 243.5 billion yuan, a steady growth of 7.2% compared to the same period last year. This achievement reflects the significant achievements of the company in market expansion and revenue growth, and also proves the correctness of its development strategy.

Meanwhile, the net profit attributable to the parent company also showed a strong growth trend, reaching 14.7 billion yuan, a year-on-year increase of 12.5%. This growth not only exceeds the growth rate of operating revenue, but also demonstrates the company's outstanding performance in improving profitability and operational efficiency. In addition, the net profit attributable to non-shareholders also showed an encouraging growth, reaching 14 billion yuan, a year-on-year increase of 18.0%. This indicates the success of Haier's transformation strategy in gaining market data recognition.

### 3.2. Non-Financial Performance

In the analysis of non-financial performance, this article chooses the management expense ratio as a reference indicator. The management expense ratio is an important indicator of a company's management costs, which reflects the efficiency and efficiency of the company's operations. When the management expense ratio decreases, it indicates that the company's management costs are relatively reduced, while when the management expense ratio is optimized, it indicates that the company has made progress in improving operational efficiency.



In the process of Haier's digital transformation, the company actively adopted digital tools and advanced technological means to comprehensively optimize and upgrade its business processes. Through this approach, Haier has achieved a flattened and efficient organizational structure, improving organizational efficiency and collaborative capabilities [8]. These digital tools include various management systems, data analysis tools, automated processes, etc., helping Haier achieve refined management, precise decision-making, and efficient production. At the same time, the application of digital tools has simplified management processes, reduced unnecessary intermediate links and labor costs, and further improved the operational efficiency of the company [9].

Through the application of these digital tools and optimization of business processes, Haier has achieved a management expense rate of 4.5%, an optimization of 0.2 percentage points compared to 2021. The achievement is attributed to the company's continuous investment and unremitting efforts in digital transformation. The optimized management expense ratio not only saves costs for the company, but also provides stronger support for Haier's competition in the market [10].

#### 4. Conclusion

Through in-depth analysis and research on successful transformation cases of Haier Company, this paper can draw several experiences: firstly, the key to successful transformation of listed companies lies in clear market positioning and strategic planning; Secondly, in the trend of modernization and maturity, digital transformation is one of the key factors driving the successful transformation of listed companies; Thirdly, talent is an important guarantee for the successful transformation of listed companies.

After analyzing Haier Company, let's take a look at what experience it can provide for other listed companies. Haier's experience mainly provides two points for listed companies: firstly, enterprises need to strengthen talent cultivation and introduction, establish good incentive mechanisms to attract and retain high-quality talents. Secondly, the digital platform foundation will become a new direction for industrial development. Enterprises can support digital transformation, improve market competitiveness, and achieve faster and better development by building their own digital platform.

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